

QUIZ #1 Spring 2002

print name

QUESTIONS:

1. **Of the many formulas for elasticities, write [A] the formula for elasticity that converts price into cost, and**

[B] the formula for the cross elasticity of demand.

2. **Draw a graph with a budget constraint and its optimum indifference curve. Be sure to label each axis as well as each of the two curves.**

3. **Linear regressions, both simple and multiple, are based on assumptions. Explain the difference between assumption [A] $e_i \neq f(e_j)$**

and assumption [B] $e_i \neq f(X_i)$.

4. **When a linear regression is in the form of $\log Y_t = \log a + t \log X$ what is unit of change?**