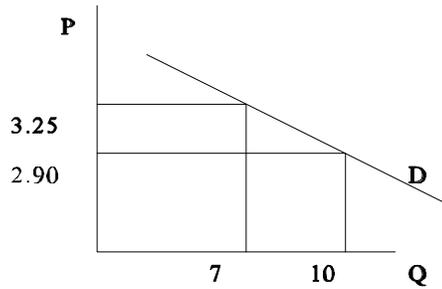


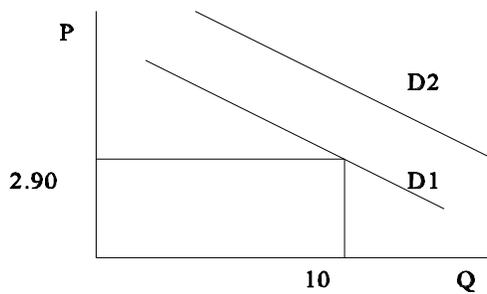


Answer Key

1. The primary reason that a demand curve slopes downward is due to the principle of diminishing marginal utility, that is, as you consume more of any one good, relative to all other goods, the value you place on successive units of that good declines.



2. The study would result in a positive change in taste and preferences which would result in an increase in demand.



3. Changes in quantity demanded directly result from changes in price and are represented by movements along the demand curve. Changes in demand are the result of factors other than price such as tastes and preferences, income, etc.

The answer for question 1 illustrates changes in quantity demanded, the answer in question 2 illustrates changes in demand.

4. Concave PPFs bow outward from the origin due to diminishing marginal returns.

