

Econ2030B Intermediate Microeconomics
MidtermExamination.1

- Duration:** 1 hour 35 minutes (6:05-7:40 PM), in class
- Syllabus:** Chapters 2, 3 & 4 (sections discussed in class)
- Calculators allowed**

Answer both parts A and B (Total marks 21)

Part A

1. (6 marks) State whether you agree or disagree with each of the following statements. Using appropriate diagrams, explain your response:
 - a. Two indifference curves can intersect.
 - b.
2. (9 marks) Theory + Calculation
 - a. Using diagrams, explain the difference between income and substitution effects for an inferior good.
 - b.
 - c.

Part B

Maximum 10 multiple choice questions (6 marks)

- 1) According to the Law of Demand, the demand curve for a good will
 - A) shift leftward when the price of the good increases.
 - B) shift rightward when the price of the good increases.
 - C) slope downward.**
 - D) slope upward
- 16) If the demand for oranges is written as $Q = 100 - 5p$, then the inverse demand function is
 - A) $Q = 5p - 100$.
 - B) $Q = 20 - .2p$.
 - C) $p = 20 - 5Q$.
 - D) $p = 20 - .2Q$.**