View Attempt 1 of unlimited

Title: **Assignment 11 DUE DEC 4**

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Time spent: 00:16:40

Total score: **20/20 = 100%** Total score adjusted by 0.0 Maximum possible score: 20

1.

When an economist talks about utility, she is talking about

	Student Response	Value	Correct Answer	Feedback
1.	the satisfaction that results from the consumption of a good.	100%	✓	
2.	the satisfaction that results from the consumption of a good minus the price that must be paid to get the good.			
3.	a company that provides electricity, water, gas, etc.			
4.	the satisfaction, in terms of price, that a producer receives from selling his product.			
5.	the amount of one good that a person is willing to give up in			

	order to get a unit of another good.

Score: 1/1

Comments:

2.

A util is an artificial construct used as a means of measuring the

	Student Response	Value	Correct Answer	Feedback
1.	satisfaction one receives from the consumption of a good.	100%	✓	
2.	price of a good.			
3.	difference between the price and the value of a good.			
4.	costs of producing a good.			

Score: 1/1

Comments:

3.

Marginal utility is defined as the

	Student Response	Value	Correct Answer	Feedback
1.	change in total utility a person derives from the consumption of a good divided by the change in the quantity of the good consumed.	100%	✓	

2. change in marginal utility a person derives from the consumption of a good.
3. sum of the amounts of satisfaction a person receives from consuming a good.
4. change in total utility a person derives from the consumption of a good divided by the value in use of that good.
5. change in total utility a person derives from the consumption of a good divided by the price of that good.

Score: 1/1

Comments:

4.

Suppose Alice receives 123 utils from consuming one hamburger and 50 utils from consuming a second hamburger. What is the marginal utility of the second hamburger?

Student Response	Value	Correct Answer	Feedback
1. 0 utils			
2. none of the above			

3. 73 utils	
4. 173 utils	
5. 50 utils	100% ✓

Score: 1/1

Comments:

5.

Suppose you are eating slices of pizza and after consuming the first slice you have 14 utils, after the second you have 22 utils, and after the third 25 utils. Then

Student Response	Value	Correct Answer	Feedback
1. your total utility is 25 utils, and the marginal utility of the first slice is 8 utils (22 - 14).			
2. your total utility is 61 utils.			
3. the law of diminishing marginal utility is not applicable because your total utility is increasing instead of diminishing.			
4. your total utility is 25 utils, and the marginal utility of the third slice is 3 utils.	100%	✓	

Score: 1/1

Comments:

6.

Suppose you are eating buffalo wings at a local happy hour. The total utils from doing so after the fourth, fifth, sixth, and seventh wings are 80, 116, 136, 150, respectively. The marginal utility of the seventh wing is ____ utils.

	Student Response	Value	Correct Answer	Feedback
1.	70			
2.	21.4			
3.	14	100%	✓	
4.	150			

Score: 1/1

Comments:

7.

The law of diminishing marginal utility can be stated as follows:

	Student Response	Value	Correct Answer	Feedback
1.	As the amount of a good consumed increases, the sum of satisfaction received tends to decrease.			
2.	As the amount of a good consumed increases, the additional satisfaction gained from consuming additional units tends to decrease.			
3.	As the amount of a good			

	consumed decreases, the additional satisfaction gained from consuming additional units tends to increase.		
4.	As the amount of a good consumed increases, the sum of satisfaction received tends to increase but at a diminishing rate.		
5.	2 and 4	100%	☑

Score: 1/1

Comments:

8.

Suppose you are consuming a particular good and you could somehow give back the last unit you consumed. What would happen to total and marginal utility (assuming that the marginal utility of the unit given back is positive)?

	Student Response	Value	Correct Answer	Feedback
1.	Both total and marginal utility would decrease.			
2.	Both total and marginal utility would increase.			
3.	Total utility would			

	increase but marginal utility would decrease.		
4.	Total utility would decrease but marginal utility would increase.	100%	✓
5.	There would be no change in marginal utility but total utility would decrease.		

Score: 1/1

Comments:

9.

Suppose you could quantify the amount of satisfaction you receive from consuming ice cream in money terms. You might say, "I expect to get $3 worth of satisfaction from this ice cream cone." According to traditional economic theory, if the price of this ice cream cone were $3.05, would you buy one?

	Student Response	Value	Correct Answer	Feedback
1.	There is no way to answer this question because you really can't compare the price of something and the amount of satisfaction you expect			

	to receive from it.		
2.	No way, because it's not worth it.	100%	☑
3.	Absolutely. It's worth it at that price.		
4.	Sure, why not? What's a nickel?		

Score: 1/1

Comments:

10.

Suppose the marginal utility (MU) of paperback books is 40 utils and each costs $4 while the MU of video movies is 50 utils and each rents for $4. If you consume one movie and one book per week, are you attaining consumer equilibrium?

	Student Response	Value	Correct Answer	Feedback
1.	Yes, so there is no need to change.			
2.	No. You need to rent more videos and buy fewer books.	100%	☑	
3.	There is not enough information to answer the question.			
4.	No. You need to buy more books and rent fewer videos.			

Score: 1/1

Comments:

11.

Suppose for a consumer the marginal utility (MU) of bread is 10 utils and the MU of milk is 20 utils; the price of bread is $1 and the price of milk is $1. Given this,

	Student Response	Value	Correct Answer	Feedback
1.	the consumer is in consumer equilibrium.			
2.	more utility per dollar is gained from consuming milk than bread.	100%	✓	
3.	the same amount of utility per dollar is gained from consuming milk as bread.			
4.	more utility per dollar is gained from consuming bread than milk.			

Score: 1/1

Comments:

12.

In order for an individual to achieve consumer equilibrium through the consumption of two goods, A and B, that individual must fulfill the condition

	Student Response	Value	Correct Answer	Feedback
1.	$TU_A/P_A = TU_B/P_B$.			
2.	$MU_A = MU_B$.			

3.	$TU_A = TU_B$.		
4.	$MU_A/P_A = MU_B/P_B$.	100%	✓
5.	$MU_B/P_A = MU_A/P_B$.		

Score: 1/1

Comments:

13.

Suppose a consumer is purchasing Coke (c) and pretzels (p) in quantities such that he is achieving consumer equilibrium. Then the price of Coke increases. Which of the following will be true?

	Student Response	Value	Correct Answer	Feedback
1.	$MU_C/P_C < MU_P/P_P$	100%	✓	
2.	We cannot say for certain what will happen to the MU_C/P_C relative to the MU_P/P_P.			
3.	$MU_C/P_C = MU_P/P_P$			
4.	$MU_C/P_C > MU_P/P_P$			

Score: 1/1

Comments:

14.

Suppose Valerie is consuming lipstick (L) and eye shadow (E) and nothing else. $MU_L = 24$ and $MU_E = 20$. The price of eye shadow is \$5, and the price of lipstick is \$4. What should Valerie do?

	Student Response	Value	Correct Answer	Feedback
1.	Consume more lipstick and less eye	100%	✓	

	shadow.
2.	Consume more eye shadow and less lipstick.
3.	Consume less of both.
4.	Consume more of both.
5.	Not change her consumption of either good.

Score: 1/1

Comments:

15.

Exhibit 6-3

Apples		Oranges	
Units	Total Utility	Units	Total Utility
0	0	0	0
1	15	1	22
2	28	2	41
3	39	3	58
4	48	4	73
5	55	5	85

Refer to Exhibit 6-3. Linda spends $5 a week on apples and oranges. If the price of both goods is $1 per unit, how many apples and oranges, respectively, does she purchase per week if she wants to maximize her utility?

	Student Response	Value	Correct Answer	Feedback
1.	none of the above			
2.	3 and 2			
3.	0 and 5			
4.	2 and 3			
5.	1 and 4	100%	✓	

Score: 1/1

Comments:

16.

Exhibit 6-3

Apples		Oranges	
Units	Total Utility	Units	Total Utility
0	0	0	0
1	15	1	22
2	28	2	41
3	39	3	58
4	48	4	73
5	55	5	85

Refer to Exhibit 6-3. Linda spends $5 a week on apples and oranges. If the price of both goods is $1 per unit, what is Linda's total utility from consuming the optimal bundle of goods?

	Student Response	Value	Correct Answer	Feedback
1.	209			
2.	88	100%	✓	
3.	85			
4.	279			
5.	86			

Score: 1/1

Comments:

17.

Exhibit 6-3

Apples		Oranges	
Units	Total Utility	Units	Total Utility
0	0	0	0
1	15	1	22
2	28	2	41
3	39	3	58
4	48	4	73
5	55	5	85

Refer to Exhibit 6-3. Assume that the price of oranges increases to $2, while the price of apples remains at $1, and Linda allocates $5 of the weekly food budget to purchasing apples and oranges. If Linda wants to maximize her utility, her new consumption bundle will consist of

	Student Response	Value	Correct Answer	Feedback

1.	none of the above		
2.	3 apples and 1 orange.	100%	✓
3.	5 apples and no oranges.		
4.	1 apple and 2 oranges.		

Score: 1/1

Comments:

18.

If total utility declines as the quantity consumed of a good increases, it follows that marginal utility must be

	Student Response	Value	Correct Answer	Feedback
1.	rising.			
2.	There is not enough information to answer the question.			
3.	declining.			
4.	negative.	100%	✓	
5.	staying constant.			

Score: 1/1

Comments:

19.

Consumer equilibrium exists when

	Student Response	Value	Correct Answer	Feedback
1.	prices for all goods are the same.			
2.	marginal			

	utility for all goods is the same.		
3.	total utility is constant.		
4.	the MU/P ratio for all goods is the same.	100%	✓
5.	total utility for all goods is the same.		

Score: 1/1

Comments:

20.

A person is in consumer equilibrium, and then the price rises for one of the goods she purchases. If she wants to restore herself to consumer equilibrium, she will (most likely)

	Student Response	Value	Correct Answer	Feedback
1.	buy more of both the good whose price has risen and of the goods whose prices have not risen.			
2.	There is not enough information to answer the question.			
3.	buy less of the good whose price has risen and more of	100%	✓	

the relatively lower priced goods.
4. try to increase the marginal utility she receives from the good whose price has risen.
5. try to decrease the marginal utility she receives from the goods whose prices did not rise.

Score: 1/1

Comments: