

## Question #75244

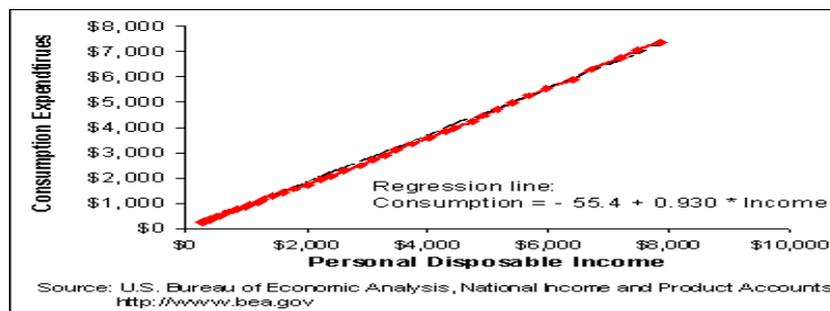
If we were to say that two variables are positively related, this means that:

- a) The relationship between the two would graph as a line sloping downward.
- b) The relationship between the two would graph as a horizontal line.
- c) The relationship between the two would graph as a line sloping upward.
- d) The relationship between the two cannot be depicted graphically in any simple way.

### ANSWER

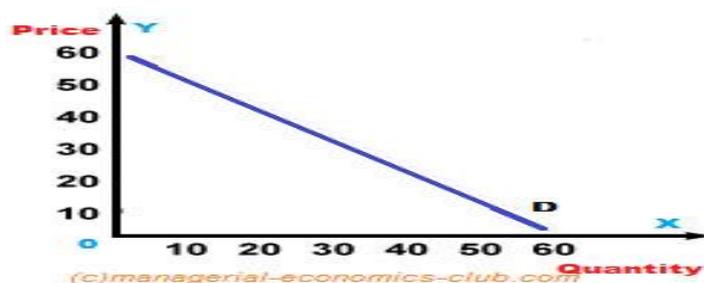
The right answer should be **c) - The relationship between the two would graph as a line sloping upward**. Positive relation between two variables means that, as a rule, the raise in one should bring raise in other. For example, relation between consumption and disposable income. The raise in income will cause the proper raise in consumption. See for example the graph below.

**Picture 1.** Relations between consumption and disposable income



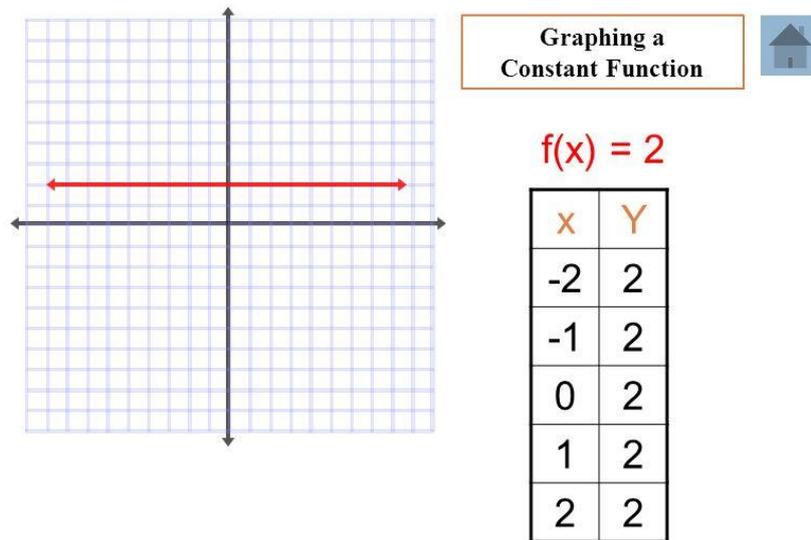
The opposite side is the relationship between the two with a line sloping downward. In this case raise in one variable cause decline in another. For instance, consumption level and prices. For normal goods the price raise will cause decline in consumption level. So the a) cannot be the right answer. See graph below.

**Picture 2.** Consumption level and prices



The other situation is horizontal line. In this case one variable can change how much and how many times it is necessary; however the other variable will not react in any way. For example  $y=2$  curve. So the answer b) is not correct two. See below.

**Picture 3.** The relationship between the two represented as a horizontal line



**Graph Description:** Horizontal Line

The answer d) is not right, as above I have represented graphs that are existed not only as an example, but also in many economic theories!

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