

1. O(True) or X(False)

- () 1. A trade-off is a principle for market activities.
- () 2. A manager's salary is the opportunity cost.
- () 3. A trade provides a division of labor.
- () 4. The market failure always results in the negative externality.
- () 5. An analysis on Trump's tax policy is the normative analysis.

- () 6. The demand change due to a related commodity price change is a demand law.
- () 7. The supply change due to that input price change is a supply law.
- () 8. The right demand shift results into an increase in equilibrium price.
- () 9. The price down of necessity goods results in increases of both demand and total revenue.
- () 10. The price down for long-run results in increases of both demand and total revenue.

- () 11. A control of gasoline price results in more demand for gasolines than supply.
- () 12. An indifference curve is a curve of 2 goods purchase not related to satisfaction.
- () 13. A budget line is a line of 2 goods purchase with a given budget not related to prices.
- () 14. A budget line shifts left as a budget increases.
- () 15. The substitution effect of price change is always an inverse relationship.

- () 16. The income effect of price change is always a positive relationship.
- () 17. A consumer surplus is the surplus of consumption which a consumer spends for.
- () 18. A producer surplus is the surplus of producer above the price.
- () 19. The cost equation is not related to output prices.
- () 20. The revenue function is related to output..

- () 21. The export results in extra gain, while the import does not result in extra gain.
- () 22. The Giffen goods are those whose demand decreases due to price change.
- () 23. The labor marginal product is the labor productivity.
- () 24. As the average product decreases, the marginal product decreases always.
- () 25. The average product and marginal product do not cross each other.

- () 26. When price elasticity of demand is less than 1, production increase increases revenue.
- () 27. When price elasticity of demand is greater than 1, production decrease decreases revenue.

2. Summarize

(1) Marginal Principle