

Consumer Behavior

- 1) In the theory of consumer behavior, the objective of the consumer is to:
 - A) maximize her budget, given her preferences.
 - B) maximize marginal utility, subject to her preferences.
 - ☒ C) maximize total utility, subject to a budget constraint.
 - D) minimize bad purchases and maximize good purchases.

- 2) In the theory of consumer behavior, the consumer tries to find:
 - A) his budget constraint, given his preferences and the prices of the goods.
 - B) his preferences, given his budget constraint and the prices of the goods.
 - ☒ C) the optimal market basket, given his preferences and budget constraint.
 - D) the best combination of goods the consumer can afford, regardless of his preferences.

- 3) Which of the following are the characteristics of preferences in the theory of consumer behavior?
 - A) Preferences are ordinal, cardinal, discrete and continuous.
 - B) Preferences are symmetric, asymmetric, synchronous and asynchronous.
 - ☒ C) Preferences are complete, transitive and non satiating.
 - D) Preferences are rational and maximize utility.

- 4) When market basket *A* is preferred to market basket *B*, and market basket *B* is preferred to market basket *C*, we say that:

A) preferences are discrete.	B) preferences are continuous.
<input checked="" type="radio"/> C) preferences are transitive.	D) preferences are non satiating.

- 5) Which of the following is true in the theory of consumer behavior?
 - A) The consumer may make contradictory choices, so long as utility is not affected.
 - B) The focus is on budget more than preferences.
 - C) Utility is measured by making interpersonal comparisons of utility.
 - ☒ D) The consumer prefers baskets that yield more utility to those that yield less utility.