**Question Bank**

**Chapter 7**

**Information and Preferences**

**Think Break Questions** (from Book: p. 107)

1. What happens to figure 7.1 if the *Full Cost* constraintincreases?
2. What happens to figure 7.1 if the price of health food *PH* decreases?
3. What happens to figure 7.1 if the amount of time required preparing healthy food *TH* decreases?

***Multiple Choice Questions***

1. What is Margaret’s sister’s name?

a. Olivia

b. Buttercup

c. Ann

2. Perfect information refers to the economic assumption that consumers have complete and accurate information.

a. True

b. False

3. The neoclassical economic framework allows preferences to change.

a. True

b. False

4. Information comes from three broad sources

a. tv, radio, and internet

b. family, friends, and relatives

c. private sector, public sector, and social networks

5. In the context of food and nutrition, the ultimate goal of information is the influence food purchases and consumption.

a. True

b. False

6. Which logical sequence is assumed in an information dissemination campaign?

a. Information dissemination, information is used, information is comprehended, knowledge

 is changed, preferences are affected by knowledge, different choices are made.

b. Information dissemination, information is comprehended and checked for validity,

 knowledge is changed, preferences are affected by knowledge, different

 more healthy choices are made.

7. In order to observe an effect, one must understand the underlying process generating the effect.

a. True.

b. False.

8. Human capital is

a. the amount of an individual’s own money they have invested in the stock market.

b. the amount of labor an individual devotes to producing goods at home.

c. the amount of labor an individual devotes to producing goods in the labor market.

d. none of the above.

9. Cooking skills are an example of

a. specific human capital.

b. general human capital.

c. preferences.

10. In the neoclassical economics approach to preference changes, information can change preferences by changing human capital.

a. True

b. False

11. A nutrition information campaign that changes preferences will not change the indifference curves.

a. True

b. False

12. The isocalorie line shows the tradeoff in calories between the consumption of two foods holding calories constant.

a. True

b. False

13. If the slope of the isocalorie line for diet coke versus coke is -1.80, then for every one coke consumed an individual must give up 1.8 diet cokes to keep the calorie intake from diet coke and coke constant.

a. True

b. False

14. Bill has been taking a nutrition education course for the last month designed to decrease fast food intake. During this month Bill consumed more fast food than the month before. This means the education program is not effective.

a. True

b. False

15. A sufficient nutrition information program will not be completely offset by changes in other variables that may counteract the nutrition information intention.

a. True

b. False

16. A change in information about a food item is captured by a

a. movement along the food’s demand curve.

b. shift in the food’s demand curve.

c. neither.

17. If positive information about a substitute good increases, then the demand curve for the good of interest will, ceteris paribus,

a. increase and shift in

b. increase and shift out

c. decrease and shift in

d. decrease and shift out.

18. Advertising elasticities tend to be large and more important than price elasticities.

a. True

b. False

***Short Answer Questions***

1. Discus the relationship between specific human capital, general human capital, nutrition literacy, and health literacy? Discuss why making these distinctions are important for policy and changing behaviors.

2. Using an example, explain the difference between knowing an effect and knowing the cause of an effect. Why is this distinction important?

3. Add an isocalorie constraint to figure 7.1 to **show and explain** that even if no other factors change, a nutrition information campaign may get an individual closer to a calorie target and still not reach the target.

***Discussion Questions***

1. In 2012, prior to the recession, a novel nutrition education program was introduced in Montgomery County, VA that was designed to increase fruit and vegetable (FV) consumption. In 2014, FV consumption had increased by 10% for those individuals participating in the program. However, by 2016, the consumption of FV was back to its original level as many of the individuals participating in the program became unemployed. Using indifference curves and a full isocost line **show and explain** what happened between 2012 and 2014 and 2014 and 20169. (**Be sure and label your graph completely and identify what caused changes. Be specific**!!! **Do not use** **a demand curve**).

2. The SNAP-Ed program is a nutritional education program offered to individuals on SNAP benefits. SNAP benefits are an income subsidy that is not restricted to purchases of just heathy foods, but can also be used to purchase unhealthy foods. Draw a general demand curve for unhealthy food. With this diagram **show and explain** how SNAP benefits may offset the effects of the SNAP-Ed program.