IC #8  Key  (3-4-09)

1. If the quantity demanded of a product decreased 10% when the price of that product increased 5%, the own price elasticity of demand \( (E_0) \) for that product apparently was:
   a. \(- \frac{1}{2} \text{ - 2}\)
   b. \(+ \frac{1}{2} \text{ - 3}\)
   c. \(-2 \text{ - 0}\)
   d. \(+2 \text{ - 2}\)
   e. none of the above \text{ - 3}\)

2. An own price elasticity of demand of -4 for a product means that quantity demanded will change by:
   a. 4 units in the opposite direction of a 1 unit change in the price of that product \text{ - 2}\)
   b. 1% in the opposite direction for each 4% change in the price of that product \text{ - 2}\)
   c. 4% in the opposite direction for each 1% change in the price of that product \text{ - 0}\)
   d. 4% in the same direction for each 1% change in the price of that product \text{ - 3}\)
   e. 1% in the opposite direction of a 4% change in income \text{ - 3}\)