1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
    a. pick a level of the two outputs and then find all levels of inputs that are able to produce this specific output combination.
    b. pick a level of the two outputs and hold this fixed, pick a level of one of the two inputs and then find the minimum level of the other input that is required to produce the chosen output combination given the fixed level of the fist input, and then repeat for other levels of the first input.
    c. set a level for all inputs, pick a level of one of the two outputs, find the maximum level of the other output for this level of the first output, and then repeat for other levels of the first output.
    d. set a level for all inputs, pick a level of one of the two outputs, find all feasible levels of the other output for this level of the first output, and then repeat for other levels of the first output.

2. The government has determined the cost of the average consumption bundle in a number of different price situations. This represents the price level in the economy. In which of the following situations would a consumer be most satisfied.
    a. an annual income of $36,000 when the standard bundle costs $3,000.
    b. an annual income of $44,000 when the standard bundle costs $4,000.
    c. an annual income of $100,000 when the standard bundle costs $25,000.
    d. an annual income of $40,000 when the standard bundle costs $4,000.
    e. an annual income of $65,000 when the standard bundle costs $5,000.

Use the following table to answer questions 3 and 4.

Cost per unit data

	Per Shirt	Per Shoe
England	30 pounds	75 pounds
India	700 rupees	2100 rupees

3. What is the opportunity cost of producing one more shoe in England?
    a. 700 rupees
    b. 30 pounds
    c. 0.40 shirts
    d. 3 shirts
    e. 2.5 shirts

4. Which of the following is true?
    a. England has a comparative advantage in both goods.
    b. England has a comparative advantage in producing shoes
    c. India has an absolute advantage in producing both goods
    d. India has a comparative advantage in producing shoes
    e. No one has a comparative advantage in either product

Below is some data on the demand for shoes

Q	P
0	150
1	145
2	140
3	135
4	130
5	125
6	120
7	115
8	110
9	105
10	100
11	95
12	90
13	85
14	80
15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
   b. -3/225
   c. -2.529
   d. -3
   e. -3/2

7. Consider a demand curve written as $Q^D = 200 - 0.2\,P$. What is the inverse demand curve?
   a. $P = 1000 - 4\,Q^D$
   b. $P = 500 - 5\,Q^D$
   c. $Q^D = 1000 - 5\,P$
   d. $Q^D = -200 + 0.2\,P$
   e. $P = 1000 - 5\,Q^D$

Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

	Shoes	Wine
France	20,000	0
France	0	10,000
Italy	30,000	0
Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
   b. 2,000 bottles
   c. 6, 000 bottles
   d. 14,000 bottles
   e. 8,000 bottles

Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

| | | | DS, I = 1000 | | | | | DS, I = 2000 | |
PS	PC = 10	Y	DS, PC = 10	DC	PS	PC = 10	Y	DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	10.00	10.00	2000.00	60.50	139.50
22.00	10.00	1000.00	13.48	70.34	22.00	10.00	2000.00	27.12	140.34
26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
42.00	10.00	1000.00	6.73	71.74	42.00	10.00	2000.00	13.87	141.74
46.00	10.00	1000.00	6.08	72.02	46.00	10.00	2000.00	12.60	142.02
			DS, I = 1000					**DS, I = 2000**	
	PC = 60		**DS, PC = 60**			**PC = 60**		**DS, PC = 60**	
30.00	60.00	1000.00	11.70	10.82	30.00	60.00	2000.00	21.70	22.48
38.00	60.00	1000.00	9.09	10.91	38.00	60.00	2000.00	16.98	22.58
42.00	60.00	1000.00	8.16	10.96	42.00	60.00	2000.00	15.30	22.62

9. What is the price elasticity of demand for shoes with an income of $1,000 when the price of coats is $10.00 as the price of shoes goes from $30 to $34.

    a. -1.074
    b. -1.109
    c. -1.038
    d. -1.067
    e. 1.026

10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

    a. -1.074
    b. 0.1323
    c. 0.1308
    d. -1.067
    e. 1.026

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

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Section 4 - Hallam
Quiz 4

1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
    a. pick a level of the two outputs and then find all levels of inputs that are able to produce this specific output combination.
    b. pick a level of the two outputs and hold this fixed, pick a level of one of the two inputs and then find the minimum level of the other input that is required to produce the chosen output combination given the fixed level of the fist input, and then repeat for other levels of the first input.
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Use the following table to answer questions 3 and 4.

Cost per unit data

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    a. 700 rupees
    b. 30 pounds
    c. 0.40 shirts
    d. 3 shirts
    e. 2.5 shirts

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    a. England has a comparative advantage in both goods.
    b. England has a comparative advantage in producing shoes
    c. India has an absolute advantage in producing both goods
    d. India has a comparative advantage in producing shoes
    e. No one has a comparative advantage in either product

Below is some data on the demand for shoes

Q	P
0	150
1	145
2	140
3	135
4	130
5	125
6	120
7	115
8	110
9	105
10	100
11	95
12	90
13	85
14	80
15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
   b. -3/225
   c. -2.529
   d. -3
   e. -3/2

7. Consider a demand curve written as Q^D = 200 - 0.2 P. What is the inverse demand curve?
   a. P = 1000 - 4 Q^D
   b. P = 500 - 5 Q^D
   c. Q^D = 1000 - 5 P
   d. Q^D = -200 + 0.2 P
   e. P = 1000 - 5 Q^D

Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

	Shoes	Wine
France	20,000	0
France	0	10,000
Italy	30,000	0
Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

    a.   4,000 bottles
    b.   2,000 bottles
    c.   6, 000 bottles
    d.   14,000 bottles
    e.   8,000 bottles

Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

PS	PC = 10	Y	DS, I = 1000 DS, PC = 10	DC	PS	PC = 10	Y	DS, I = 2000 DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	10.00	10.00	2000.00	60.50	139.50
22.00	10.00	1000.00	13.48	70.34	22.00	10.00	2000.00	27.12	140.34
26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
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	PC = 60		DS, I = 1000 DS, PC = 60			PC = 60		DS, I = 2000 DS, PC = 60	
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9. What is the price elasticity of demand for shoes with an income of $1,000 when the price of coats is $10.00 as the price of shoes goes from $30 to $34.

   a.   -1.074
   b.   -1.109
   c.   -1.038
   d.   -1.067
   e.   1.026

10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

   a.   -1.074
   b.   0.1323
   c.   0.1308
   d.   -1.067
   e.   1.026

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
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Use the following table to answer questions 3 and 4.

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Below is some data on the demand for shoes

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15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
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   c. -2.529
   d. -3
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7. Consider a demand curve written as $Q^D = 200 - 0.2\,P$. What is the inverse demand curve?
   a. $P = 1000 - 4\,Q^D$
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   d. $Q^D = -200 + 0.2\,P$
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Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

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Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
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Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

			DS, I = 1000					DS, I = 2000	
PS	PC = 10	Y	DS, PC = 10	DC	PS	PC = 10	Y	DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	**10.00**	10.00	2000.00	60.50	139.50
22.00	10.00	1000.00	13.48	70.34	22.00	10.00	2000.00	27.12	140.34
26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
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			DS, I = 1000					**DS, I = 2000**	
	PC = 60		**DS, PC = 60**			**PC = 60**		**DS, PC = 60**	
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   a. -1.074
   b. -1.109
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10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

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26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
42.00	10.00	1000.00	6.73	71.74	42.00	10.00	2000.00	13.87	141.74
46.00	10.00	1000.00	6.08	72.02	46.00	10.00	2000.00	12.60	142.02
	PC = 60		DS, I = 1000 DS, PC = 60			PC = 60		DS, I = 2000 DS, PC = 60	
30.00	60.00	1000.00	11.70	10.82	30.00	60.00	2000.00	21.70	22.48
38.00	60.00	1000.00	9.09	10.91	38.00	60.00	2000.00	16.98	22.58
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   b. 0.1323
   c. 0.1308
   d. -1.067
   e. 1.026

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

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    c. set a level for all inputs, pick a level of one of the two outputs, find the maximum level of the other output for this level of the first output, and then repeat for other levels of the first output.
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2. The government has determined the cost of the average consumption bundle in a number of different price situations. This represents the price level in the economy. In which of the following situations would a consumer be most satisfied.
    a. an annual income of $36,000 when the standard bundle costs $3,000.
    b. an annual income of $44,000 when the standard bundle costs $4,000.
    c. an annual income of $100,000 when the standard bundle costs $25,000.
    d. an annual income of $40,000 when the standard bundle costs $4,000.
    e. an annual income of $65,000 when the standard bundle costs $5,000.

Use the following table to answer questions 3 and 4.

Cost per unit data

	Per Shirt	Per Shoe
England	30 pounds	75 pounds
India	700 rupees	2100 rupees

3. What is the opportunity cost of producing one more shoe in England?
    a. 700 rupees
    b. 30 pounds
    c. 0.40 shirts
    d. 3 shirts
    e. 2.5 shirts

4. Which of the following is true?
    a. England has a comparative advantage in both goods.
    b. England has a comparative advantage in producing shoes
    c. India has an absolute advantage in producing both goods
    d. India has a comparative advantage in producing shoes
    e. No one has a comparative advantage in either product

Below is some data on the demand for shoes

Q	P
0	150
1	145
2	140
3	135
4	130
5	125
6	120
7	115
8	110
9	105
10	100
11	95
12	90
13	85
14	80
15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
   b. -3/225
   c. -2.529
   d. -3
   e. -3/2

7. Consider a demand curve written as $Q^D = 200 - 0.2\,P$. What is the inverse demand curve?
   a. $P = 1000 - 4\,Q^D$
   b. $P = 500 - 5\,Q^D$
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   d. $Q^D = -200 + 0.2\,P$
   e. $P = 1000 - 5\,Q^D$

Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

	Shoes	Wine
France	20,000	0
France	0	10,000
Italy	30,000	0
Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
   b. 2,000 bottles
   c. 6, 000 bottles
   d. 14,000 bottles
   e. 8,000 bottles

Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

| | | | DS, I = 1000 | | | | | DS, I = 2000 | |
PS	PC = 10	Y	DS, PC = 10	DC	PS	PC = 10	Y	DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	**10.00**	10.00	2000.00	60.50	139.50
22.00	10.00	1000.00	13.48	70.34	22.00	10.00	2000.00	27.12	140.34
26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
42.00	10.00	1000.00	6.73	71.74	42.00	10.00	2000.00	13.87	141.74
46.00	10.00	1000.00	6.08	72.02	46.00	10.00	2000.00	12.60	142.02
			DS, I = 1000					DS, I = 2000	
	PC = 60		DS, PC = 60			PC = 60		DS, PC = 60	
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42.00	60.00	1000.00	8.16	10.96	42.00	60.00	2000.00	15.30	22.62

9. What is the price elasticity of demand for shoes with an income of $1,000 when the price of coats is $10.00 as the price of shoes goes from $30 to $34.

   a. -1.074
   b. -1.109
   c. -1.038
   d. -1.067
   e. 1.026

10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

   a. -1.074
   b. 0.1323
   c. 0.1308
   d. -1.067
   e. 1.026

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
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    b. pick a level of the two outputs and hold this fixed, pick a level of one of the two inputs and then find the minimum level of the other input that is required to produce the chosen output combination given the fixed level of the fist input, and then repeat for other levels of the first input.
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5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
   b. -3/225
   c. -2.529
   d. -3
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7. Consider a demand curve written as $Q^D = 200 - 0.2\,P$. What is the inverse demand curve?
   a. $P = 1000 - 4\,Q^D$
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   d. $Q^D = -200 + 0.2\,P$
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Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

	Shoes	Wine
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France	0	10,000
Italy	30,000	0
Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
   b. 2,000 bottles
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   d. 14,000 bottles
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Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

			DS, I = 1000					DS, I = 2000	
PS	PC = 10	Y	DS, PC = 10	DC	PS	PC = 10	Y	DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	**10.00**	10.00	2000.00	60.50	139.50
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26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
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			DS, I = 1000					**DS, I = 2000**	
	PC = 60		**DS, PC = 60**			**PC = 60**		**DS, PC = 60**	
30.00	60.00	1000.00	11.70	10.82	30.00	60.00	2000.00	21.70	22.48
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   a.   -1.074
   b.   -1.109
   c.   -1.038
   d.   -1.067
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10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

   a.   -1.074
   b.   0.1323
   c.   0.1308
   d.   -1.067
   e.   1.026

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Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
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Use the following table to answer questions 3 and 4.

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Below is some data on the demand for shoes

Q	P
0	150
1	145
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3	135
4	130
5	125
6	120
7	115
8	110
9	105
10	100
11	95
12	90
13	85
14	80
15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a.   5
   b.   -5
   c.   -1/5
   d.   1/5
   e.   1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a.   -1/3
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   d.   -3
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	Shoes	Wine
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France	0	10,000
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Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
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   e. 8,000 bottles

Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

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26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
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	PC = 60		**DS, PC = 60**			**PC = 60**		**DS, PC = 60**	
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Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
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26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
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Question	Correct Answer
1	d
2	e
3	e
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5	c
6	d
7	e
8	c
9	a
10	c

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   b. an annual income of $44,000 when the standard bundle costs $4,000.
   c. an annual income of $100,000 when the standard bundle costs $25,000.
   d. an annual income of $40,000 when the standard bundle costs $4,000.
   e. an annual income of $65,000 when the standard bundle costs $5,000.

Use the following table to answer questions 3 and 4.

Cost per unit data

	Per Shirt	Per Shoe
England	30 pounds	75 pounds
India	700 rupees	2100 rupees

3. What is the opportunity cost of producing one more shoe in England?
   a. 700 rupees
   b. 30 pounds
   c. 0.40 shirts
   d. 3 shirts
   e. 2.5 shirts

4. Which of the following is true?
   a. England has a comparative advantage in both goods.
   b. England has a comparative advantage in producing shoes
   c. India has an absolute advantage in producing both goods
   d. India has a comparative advantage in producing shoes
   e. No one has a comparative advantage in either product

Below is some data on the demand for shoes

Q	P
0	150
1	145
2	140
3	135
4	130
5	125
6	120
7	115
8	110
9	105
10	100
11	95
12	90
13	85
14	80
15	75
16	70
17	65
18	60

5. What is the slope of the demand curve as the price changes from $100 to $105?
   a. 5
   b. -5
   c. -1/5
   d. 1/5
   e. 1

6. What is the elasticity of demand as the quantity changes from 7 to 8.
   a. -1/3
   b. -3/225
   c. -2.529
   d. -3
   e. -3/2

7. Consider a demand curve written as $Q^D = 200 - 0.2\,P$. What is the inverse demand curve?
   a. $P = 1000 - 4\,Q^D$
   b. $P = 500 - 5\,Q^D$
   c. $Q^D = 1000 - 5\,P$
   d. $Q^D = -200 + 0.2\,P$
   e. $P = 1000 - 5\,Q^D$

Consider the following data on wine and shoe production in France and Italy where the data is production per day. Assume that the production possibility frontier is linear. With no wine production, France can produce 20,000 pairs of shoes. With 10,000 bottles of wine France has no shoe production, etc.

	Shoes	Wine
France	20,000	0
France	0	10,000
Italy	30,000	0
Italy	0	10,000

8. Assume that France is producing 16,000 pairs of shoes and Italy is producing 18,000 pairs of shoes. What is total wine production for the two countries.

   a. 4,000 bottles
   b. 2,000 bottles
   c. 6, 000 bottles
   d. 14,000 bottles
   e. 8,000 bottles

Consider the following data on demand for 2 goods shoes, (S) and coats (C). The notation is as follows: PS = price of shoes, PC = price of coats, I = income, DS = demand for shoes, DC = demand for coats.

			DS, I = 1000					DS, I = 2000	
PS	PC = 10	Y	DS, PC = 10	DC	PS	PC = 10	Y	DS, PC = 10	DC
10.00	10.00	1000.00	30.50	69.50	**10.00**	10.00	2000.00	60.50	139.50
22.00	10.00	1000.00	13.48	70.34	22.00	10.00	2000.00	27.12	140.34
26.00	10.00	1000.00	11.30	70.62	26.00	10.00	2000.00	22.84	140.62
30.00	10.00	1000.00	9.70	70.90	30.00	10.00	2000.00	19.70	140.90
34.00	10.00	1000.00	8.48	71.18	34.00	10.00	2000.00	17.30	141.18
38.00	10.00	1000.00	7.51	71.46	38.00	10.00	2000.00	15.41	141.46
42.00	10.00	1000.00	6.73	71.74	42.00	10.00	2000.00	13.87	141.74
46.00	10.00	1000.00	6.08	72.02	46.00	10.00	2000.00	12.60	142.02
			DS, I = 1000					**DS, I = 2000**	
	PC = 60		**DS, PC = 60**			**PC = 60**		**DS, PC = 60**	
30.00	60.00	1000.00	11.70	10.82	30.00	60.00	2000.00	21.70	22.48
38.00	60.00	1000.00	9.09	10.91	38.00	60.00	2000.00	16.98	22.58
42.00	60.00	1000.00	8.16	10.96	42.00	60.00	2000.00	15.30	22.62

9. What is the price elasticity of demand for shoes with an income of $1,000 when the price of coats is $10.00 as the price of shoes goes from $30 to $34.

   a. -1.074
   b. -1.109
   c. -1.038
   d. -1.067
   e. 1.026

10. What is the cross price elasticity of shoe demand with respect to the price of coats when income is $1,000, the price of shoes is $30.00 and the price of coats goes from $10 to $60.

   a. -1.074
   b. 0.1323
   c. 0.1308
   d. -1.067
   e. 1.026

Economics 101
Spring 2000
Section 4 - Hallam
Quiz 4
Answer Key

Question	Correct Answer
1	d
2	e
3	e
4	b
5	c
6	d
7	e
8	c
9	a
10	c

1. Which of the following is a reasonable method to construct the production possibility set, which is the set of all output combinations that are producible for a given set of inputs.
    a. pick a level of the two outputs and then find all levels of inputs that are able to produce this specific output combination.
    b. pick a level of the two outputs and hold this fixed, pick a level of one of the two inputs and then find the minimum level of the other input that is required to produce the chosen output combination given the fixed level of the fist input, and then repeat for other levels of the first input.
    c. set a level for all inputs, pick a level of one of the two outputs, find the maximum level of the other output for this level of the first output, and then repeat for other levels of the first output.
    d. set a level for all inputs, pick a level of one of the two outputs, find all feasible levels of the other output for this level of the first output, and then repeat for other levels of the first output.

2. The government has determined the cost of the average consumption bundle in a number of different price situations. This represents the price level in the economy. In which of the following situations would a consumer be most satisfied.
    a. an annual income of $36,000 when the standard bundle costs $3,000.
    b. an annual income of $44,000 when the standard bundle costs $4,000.
    c. an annual income of $100,000 when the standard bundle costs $25,000.
    d. an annual income of $40,000 when the standard bundle costs $4,000.
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Economics 101
Spring 2000
Section 4 - Hallam
Quiz 4
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Question	Correct Answer
1	d
2	e
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4	b
5	c
6	d
7	e
8	c
9	a
10	c