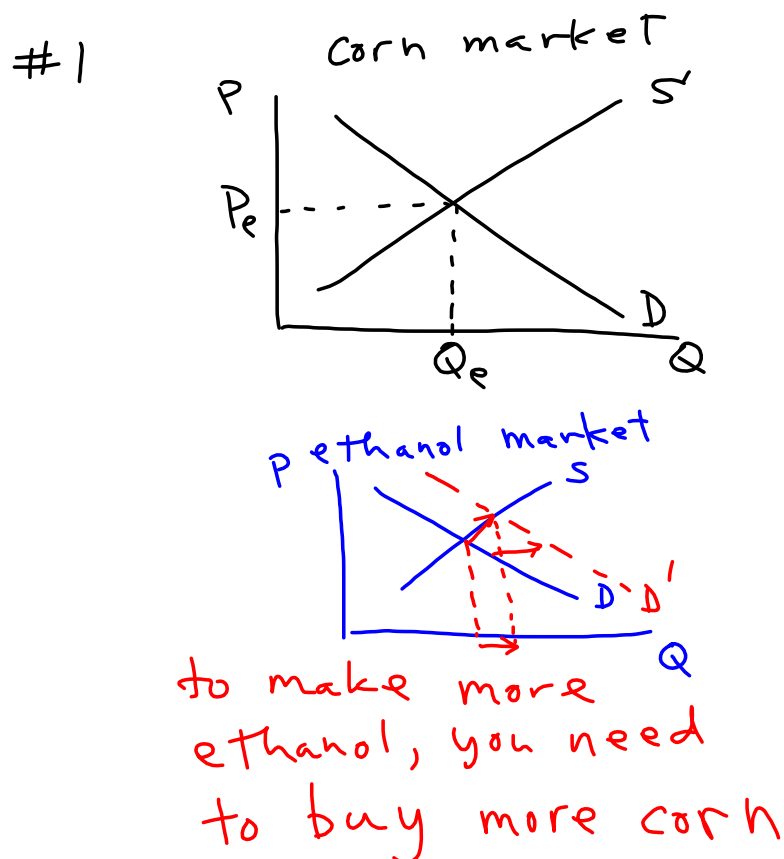


1. ANS: E PTS: 1 DIF: D REF: Module 7
MSC: Analytical Thinking
2. ANS: B PTS: 1 DIF: D REF: Module 7
MSC: Analytical Thinking
3. ANS: C PTS: 1 DIF: D REF: Module 7
MSC: Critical Thinking
4. ANS: C PTS: 1 DIF: M REF: Module 7
MSC: Critical Thinking
5. ANS: B PTS: 1 DIF: D REF: Module 7
MSC: Analytical Thinking
6. ANS: A PTS: 1 DIF: M REF: Module 7
MSC: Critical Thinking
7. ANS: A PTS: 1 DIF: M REF: Module 7
MSC: Concept-Based
8. ANS: A PTS: 1 DIF: D REF: Module 7
MSC: Analytical Thinking
9. ANS: D PTS: 1 DIF: M REF: Module 7
MSC: Critical Thinking



#2 market for iPods.

fantastic substitute: $D \downarrow$

$D \downarrow$ $P \downarrow$ $Q \downarrow$

$S \downarrow$ $P \uparrow$ $Q \downarrow$



substitutes in
production.

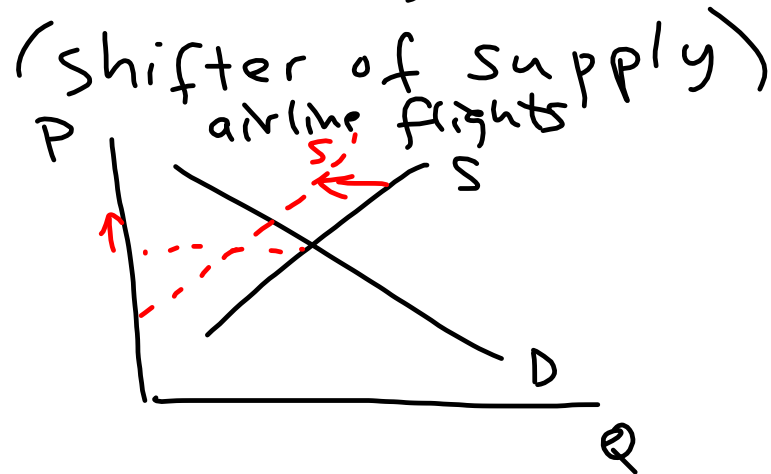
can produce either
A or B.

you are producing A.

price of a goes down.

→ switch to B.

#4 jet fuel is an
input in production of
airline flights.



#7 H-D $P \uparrow$

subst. $D \uparrow$ $P \uparrow$ $Q \uparrow$
(Hondas)

Quantity Controls.

price that people will pay to buy Q_{max}

"Wedge" - possibly pure profit for some supplier

price that could induce suppliers to supply Q_{max}

