ECO333H1F: Urban Economics
Fall 2025
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Practice Final Questions

True/False/Uncertain questions

1. Consider a household that consumes housing and food. The household receives housing assistance in the form of a proportional rent subsidy. The household reaches a higher indifference curve because the subsidy alters the relative prices of the goods.

Solution:

You can answer true, with reference to the information on slide 17 from Week 12 Lecture. You could also answer uncertain, with reference to the information on slide 47 from Week 12 Lecture, but this requires you to specify the case where the household does not initially consume any housing, only food. In general, consider this question a reminder to think carefully about what assumptions need to hold in order for a statement to be true.