MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Economists assume that the goal of consumers is to
   A) make themselves as well off as possible.  B) consume as much as possible.
   C) do as little work as possible to survive.  D) expend all their income.

2) Utility is
   A) easily measured in units called utils.
   B) the consumption of a quasi-public good like electricity or natural gas.
   C) subjective and difficult to measure.
   D) the production of a quasi-public good like electricity or natural gas.

3) Marginal utility is the
   A) satisfaction achieved when a consumer has had enough of a product.
   B) average satisfaction received from consuming a product.
   C) total satisfaction received from consuming a given number of units of a product.
   D) extra satisfaction received from consuming one more unit of a product.

4) As a consumer consumes more and more of a product in a particular time period, eventually marginal utility
   A) is constant.  B) fluctuates.  C) declines.  D) rises.

5) What is behavioral economics?
   A) the study of how people behave in the face of scarcity
   B) the study of how people make wealth-maximizing decisions
   C) the study of how people make decisions at the margin
   D) the study of situations in which people act in ways that are not economically rational

6) Consider a good whose consumption takes place publicly. Your decision to buy that good depends
   A) both on the characteristics of the product and on how many other people are buying the good.
   B) only on how many other people buy the good.
   C) only on the characteristics of the good.
   D) only on the price of the good.

7) For which of the following products is social influence likely to have the greatest impact?
   A) high-blood pressure medication  B) school textbook
   C) toothpaste  D) restaurants

8) Firms pay famous individuals to endorse their products because
   A) the firms are irrational and are wasting advertising expenditures.
   B) famous people only consume high quality products.
   C) famous people obviously know what are the best goods and services.
   D) apparently demand is affected not just by the number of people who use a product but also
      by the type of person that uses the product.
9) Consider the following factors:
   a. culture
   b. religion
   c. customs
   d. prices
   e. income

Which of the factors above are likely to influence the choices consumers make?
   A) d and e only
   B) all the factors except b
   C) a, d, and e only
   D) all the factors except c
   E) all the factors listed

10) If, as a person consumes more and more of a good, each additional unit adds less satisfaction than the previous unit consumed, we are seeing the workings of
   A) the law of demand.
   B) the law of diminishing marginal utility.
   C) the law of increasing marginal opportunity cost.
   D) the law of supply.

11) An item has utility for a consumer if it
   A) generates enjoyment or satisfaction.
   B) is scarce.
   C) has a high price.
   D) is something everyone else wants.

12) Suppose your marginal utility from consuming the 3rd slice of cake is zero, then your total utility from consuming cake is
   A) maximized.
   B) increasing.
   C) decreasing.
   D) negative.