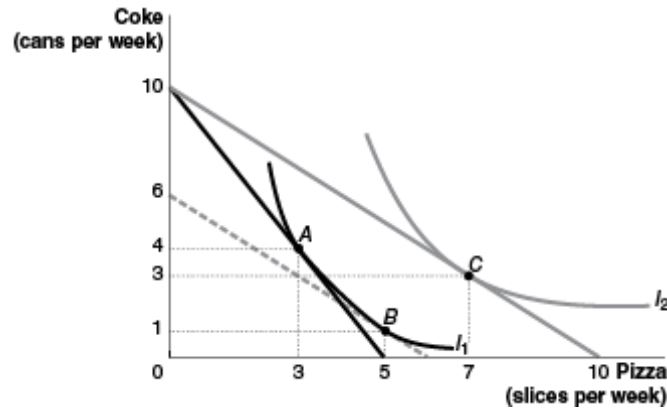


Individual and Market Demand Curves



- 1) Refer to the figure above. A decrease in the price of pizza slices is best represented by:
 - A) The shift of the budget line, from the solid line to the dashed line, and the move from C to B.
 - ☒ B) The outward shift of the budget line along the horizontal axis and the move from A to C.
 - C) The move from A to B along the indifference curve I_1 .
 - D) The inward shift of the budget line along the horizontal axis and the move from C to A.

- 2) In the figure above, the price of a slice of pizza is \$4. How much is the consumer's weekly income?
 - A) \$10.
 - ☒ B) \$20
 - C) \$50
 - D) \$12

- 3) Refer to the figure above. Let X be slices of pizza and Y be cokes. The move from 3X, 4Y to 7X, 3Y is caused by:
 - A) a change in the preference for pizza.
 - B) a decrease in income.
 - ☒ C) a decrease in the price of a slice of pizza.
 - D) a decrease in the price of coke.

- 4) Refer to the figure above. Let X be slices of pizza and Y be cokes. The combination (3X, 4Y) is optimal when the price of a slice of pizza is \$4. Which two points exist on the individual's demand curve?
 - A) (3X, 4Y) and (7X, 3Y)
 - ☒ B) (3X, \$4) and (7X, \$2)
 - C) (5X, \$4) and (10X, \$2)
 - D) (3X, \$4) and (4Y, \$4)

- 5) Refer to the figure above. The individual's demand curve for pizza slices shows:
 - A) the optimal combination of pizza slices and coke that can be purchased with a given income.
 - B) the combinations of pizza slices and coke that are affordable and exhaust the entire budget.
 - ☒ C) the quantity of pizza slices purchased weekly at various prices per slice.
 - D) the maximum quantity of pizza slices that can be purchased with a given income.

- 6) Refer to the figure above. The weekly market demand curve for pizza slices is derived by:
 - A) indicating the quantities of pizza slices demanded at various levels of income.
 - ☒ B) adding the quantities of pizza slices demanded by all consumers at each price level.
 - C) adding the prices of pizza slices corresponding to various quantities of pizza demanded.
 - D) multiplying price times quantity demanded for each consumer and obtaining the total revenue.