

## Chapter 1 Test

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### 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

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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

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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

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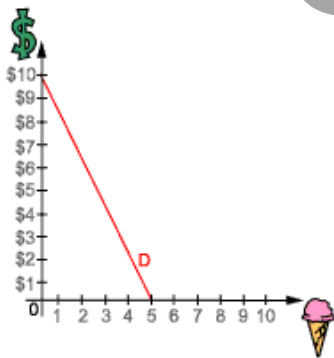
Which of the following formulas is the correct expression for the slope of a line?

- $\frac{\Delta x}{\Delta y}$
- $\frac{\Delta y}{\Delta x}$
- $\frac{\Delta x - \Delta y}{\Delta y}$
- $\Delta x \cdot \Delta y$

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.



SAMPLE

7) QID: 15446

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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

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

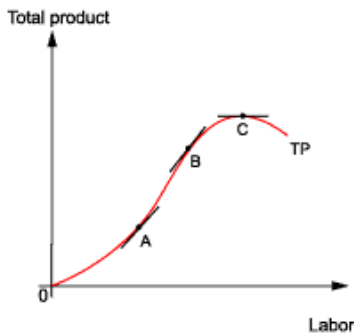
- 7.
- 4.
- -4.
- -7.

9) QID: 22798

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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

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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

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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

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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

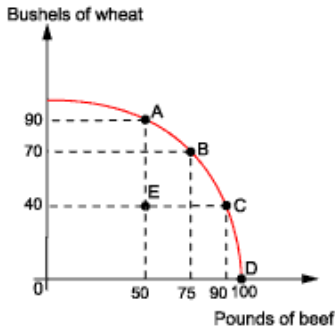
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Any point outside the boundary of a production possibilities frontier is

- efficient.
- inefficient.
- unattainable.
- attainable.

14) QID: 23019

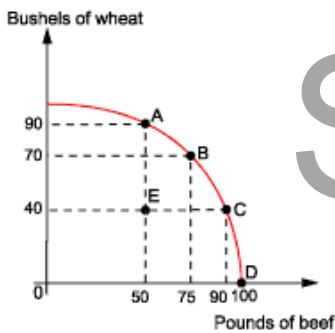
Examine the PPF for a two-good economy below. The economy produces only wheat and beef. The opportunity cost for this economy to move from point *B* to point *A* is



- 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.

SAMPLE

16) QID: 23191

In one day, Joe can produce 24 bushels of wheat (*W*) or 8 pounds of rice (*R*). Assuming constant opportunity costs, the equation for Joe's PPF if wheat production is on the vertical axis is

- $24(W) + 3(R)$ .
- $24(W) - 3(R)$ .
- $3(R) - 24(W)$ .
- $3(R) - 1/8(W)$ .

17) QID: 23608

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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.

18) QID: 23611

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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

19) QID: 23231

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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.

20) QID: 23606

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Absolute advantage is found by comparing

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