

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

Name: _____

Please check the appropriate box () or circle the appropriate answer (T/F)

CONSUMER DEMAND: THE EFFECT OF PRICES ON CONSUMPTION

- To measure how much consumption is affected by price, economists often use the price elasticity of demand. What is the mathematical definition of this measure?
 $\% \Delta Q / \% \Delta P$ $\% \Delta P / \% \Delta Q$ $\Delta Q / \Delta P$ $\Delta P / \Delta Q$ none of these
- If the price elasticity of demand for food is -0.3, when price rises by ten percent (10%), by how much does food consumption change?
 \$0.30 \$3.00 30% 3% not enough info.
- If the price elasticity of demand for food is -0.3, when price rises by ten dollars (\$10), by how much does food consumption change?
 \$0.30 \$3.00 30% 3% not enough info.
- If the demand curve is steeper (a slope that is larger in absolute value, with more rise/run), then the price elasticity of demand will be a larger number T / F

CONSUMER DEMAND: THE EFFECT OF INCOME ON CONSUMPTION

- To measure how much consumption is affected by income, economists often use the income elasticity of demand. What is the mathematical definition of this measure, where the letter “Y” is used to denote income?
 $\% \Delta Q / \% \Delta Y$ $\% \Delta Y / \% \Delta Q$ $\Delta Q / \Delta Y$ $\Delta Y / \Delta Q$ none of these
- If the income elasticity of demand for food is 1.0, when income rises by ten percent (10%), by how much does food consumption change?
 \$0.10 \$1.00 10% 1% not enough info.
- If the income elasticity of demand for food is 1.0, when income rises by ten dollars (\$10), by how much does food consumption change?
 \$0.10 \$1.00 10% 1% not enough info.
- If the Income-Consumption (“Engel”) curve is steeper (a larger slope, with more rise/run), then the income elasticity of demand is a larger number T / F

DEMOGRAPHIC TRANSITION: CHANGES IN BIRTH AND DEATH RATES

- As a result of changing death and birth rates, over the entire demographic transition:
- *Population growth* (measured in percent per year) tends to:
 rise fall rise & then fall fall, then rise & then fall again
 - *Population size* (measured in millions of people) tends to:
 rise fall rise & then fall fall, then rise & then fall again

- Historically, in today’s rich countries,
- *Death rates* began to decline after modern medicine was invented T / F
 - *Birth rates* began to decline after modern contraception was invented. T / F