

- a. car buyers are irrational.
- b. the marginal utility per dollar spent on the less expensive car is higher than that spent on luxury cars.
- c. the total utility of less expensive cars is greater than that of luxury cars.
- d. luxury cars cost a lot more than non-luxury cars.

Table 6-2

<i>Quantity of Soup (cups)</i>	<i>Total Utility</i>	<i>Quantity of Sand- wiches</i>	<i>Total Utility</i>
1	40	1	45
2	60	2	75
3	72	3	102
4	82	4	120
5	88	5	135
6	90	6	145

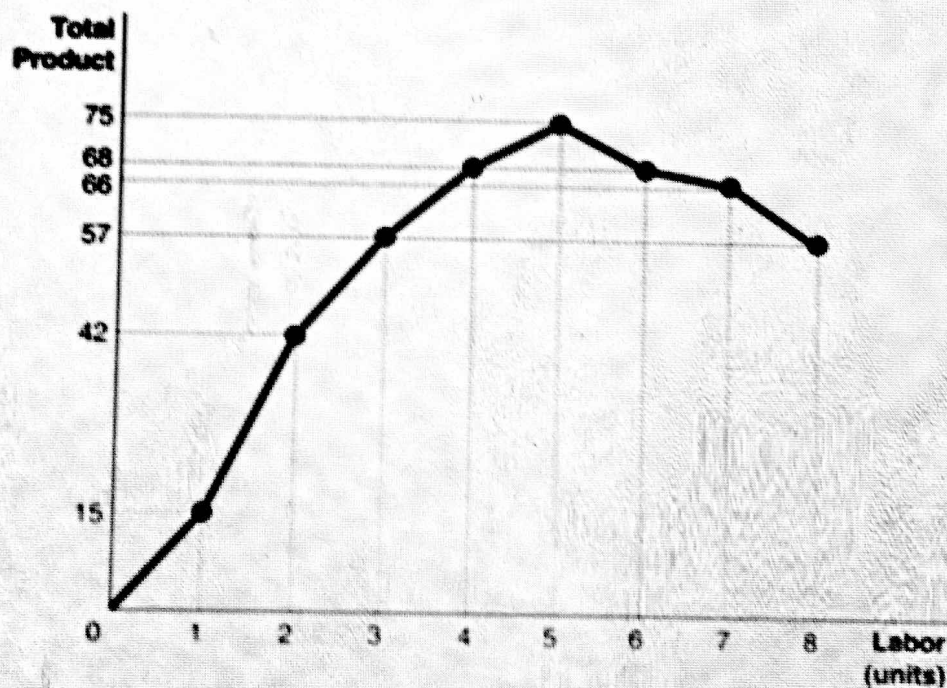
Table 6-2 shows Keira's utility from soup and sandwiches. The price of soup is \$2 per cup and the price of a sandwich is \$3. Keira has \$18 to spend on these two goods.

- 13) Refer to Table 6-2. What is Keira's marginal utility per dollar spent on the third cup of soup?
- a. 72 units of utility
 - b. 36 units of utility
 - c. 6 units of utility
 - d. 12 units of utility

14) Firms pay famous individuals to endorse their products because

- a. the firms are irrational and are wasting advertising expenditures.
- b. famous people obviously know what are the best goods and services.

Figure 7-1



21) Refer to Figure 7-1. The average product of the 4th worker

- a. is 68.
- b. is 11.
- c. is 17.
- d. cannot be determined.

22) Average total cost is _____.