Question 7

Answer saved

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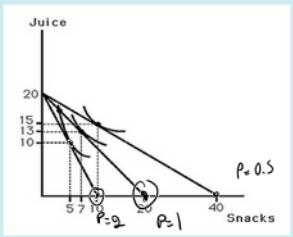

The above figure shows Bobby's indifference map for juice and snacks. Also shown are three budget lines resulting from different prices for snacks assuming he has $20 to spend on these goods. Which of the following points are on Bobby's demand curve for snacks?

Select one:

- A. p = 2, q = 10 — cross out
- B. p = 2, q = 13 — cross out
- C. p = 2, q = 5 — cross out
- D. p = 1, q = 20 — cross out

Clear my choice

Question 16

Not yet answered

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Suppose that Sara is contemplating whether to spend the money to buy a promotional ski card for this upcoming season. Their utility function for skiing and all other goods is given by U=x*s+2*x, such that their marginal utility for skiing is given by U_s=x and their marginal utility for other consumption is U_x=s+2. Assume that Sara has $600 of disposable income to allocate across these goods, and that the price of a daily lift ticket is $100. Use a price of $1 for the indexed other goods (i.e. the budget constraint has intercept at x=600 and s=5).

With no promotional discount, and assuming Sara can only ski full days, how many days should Sara ski this year?

Select one:

- a. She won't ski at all. cross out
- b. 1 day cross out
- c. 2 days cross out
- d. 3 days cross out
- e. 4 days cross out
- f. 5 days cross out
- g. 6 days cross out

$U = xs + 2x$

$MU_s = x$

$MU_x = s + 2$

$\frac{MU_x}{P_x} = \frac{MU_s}{P_s}$

$\frac{x}{P_s} = (s+2)$

$x = P_s(s+2)$

$Y = 600 = P_s S + X$

$P_s = 100$

$Y = 600 = P_s S + P_s(s+2)$

$600 = 100s + 100s + 200$

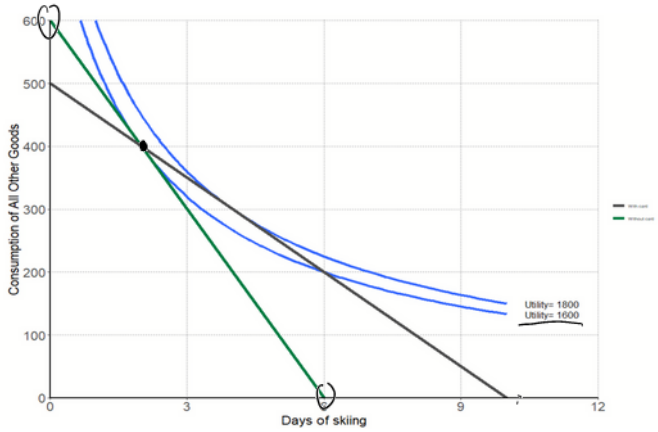
$400 = 200s$

$s = 2 \quad x = 400$

$U = xs + 2x$

$= 2 \cdot 400 + 2 \cdot 400$

$= 1600$



$600 - 100 = P_s S + P_s(s+2)$

$500 = 50s + 50(s+2)$

$= 100s + 100$

$400 = 100s, \quad s = 4 \quad x = 300$

$U = 300 \cdot 4 + 2(300)$

$= 1800$

Question 17

Not yet answered

Marked out of 3.00

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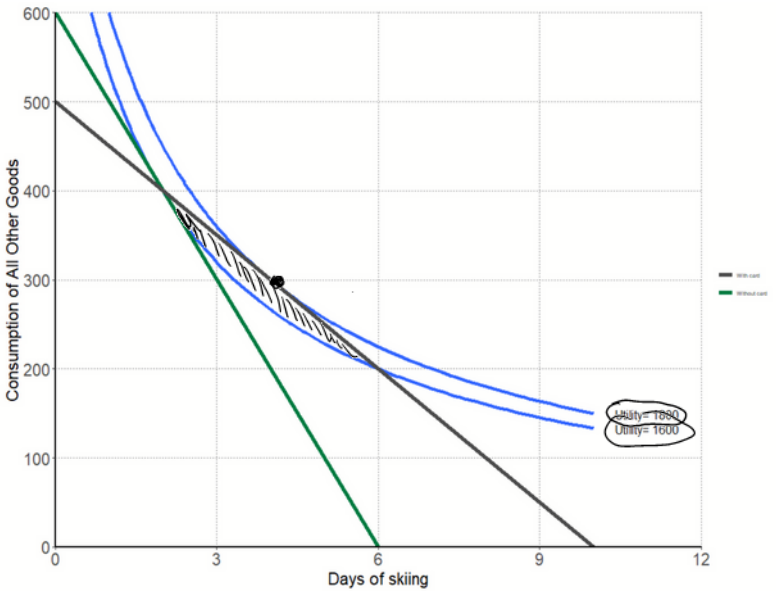
Suppose that Sara is contemplating whether to spend the money to buy a promotional ski card for this upcoming season. Their utility function for skiing and all other goods is given by U=x*s+2*x, such that their marginal utility for skiing is given by U_s=x and their marginal utility for other consumption is U_x=s+2. Assume that Sara has $600 of disposable income to allocate across these goods, and that the price of a daily lift ticket is $100. Use a price of $1 for the indexed other goods (i.e. the budget constraint has intercept at x=600 and s=6.)

If a promotional discount offers Sara the chance to ski for half price, but the card costs $100, how many days will she ski?

Select one:

- a. She won't ski at all. cross out
- b. 1 day cross out
- c. 2 days cross out
- d. 3 days cross out
- e. 4 days cross out
- f. 5 days cross out
- g. 6 days cross out



Question 18

Not yet answered

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Suppose that Sara is contemplating whether to spend the money to buy a promotional ski card for this upcoming season. Their utility function for skiing and all other goods is given by U=x*s+2*x, such that their marginal utility for skiing is given by U_s=x and their marginal utility for other consumption is U_x=s+2. Assume that Sara has $600 of disposable income to allocate across these goods, and that the price of a daily lift ticket is $100. Use a price of $1 for the indexed other goods (i.e. the budget constraint has intercept at x=600 and s=6.)

If a promotional discount offers Sara the chance to ski for $62.50 per day, but the card costs $100, how many days will she ski?

Select one:

- a. She won't ski at all. cross out
- b. 1 day cross out
- c. 2 days cross out
- d. 3 days cross out
- e. 4 days cross out
- f. 5 days cross out
- g. 6 days cross out

$x = P_s(s+2)$

$500 = 62.50s + 62.5(s+2)$

$= 125s + 125$

$375 = 125s$

$s = 3$

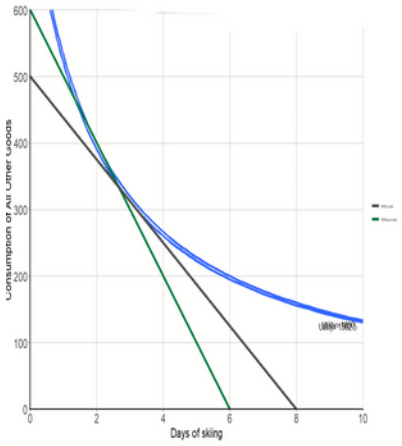
$x = 312.50$

$U = xs + 2x$

$U = 312.5 \times 3 + 312.5 \times 2$

$U = 1562.50$

$1562.50 < U(s=2, x=400) = 1600$



Question 19

Not yet answered

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Assume that the demand for new commuter bicycles from university students is given by $Q = 500 - 1/2p$, and the supply is given by $Q = (1/3)p$. Which of the following statements is/are true?

Select all that apply:

- [x] a. This demand function tells you that nobody in the market is willing to pay more than $1000 for a bicycle. cross out
- [ ] b. The equilibrium price in the market is equal to $500 cross out
- [x] c. The equilibrium quantity in the market is equal to 200 cross out
- [x] d. The new city mayor hates bike lanes and so he adds a $50.00 per bicycle tax, paid for by the seller. I.e. for each bicycle sold, the vendor must remit $50.00 to the city. The new equilibrium quantity in the market is 190. cross out
- [ ] e. If the $50.00 licensing fee is instead imposed upon consumers at the cash register, the equilibrium quantity will be 190 and the price will be $625.00 as the tax is split between sellers and buyers. cross out
- [ ] f. $1000 is an excessive price to pay for a bicycle. cross out

$P = 1000 - 2Q$

$500 - \frac{1}{2}P = \frac{1}{3}P$

$500 = \frac{5}{6}P$, $P = 600$

$Q = 200$

$Q = \frac{1}{3}P$

Invert + tax

$P = 3Q + 50$

$1000 - 2Q = 3Q + 50$

$5Q = 950$

$Q = 190$

$P = 620$