Name: ____________________________________________

1. Perloff (fourth edition): question 3 page 139

2. Perloff (fourth edition): question 7 page 140


5. Perloff (fourth edition): problem 33 page 142

6. True, False or Uncertain; explain your answer. When income rises and the price of $x$ falls, the consumer will always buy more units of $x$.

7. Suppose that a consumer’s annual demand for office visits is described by the equation $Q = 8 - .1p$. If office visits cost $30, and the consumer has no health insurance (i.e., the consumer pays full price), how many office visits will she make? What is the elasticity of demand for office visits at this point? Suppose a health insurance plan is instituted that pays for one-third of each office visit. How would this affect the quantity and the demand elasticity at the new equilibrium?