

Answer Key-Exam 1
Principles of Microeconomics-Professor Wallace

Version A

1. c 2. b 3. b 4. b 5. e 6. b 7. d 8. c 9. b 10. a

11. c 12. b 13. a 14. c 15. c 16. F 17. T 18. T 19. T 20. F

21. F 22. F 23. F 24. F 25. T

Market	Event	D	S	P	Q
Video Games	Technological advances in the production of video games	0	+	-	+
Health care	Increase in income. Health care is a normal good.	+	0	+	+
Chocolate	Cost of cacao (the main input) increases and a study shows that eating chocolate increases intelligence	+	-	+	U
Apartments in Los Angeles	A strong earthquake destroys many buildings in Los Angeles. There are no fatalities.	0	-	+	-
Desktop computers	Wages rise in computer factories and the price of tablets, a substitute, declines.	-	-	U	-

2. a. 2 cups b. $\frac{1}{2}$ sandwich c. 1 cup d. 1 sandwich
