

CHAPTER 1 – ANSWERS TO THE QUICK QUIZ QUESTIONS

- Q1 a. Both: positive – “interferes with the workings of the competitive market system,” and normative – “poor social policy”
b. Positive

- Q2 a. Decreased

	1980	1990	2000	2010
Real Price	\$1.88	\$1.26	\$1.21	\$1.54

- b. -18%

- c.

	1980	1990	2000	2010
New CPI	63.1	100	131.8	135.6
Real Price	\$2.98	\$1.99	\$1.91	\$2.43

- d. -18%. It does not matter which year is chosen as the base year.