

**24. Incorrect. The answer is true not false.** Let the demand equation be  $Q = a + bP + cY$ . We know that  $E_p = b(P/Q)$ ,  $b = E_p * Q/P = -0.6 * 38/750 = -0.03$ . Similarly  $c = E_y(Q/Y) = 0.5 * 38/8 = 2.375$ .  $a = Q - bP - cY = 38 - (-0.03)750 - 2.375 * 8 = 41.8$ .