

Quiz No. 2: Consumer Demand (week 3) & Demographic Transition (week 4)

Name: _____

All questions are in true/false form. Please write the most accurate answer (T or F) on each line.

CONSUMER DEMAND

For any given product, the quantity consumed per person can be expressed as a function of many other things. For example, if you need to predict consumption of pork you would use: $Q_{pork} = f(\dots)$.

What should be included in a demand function of this type?

- The demand function for pork should include the price of pork _T_
- The demand function for pork should include the price of substitutes such as chicken _T_
- The demand function for pork should include influences on tastes such as religion _T_
- The demand function for pork should include the cost of feeding pigs _F_
- The demand function for pork should include the cost of preparation and cooking _T_
- The demand function for pork should include consumers' income _T_

When drawing demand functions in two dimensions on paper, slides or the chalkboard, we need to consider just two variables. How do economists usually draw these two-dimensional curves?

- All other variables are held constant at a given level when drawing each curve _T_
- Changes in one of those other variables is shown by a shift in the position of each curve _T_
- Changes in one of the two variables of interest is shown by movement along the curve _T_
- The relationship between quantity and price is shown with price on the vertical (Y) axis _T_
- The relationship between quantity and income is shown with income on the vertical (Y) axis _F_
- The slope of each curve is defined as rise over run ($\Delta Y / \Delta X$) _T_

When comparing demand functions across products and countries, we need to use numbers instead of pictures. How do economists usually measure demand functions?

- Economists compare curves using their slopes to make the units cancel _F_
- Economists compare curves using elasticities to make the units cancel _T_
- Price elasticities of demand are defined with price change in the numerator ($\% \Delta P / \% \Delta Q$) _F_
- Income elasticities of demand are defined with income change in the numerator ($\% \Delta I / \% \Delta Q$) _F_
- Income elasticities of demand are always positive (greater than zero) _F_
- A product whose estimated elasticity of demand is close to zero has “inelastic” demand _T_

DEMOGRAPHIC TRANSITION

- Over the full span of recorded history, population growth rates have risen and then fallen _T_
- The highest population growth rates ever seen occurred historically in today's rich countries _F_
- The highest birth rates ever seen occurred historically in today's rich countries _F_
- The highest death rates ever seen occurred historically in today's rich countries _F_
- The rise in population growth rates that occurred historically was due to a rise in the birth rate _F_
- The fall in death rates that occurred historically in rich countries was due to modern medicine _F_
- The fall in birth rates that occurred historically in rich countries was due to modern contraception _F_