**Question 1.**

Suppose that the market demand curve for garbanzo beans is given by:

Q = 20 – P

1. Calculate the demand for P=10
2. Calculate the price elasticity of demand for P=10 and P=15. Calculate the total revenue in both price levels and explain the relationship between the elasticity and total revenue.
3. Calculate the price and quantity level for which the total revenue is maximized.
4. Suppose that the demand for beans shifted to Q = 40-2P. Graph the new demand curve and calculate the price and quantity that would yield the highest expenditure level.

**Question 2.**

Suppose a person has $20 and likes both rap music (R) and country music (C) with a set of preferences so that . Suppose that the iTunes price of a rap music song is and the price of a country music song is . What is the highest level of utility that is affordable?