

Econ 101 Class 12 Questions

1. Reducing the Supply of Drugs is not likely to lower property crime because demand for drugs is _____ and lowering the supply will _____ the amount that users spend on drugs.
- A. Elastic, Raise
 - B. Elastic, Lower
 - C. Inelastic, Lower
 - D. Inelastic, Raise **

2. Mrs. Doubtfire has allocated one Snickers and one Package of Oreos to each child. The children's reservation prices for each snack are given in the table. Is the allocation efficient?

	Reservation Prices	
	Jan	Ari
Snickers	\$1.00	\$0.50
Oreos	\$0.75	\$1.00

- A. No, Ari should get an Oreo from Jan and give a Snickers to her. **
 - B. No, Ari should get a Snickers from Jan and give an Oreo to her.
 - C. Yes, Both Ari and Jan have the same reservation price for their favorite snack.
 - D. Yes, Because Ari and Jan have different reservation prices for Oreos.
3. Durham gets water from three sources. The table shows cost and capacity of each source.

Source	Capacity (millions of gallons per day)	Cost per Gallon
Spring	2	\$0.01
Lake Michie	2	\$0.015
Kerr Lake	2	\$0.03

If Durham residents normally use 5 million gallons of water per day, Durham should charge _____ per gallon for water.

- A. \$.01
- B. \$.015
- C. \$.016
- D. \$.03 **