Chapter 1 Test

Directions:

This is a 20-question test. Once you've completed it, the answer key will become available.

You may take this test only ONCE.

1) QID: 21068

Which of the following best defines economics?

- ⊙ The study of rational choice under conditions of scarcity
- ⊙ The study of how economic agents produce and consume
- ⊙ The study of how prices and output adjust
- ⊙ The study of money and how people use it

2) QID: 21071

In economics, the term "scarcity" refers to

- ⊙ the fact that some goods are difficult to find.
- ⊙ the fact that some goods are found in only a few places.
- ⊙ the imbalance between the prices people are willing to pay and the prices producers are willing to charge.
- ⊙ the imbalance between the amount of a good people want and the amount that is freely available.

3) QID: 15243

The opportunity cost of a college education is

- ⊙ the cost of books and tuition.
- ⊙ the time you spend studying for tests.
- ⊙ the salary that you made at a part-time job last year.
- ⊙ the highest salary that you could make if you worked full time instead of going to school.

4) QID: 12876

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The opportunity cost of any particular choice is

- ○ the least expensive alternative to the choice.
- ○ the best alternative to the choice.
- ○ the price that one pays for the choice.
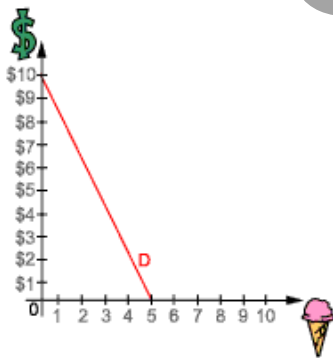- ○ the most expensive alternative to the choice.

5) QID: 24548

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Which of the following formulas is the correct expression for the slope of a line?

- ○ $\dfrac{\Delta x}{\Delta y}$
- ○ $\dfrac{\Delta y}{\Delta x}$
- ○ $\dfrac{\Delta x - \Delta y}{\Delta y}$
- ○ $\Delta x \cdot \Delta y$

6) QID: 24556

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Study the graph of Bill's demand for ice cream cones shown below. At a price of $10 per ice cream cone, Bill will buy _____ cones.

- ○ 0
- ○ 3
- ○ 5
- ○ 10

The slope of the demand curve is measured by

- ○ the change in quantity demanded divided by the change in price.
- ○ the change in the price of one good plus the change in quantity demanded of that good.
- ○ the change in price divided by the change in the quantity demanded.
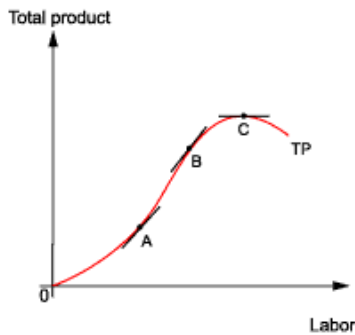- ○ price divided by quantity.

8) QID: 15450

Consider the equation of linear function $y = -4 + 7x$. If it were graphed, the slope would be

- ○ 7.
- ○ 4.
- ○ −4.
- ○ −7.

9) QID: 22798

Examine the following graph of a production function. The slope at point A is _____ the slope at point B.

- ○ greater than
- ○ less than
- ○ equal to
- ○ as variable as

10) QID: 22932

An *isoquant* is
- ○ a curve showing all combinations of two variables, holding constant a third variable.
- ○ a two-dimensional graph.
- ○ a graph showing different quantities using two variables.
- ○ a schedule showing the quantities of a good a consumer demands at various prices.

11) QID: 12449

To calculate the slope of the total product curve,
- ○ take the change in *y* divided by the change in *x*.
- ○ find the slope of a line tangent to the TP curve.
- ○ subtract the change in *y* from the change in *x*.
- ○ subtract the change in *x* from the change in *y*.

12) QID: 12455

The display of three variables in a two-dimensional graph are organized with
- ○ one variable on both axes and the other variables held constant as the value on the isoquant.
- ○ one variable on each axis and the other variable held constant as the value on the isoquant.
- ○ all variables held constant.
- ○ no variables held constant and all three represented on each axis.

13) QID: 22966

Any point outside the boundary of a production possibilities frontier is
- ○ efficient.
- ○ inefficient.
- ○ unattainable.
- ○ attainable.

14) QID: 23019

Examine the PPF for a two-good economy below. The
economy produces only wheat and beef. The opportunity
cost for this economy to move from point *B* to point *A* is
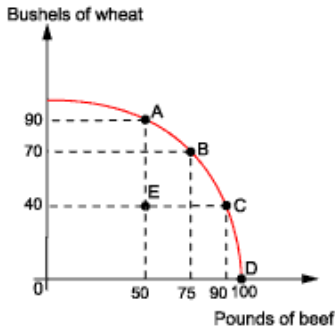
- 15 bushels of wheat.
- 90 bushels of wheat.
- 75 pounds of beef.
- 25 pounds of beef.

15) QID: 23039

Examine the PPF for a two-good economy below. The
economy produces only wheat and beef. This society's
opportunity cost of moving from point *A* to point *B* is
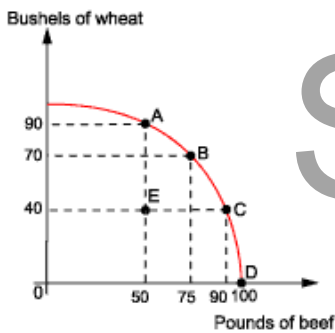
- 20 bushels of wheat.
- 25 pounds of beef.
- 70 bushels of wheat.
- 90 bushels of wheat.

16) QID: 23608

In the U.S., it requires 20 labor hours to produce one bushel
of wheat and 80 labor hours to produce one computer. In
France, it requires 25 labor hours to produce a bushel of
wheat and 75 labor hours to produce a computer. The
opportunity cost of one computer in France is

- 3 bushels of wheat.
- 1/3 bushel of wheat.
- 4 computers.
- 75 labor hours.

17) QID: 23611

In the U.S., it requires 20 labor hours to produce one bushel of wheat and 80 labor hours to produce one computer. In France, it requires 25 labor hours to produce a bushel of wheat and 75 labor hours to produce a computer. The U.S. and France could benefit from trade if the U.S. specializes in _____ and France specializes in _____.

- ○ computers; computers
- ○ computers; wheat
- ○ wheat; computers
- ○ wheat; wheat

18) QID: 23231

In one day, Joe can produce 24 bushels of wheat (*W*) or 8 pounds of rice (*R*). Joe's opportunity cost of 1 pound of rice is

- ○ 3 pounds of rice.
- ○ 1/3 hour.
- ○ 3 bushels of wheat.
- ○ 1/3 bushel of wheat.

19) QID: 23606

Absolute advantage is found by comparing

- ○ opportunity costs.
- ○ amounts of resources used.
- ○ comparative advantages.
- ○ labor costs.

SAMPLE

20) QID: 23183

The point at which a PPF intersects the horizontal axis is

- ○ unattainable.
- ○ attainable but inefficient.
- ○ attainable and efficient.
- ○ unattainable and inefficient.