

Econ 101 Class 7 Questions

1. Which of the following could account for falling rents in Manhattan in 2009? Rents in Manhattan fell because...
 - A. Rent ceilings on Manhattan apartments were eliminated.
 - B. Rent floors on Manhattan apartments were raised.
 - C. Incomes of Manhattan consumers fell. **
 - D. Several large Manhattan apartment buildings were demolished to make a new subway.
2. If the price of chicken feed falls, the equilibrium price of **chicken** will _____ and the equilibrium price of **beef** will _____
 - A. Fall, Fall **
 - B. Fall, Rise
 - C. Rise, Fall
 - D. Rise, Rise
3. Wealthy people in Manhattan live in smaller houses than wealthy people in Seattle because...
 - A. The opportunity cost of large houses is higher in Seattle.
 - B. The wealthy in Manhattan have different tastes than the wealthy in Seattle.
 - C. The wealthy in Manhattan are not as wealthy as the wealthy in Seattle.
 - D. It is necessary to give up less to live in a large home in Seattle than in Manhattan. **
4. The following Table gives reservation prices for five potential consumers for a ticket to hear Doc Watson. If the market price of the ticket is \$10.00, how much is the group's surplus?

Potential Customers	Reservation Price
Jean	\$50.00
Jerry	\$25.00
Pat	\$15.00
Ari	\$10.00
Sam	\$5.00

- A. \$105.00
- B. \$100.00
- C. \$90.00
- D. \$60.00 **
- E. \$55.00