

8. Indicate whether the following statements are true, false, or uncertain. If false or uncertain, explain why.
- The price of a watch increases by 10%, and you spend a larger fraction of your income on it. The watch is a Giffen good.
 - Due to a flood, corn prices and soybean prices increase. If corn and soybeans are substitutes, the quantity of corn demanded falls.
 - Goods 1 and 2 are substitutes, and goods 2 and 3 are substitutes. This must mean that goods 1 and 3 are substitutes.
 - A Giffen good has the properties that the partial derivative of the demand function with respect to income and the partial derivative of the demand function with respect to price are both positive.
 - If the partial derivative of the demand function with respect to the price of another good is negative, then the two goods are substitutes.