**Question Bank**

**Chapter 6**

**Convenience and Time**

**Think Break Questions** (from Book: pp. 92, 97)

1. Consider how the *slopes* and therefore the feasible choice set will change for the following cases:

1. What happens to figure 6.3 if the time price of food at home *T*H decreased (e.g., you replace your conventional oven with a convection oven, which cooks faster)?
2. What happens to figure 6.3 if the money price of food away from home *PA* increased (e.g., your favorite restaurant raised the prices on its menu)?
3. What happens to figure 6.3 if the amount of nutrients in food away from home *α1A* decreased (e.g., saturated fat)?

2. Starting from an initial equilibrium in figure 6.6 *Ehigh*, draw the appropriate graph for the following scenarios.

1. Eric likes Mexican food. A new Chipotle (a Mexican fast casual dining) restaurant is built across the street from Eric’s house.
2. Sam and Brenda bought a new convection oven that reduces cooking time at home.
3. Tony retires from his job. State any assumptions that are being made.

***Multiple Choice Questions***

1. What does JP do on Tuesdays until about 8:00 PM?

a. work

b. play racquetball

c. volunteer at a food bank

2. Convenience is defined as the ease of acquiring a good or service with the goal of saving time and effort.

a. True

b. False

3. Food-away-from-home (FAFH) does not include food prepared somewhere else but consumed at home.

a. True

b. False

4. The time price is simply the conversion factor for the amount of time it takes you to produce or consume one unit of the item.

a. True

b. False

5. The isotime line

a. shows the tradeoff between the consumption of goods holding time constant.

b. is derived from the time constraint.

c. a and b

6. The slope of the isotime line shows

a. the rate at which one can trade one unit of time in the consumption of one good for a unit of time in the consumption of another good.

b. the opportunity cost in time of consuming one god versus another good.

c. a and b.

7. Which of the following is *correct*?

a. The isotime line is a binding constraint.

b. The isonutrient line is a binding constraint.

c. a and b.

8. What defines the feasible choice set when there is an isocost line and an isotime line?

a. Only the isocost line, the isotime line has no effect on the feasible choice set.

b. Only the isotime line, the isocost line has no effect on the feasible choice set.

c. The intersection of the feasible choice set from the isocost line and the feasible choice set from the isotime line.

d. The union of the feasible choice set from the isocost line and the feasible choice set from the isotime line.

9. When someone is time rich but money poor they will only buy foods that require the least amount of money.

a. True

b. False

10. Two individuals that have the same time and money constraints will both be either above or below a nutrition recommendation.

a. True

b. False

11. A change of money price of one food will lead to a change of the isotime line.

a. True

b. False

12. The isocost and isotime lines can move in the opposite direction for the same reason.

a. True

b. False

13. The isocost and isotime lines can never both move due to the same reason.

a. True

b. False

14. For a person facing an intersecting isocost and isotime line for two foods, an increase in time available for the two foods will always allow the person to increase their utility.

a. True

b. False

15. The full cost or price of a food is the price that takes into account money cost and time cost expressed in dollars.

a. True

b. False

16. The full cost or price of a food is the price that takes into account the tip.

a. True

b. False

17. The money time price of an item is the time cost conversion factor times the time price of the item.

a. True

b. False

18. The full feasible choice set is

a. the choice set consisting of the full set of alternatives someone may want to choose.

b. the triangle defined by the full isocost.

c. a and b.

19. If the money price of a homemade pizza is $6 and the money price of a pizza at Pizza Hut is $8 then the full price of the homemade pizza will be less than the full price of the Pizza Hut pizza.

a. True

b. False

c. Uncertain

20. An increase in the amount of time it takes to consume will, ceteris paribus,

a. shift the demand curve for that food to the right and increase the demand for that food.

b. shift the demand curve for that food to the right and decrease the demand for that food.

c. shift the demand curve for that food to the left and increase the demand for that food.

b. shift the demand curve for that food to the left and decrease the demand for that food.

***Short Answer Questions***

1. Using a graph, **show and explain** the difference between being “money poor” and “time poor”. Why is this distinction important when considering alternative policies designed to improve nutrition?

2. Assume that from 2014 to 2015 Beth's family averaged eating 60 meals at home and 10 meals away from home and spending $450 per month. During this time Beth had been home schooling her daughter, which required about 5 hours per day. In 2016 she sent her daughter to public school and now has that amount of time free. In 2016, Beth's family ate 60 meals at home and 10 meals away for home and spent $350 a month on average. Nothing changed in consumption!! Given this and using only this information, **show graphically and explain** how this may have occurred.

3. Jessica and Craig were two professors at Virginia Tech, each making about the same salary. Last year, Craig died suddenly from a heart attack. They have two boys, 9 and 7 years old. Jessica is now a single mom, still employed by Virginia Tech. Assume food prepared away from home is more expensive but less time consuming than food at home. Based on this information answer the following two questions:

(a) **show graphically and explain** how this tragic event may lead to Jessica’s family eating **more** meals prepared away from home than at home. **State any assumptions you are making.**

(b) **show graphically and explain** how this tragic event may lead to Jessica’s family eating **less** meals prepared away from home than at home. **State any assumptions you are making.**

(c) Based on you answers to (a) and (b), what will the actual outcome depend on?

4. Explain the three different ways the full price of a food can change. Why are these distinctions important with regard to designing policies or interventions that are trying to improve nutrition?

***Discussion Question***

1. Brad likes fried chicken but the closest chicken restaurant is The Chicken Coup – a local chicken restaurant – that is a couple of miles away. He therefore only goes about twice a month. However, last week he was given added responsibilities at work and now must work an extra hour each day. Around the same time, a new Kentucky Fried Chicken (KFC) opened next to his office where he parks his car. Using a graph, **show and explain** how this new scenario may change his fried chicken consumption.

2. Pat has decided she has $400 a month to spend on food at home (H) and food away from home (A), including the cost of her time. She estimates the price of a meal at home is $3.50 (PH) and the price of a meal away from home is $5.00 (PA). She also estimates that each meal at home takes a total (shopping, preparation, clean-up) of about 2.0 hours (tH), whereas each meal away from home takes about .50 hours (tA). She values the amount of time spent in each activity at $.20 per hour.

a. Write the full cost constraint for Pat.

b. What is the full price of a meal at home and a meal away from home for Pat? Explain.

c. Pat has agreed to become the chairperson of her local Mother’s of Pre-Schoolers (MOPS). She estimates this will take about 10 hours per week. She has decided this alters how she values her time. Consequently, she now values time for meals at home at $1.00 per hour and away from home still at $.20. What is her new total cost constraint?

d. Based on (c), which meal is now cheaper? Explain.

e. **Draw and explain** a graph showing Pat’s situation before and after becoming MOPS chairperson. Will her consumption of food-at-home and food-away-from-home change?