

[COURSES](#) > [C](#) > [CONTROL PANEL](#) > [POOL MANAGER](#) > POOL CANVAS

## Pool Canvas

Add, modify, and remove questions. Select a question type from the Add Question drop-down list and click **Go** to add questions. Use Creation Settings to establish which default options, such as feedback and images, are available for question creation.

**Add** Multiple Choice**GO**[Creation Settings](#)**Name** TestBanks Chapter 02: Economic Models: Trade-offs and Trade**Description** Question pool for TestBanks Chapter 02: Economic Models: Trade-offs and Trade**Instructions**[Modify](#)[◀ Add Question Here](#)

Question 1

**Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

A simplified representation that is used to study a real situation is called:

**Answer**

✓ a model.

a production possibility frontier.

an assumption.

a trade-off.

[◀ Add Question Here](#)

Question 2

**Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

The models that economists construct:

**Answer**

✓ usually make simplifying assumptions.

often rely on physical constructs, such as those used by architects.

rarely use mathematical equations or graphs.

attempt to replicate the real world.

[◀ Add Question Here](#)

Question 3

**Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

When building a model, economists:

**Answer**

✓ simplify reality in order to highlight what really matters.

attempt to duplicate reality in all of its complexity.

ignore the facts and instead try to determine what the facts should be.

are careful to avoid the scientific method.

[◀ Add Question Here](#)

Question 4

**Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

The models used in economics:

- Answer** are usually limited to variables that are directly related.  
 are essentially not reliable because they are not testable in the real world.  
 are of necessity unrealistic and not related to the real world.  
☒ emphasize basic relationships by abstracting from complexities in the everyday world.

[◀ Add Question Here](#)

Question 5

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

Economic models are:

- Answer** created and used to duplicate reality.  
 useless if they are simple.  
 made generally of wood, plastic, and/or metal.  
☒ often useful in forming economic policy.

[◀ Add Question Here](#)

Question 6

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

The importance of an economic model is that it allows us to:

- Answer** build a complex and accurate model of the economy.  
 build an accurate mathematical model of the economy.  
☒ focus on the effects of only one change at a time.  
 avoid opportunity costs.

[◀ Add Question Here](#)

Question 7

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

The production possibility frontier illustrates that:

- Answer** the economy will automatically end up at full employment.  
 an economy's productive capacity increases proportionally with its population.  
☒ if all resources of an economy are being used efficiently, more of one good can be produced only if less of another good is produced.  
 economic production possibilities have no limit.

[◀ Add Question Here](#)

Question 8

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

**Table: Production Possibilities Schedule I**

| Alternatives              | A  | B  | C  | D  | E  | F |
|---------------------------|----|----|----|----|----|---|
| Consumer goods per period | 0  | 1  | 2  | 3  | 4  | 5 |
| Capital goods per period  | 30 | 28 | 24 | 18 | 10 | 0 |

Reference: Ref 2-1

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule

I. If the economy produces 2 units of consumer goods per period, it also can produce at most \_\_\_\_\_ units of capital goods per period.

**Answer**

- 30
- 28
- ✓ 24
- 18

◀ [Add Question Here](#)

Question 9

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

**Table: Production Possibilities Schedule I**

| Alternatives              | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | <i>E</i> | <i>F</i> |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Consumer goods per period | 0        | 1        | 2        | 3        | 4        | 5        |
| Capital goods per period  | 30       | 28       | 24       | 18       | 10       | 0        |

Reference: Ref 2-1

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule I. If the economy produces 10 units of capital goods per period, it also can produce at most \_\_\_\_\_ units of consumer goods per period.

**Answer**

- 5
- ✓ 4
- 3
- 2

◀ [Add Question Here](#)

Question 10

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

**Table: Production Possibilities Schedule I**

| Alternatives              | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | <i>E</i> | <i>F</i> |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Consumer goods per period | 0        | 1        | 2        | 3        | 4        | 5        |
| Capital goods per period  | 30       | 28       | 24       | 18       | 10       | 0        |

Reference: Ref 2-1

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule I. The opportunity cost of producing the fourth unit of consumer goods is \_\_\_\_\_ units of capital goods.

**Answer**

- 2
- 4
- 6
- ✓ 8

◀ [Add Question Here](#)

Question 11

**Multiple Choice**

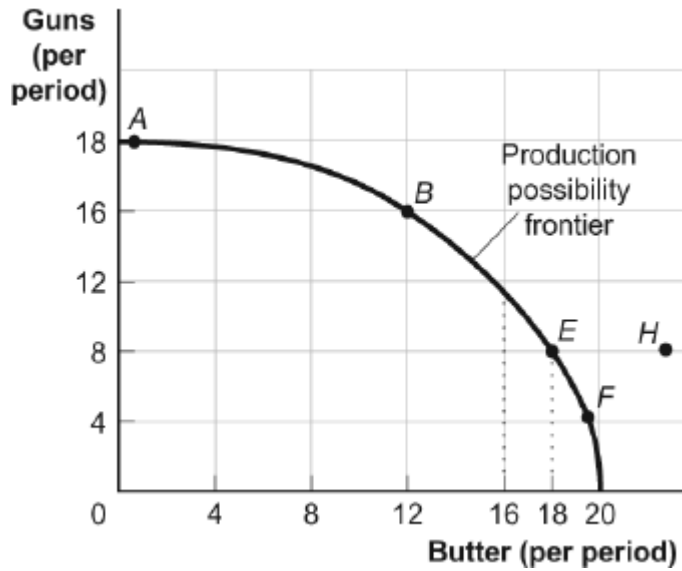
**0 points**

Modify

Remove

## Question

## Figure: Guns and Butter



Reference: Ref 2-2

(Figure: Guns and Butter) Look at the figure Guns and Butter. On this figure, points A, B, E, and F:

- Answer** ✓ indicate combinations of guns and butter that society can produce using all of its factors efficiently.  
 show that the opportunity cost of more guns increases but that of more butter decreases.  
 indicate that society wants butter more than it wants guns.  
 indicate constant costs for guns and increasing costs for butter.

[Add Question Here](#)

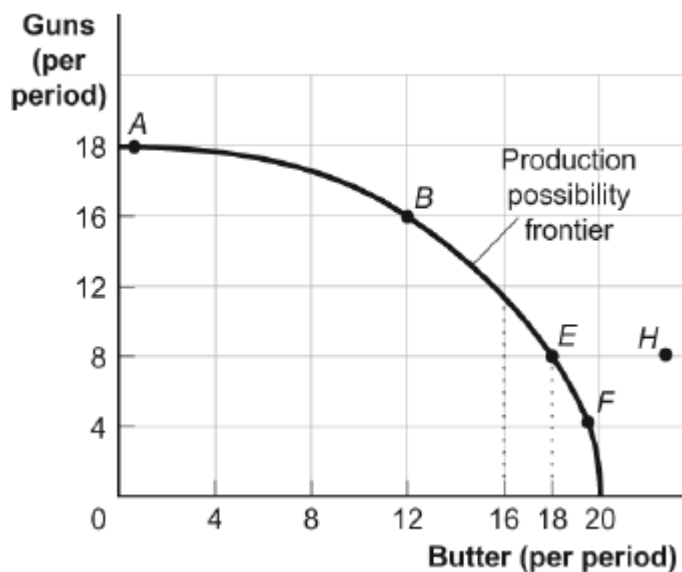
Question 12 Multiple Choice

0 points

 Modify  
 Remove

## Question

## Figure: Guns and Butter



Reference: Ref 2-2

(Figure: Guns and Butter) Look at the figure Guns and Butter. This production possibility frontier is:

- Answer** ✓ bowed out from the origin because of increasing opportunity costs.  
 bowed in toward the origin because of increasing opportunity costs.  
 bowed in toward the origin because of constant costs of guns and butter.  
 linear because of constant costs.

[Add Question Here](#)

Question 13

Multiple Choice

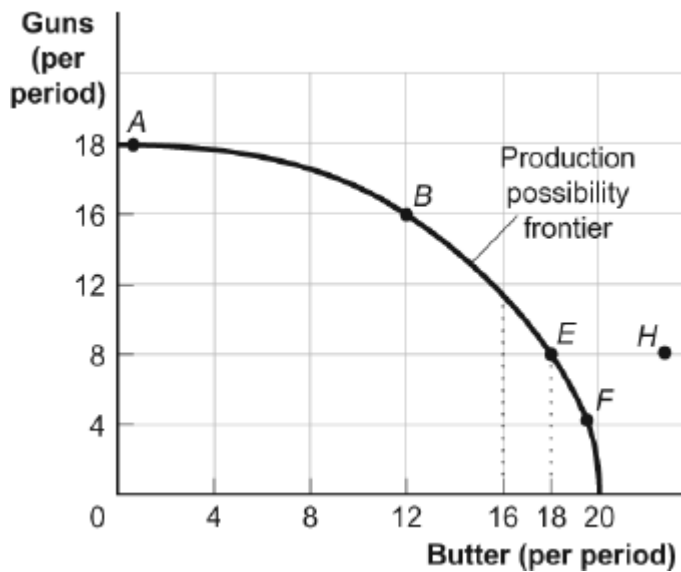
0 points

Modify

Remove

Question

Figure: Guns and Butter



Reference: Ref 2-2

(Figure: Guns and Butter) Look at the figure Guns and Butter. If the economy were operating at point B, producing 16 guns and 12 pounds of butter per period, a decision to move to point E and produce 18 pounds of butter:

- Answer** indicates you can have more butter and guns simultaneously.  
 makes it clear that this economy experiences decreasing opportunity costs.  
 ✓ involves a loss of 8 guns per period.  
 involves a loss of 4 guns per period.

[Add Question Here](#)

Question 14

Multiple Choice

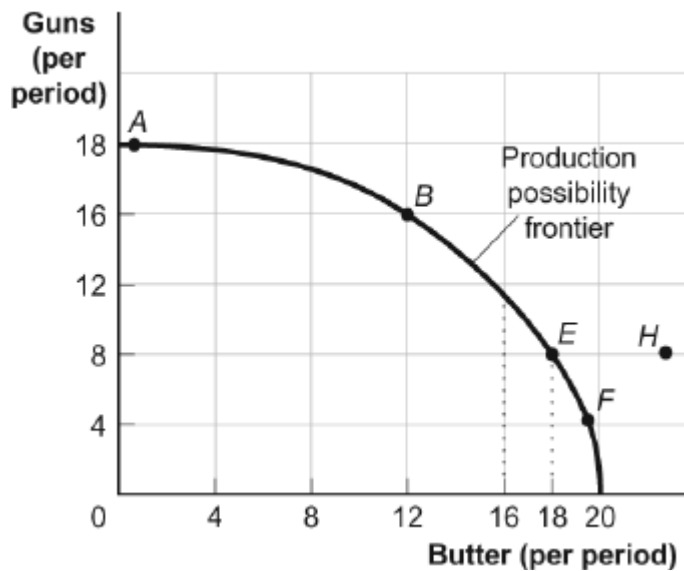
0 points

Modify

Remove

Question

Figure: Guns and Butter



Reference: Ref 2-2

(Figure: Guns and Butter) Look at the figure Guns and Butter. The combination of guns and butter at point *H*:

- Answer**
- ☐ can be attained but would cost too much.
  - ☒ cannot be attained, given the level of technology and the factors of production available.
  - ☐ has no meaning, since it does not relate to the preferences of consumers.
  - ☐ is attainable but would increase unemployment.

[Add Question Here](#)

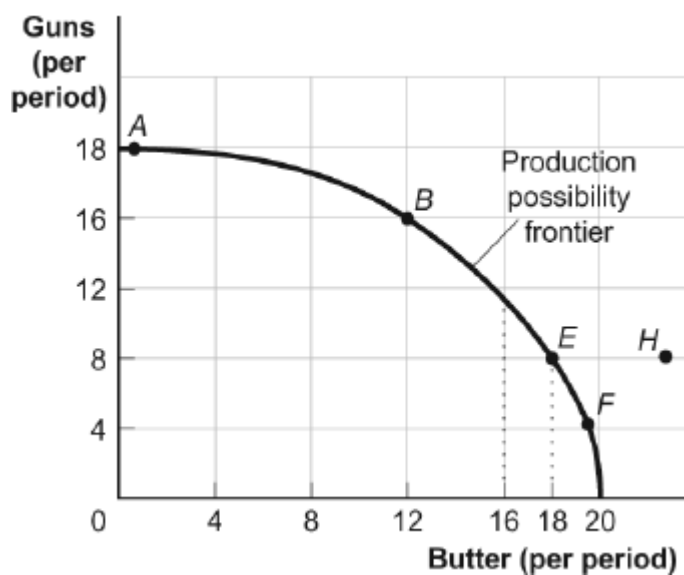
Question 15 **Multiple Choice**

**0 points**

Modify

Remove

**Question**  
**Figure: Guns and Butter**



Reference: Ref 2-2

(Figure: Guns and Butter) Look at the figure Guns and Butter. Suppose the economy produced

8 guns and 12 pounds of butter per period.

**Answer** ✓ This is a possible choice but is inefficient.

The notion of increasing opportunity cost is invalidated.

The economy is still efficient but has made a decision not to buy as much as it could.

Something must be done to reduce the amount of employment.

◀ [Add Question Here](#)

Question 16 **Multiple Choice**

0 points

Modify

Remove

**Question**

If an economy has to sacrifice only one unit of good *X* for each unit of good *Y* produced throughout the relevant range, then its production possibility frontier has:

**Answer**

a zero slope.

✓ a constant, negative slope.

an increasing, negative slope.

a decreasing, negative slope.

◀ [Add Question Here](#)

Question 17 **Multiple Choice**

0 points

Modify

Remove

**Question**

A production possibility frontier that is a straight line sloping down from left to right would suggest that:

**Answer**

more of both goods could be produced moving along the frontier.

the two products must have the same price.

✓ the opportunity costs of the products are constant.

there are no opportunity costs.

◀ [Add Question Here](#)

Question 18 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Production Possibilities Schedule II**

| Production alternatives   | <i>V</i> | <i>W</i> | <i>X</i> | <i>Y</i> | <i>Z</i> |
|---------------------------|----------|----------|----------|----------|----------|
| Capital goods per period  | 0        | 1        | 2        | 3        | 4        |
| Consumer goods per period | 20       | 18       | 14       | 8        | 0        |

Reference: Ref 2-3

(Table: Production Possibilities Schedule II) Look at the table Production Possibilities Schedule II. If the economy is producing at alternative *X*, the opportunity cost of producing at *Y* instead of *X* is \_\_\_\_\_ units of consumer goods per period.

**Answer**

0

✓ 6

8

14

◀ [Add Question Here](#)

Question 19

Multiple Choice

0 points

Modify

Remove

Question

Table: Production Possibilities Schedule II

| Production alternatives   | <i>V</i> | <i>W</i> | <i>X</i> | <i>Y</i> | <i>Z</i> |
|---------------------------|----------|----------|----------|----------|----------|
| Capital goods per period  | 0        | 1        | 2        | 3        | 4        |
| Consumer goods per period | 20       | 18       | 14       | 8        | 0        |

Reference: Ref 2-3

(Table: Production Possibilities Schedule II) Look at the table Production Possibilities Schedule II. If an economy is producing at alternative *W*, the opportunity cost of producing at *X* is \_\_\_\_\_ unit(s) of consumer goods per period.

Answer

- 0
- 1
- ✓ 4
- 18

◀ [Add Question Here](#)

Question 20

Multiple Choice

0 points

Modify

Remove

Question

Table: Production Possibilities Schedule II

| Production alternatives   | <i>V</i> | <i>W</i> | <i>X</i> | <i>Y</i> | <i>Z</i> |
|---------------------------|----------|----------|----------|----------|----------|
| Capital goods per period  | 0        | 1        | 2        | 3        | 4        |
| Consumer goods per period | 20       | 18       | 14       | 8        | 0        |

Reference: Ref 2-3

(Table: Production Possibilities Schedule II) Look at the figure Production Possibilities Schedule II. The production of 14 units of consumer goods and 1 unit of capital goods per period would:

Answer

- result in full employment.
- result in no unused resources.
- ✓ result in some unused or inefficiently used resources.
- increase economic growth.

◀ [Add Question Here](#)

Question 21

Multiple Choice

0 points

Modify

Remove

Question

In movement along a production possibility frontier, the opportunity cost to society of getting more of one good:

Answer

- is constant.
- is measured in dollar terms.
- ✓ is measured by the amount of the other good that must be given up.
- usually decreases.

◀ [Add Question Here](#)



Question 22

Multiple Choice

0 points

Modify

Remove

**Question**

If an economy has to sacrifice increasing amounts of good  $X$  for each unit of good  $Y$  produced, then its production possibility frontier is:

**Answer**

- ☒ bowed out from the origin.
- ☐ bowed in toward the origin.
- ☐ a straight line.
- ☐ a vertical line.

[◀ Add Question Here](#)

Question 23

Multiple Choice

0 points

Modify

Remove

**Question**

The fact that a society's production possibility frontier is bowed out or concave to the origin of a graph demonstrates the law of:

**Answer**

- ☒ increasing opportunity cost.
- ☐ decreasing opportunity cost.
- ☐ constant opportunity cost.
- ☐ concave opportunity cost.

[◀ Add Question Here](#)

Question 24

Multiple Choice

0 points

Modify

Remove

**Question**

The economy's factors of production are not equally suitable for producing different types of goods. This principle generates:

**Answer**

- ☐ economic growth.
- ☐ technical efficiency.
- ☐ underuse of resources.
- ☒ the law of increasing opportunity cost.

[◀ Add Question Here](#)

Question 25

Multiple Choice

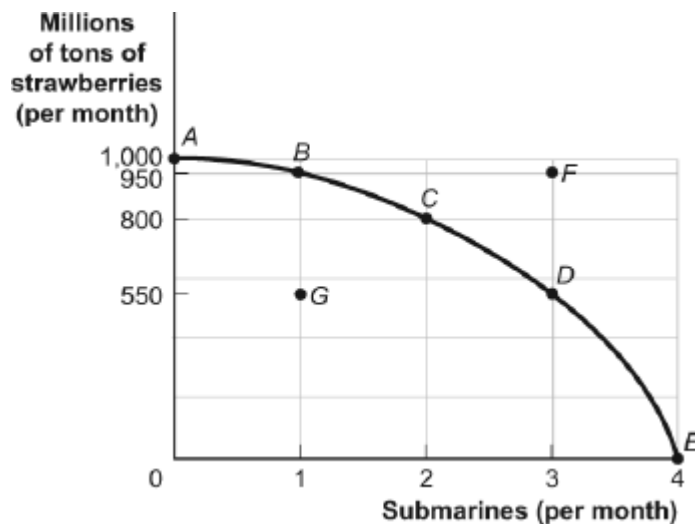
0 points

Modify

Remove

**Question**

**Figure: Strawberries and Submarines**



Reference: Ref 2-4

(Figure: Strawberries and Submarines) Look at the figure Strawberries and Submarines. Suppose the economy is operating at point G. This implies that:

- Answer**
- the economy can move to a point such as C only if it improves its technology.
  - ✓ the economy has unemployment and/or inefficiently allocates resources.
  - the economy lacks the resources to achieve a combination such as C.
  - people in this economy don't really like strawberries and submarines.

[Add Question Here](#)

Question 26

**Multiple Choice**

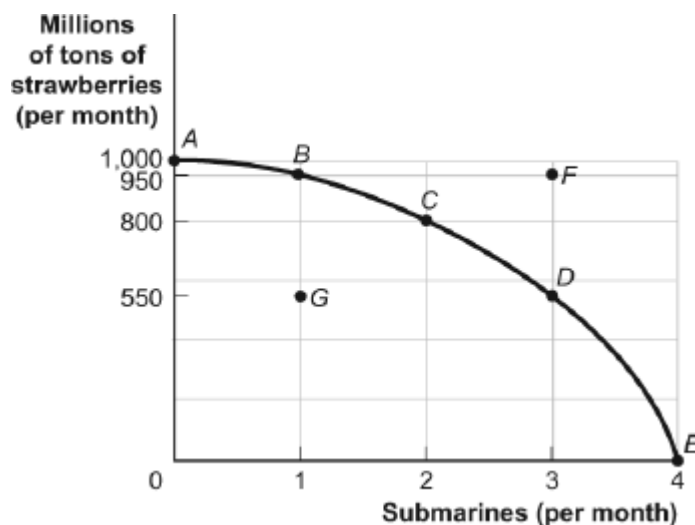
**0 points**

Modify

Remove

**Question**

**Figure: Strawberries and Submarines**



Reference: Ref 2-4

(Figure: Strawberries and Submarines) Look at the figure Strawberries and Submarines. As the economy moves from point A toward point D, it will find that the opportunity cost of each additional submarine:

**Answer**

- falls.
- ✓ rises.
- remains unchanged.
- doubles.

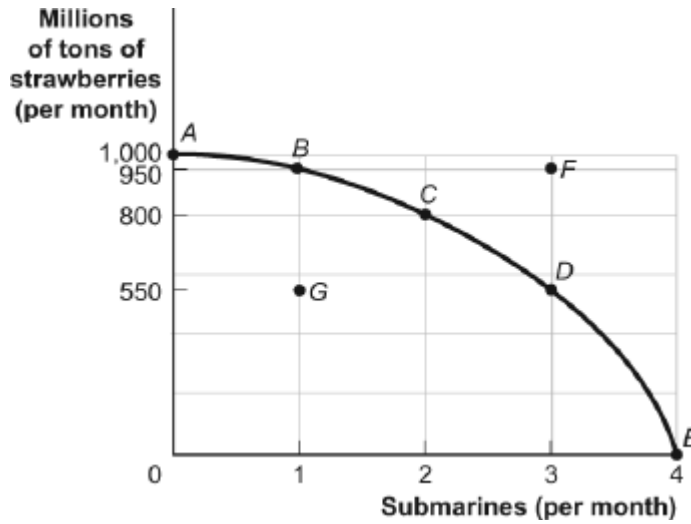
[◀ Add Question Here](#)

Question 27

**Multiple Choice****0 points**

Modify

Remove

**Question****Figure: Strawberries and Submarines**

Reference: Ref 2-4

(Figure: Strawberries and Submarines) Look at the figure Strawberries and Submarines. Suppose the economy now operates at point C. Moving to point E would require that the economy:

**Answer**

- achieve full employment and an efficient allocation of resources.
- ✓ eliminate its production of strawberries.
- reduce its production of submarines.
- improve its technology or increase the quantities of factors of production it has.

[◀ Add Question Here](#)

Question 28

**Multiple Choice****0 points**

Modify

Remove

**Question**

If an economy is producing a level of output that is on its production possibility frontier, the economy has:

**Answer**

- idle resources.
- idle resources but is using resources efficiently.
- no idle resources but is using resources inefficiently.
- ✓ no idle resources and is using resources efficiently.

[◀ Add Question Here](#)

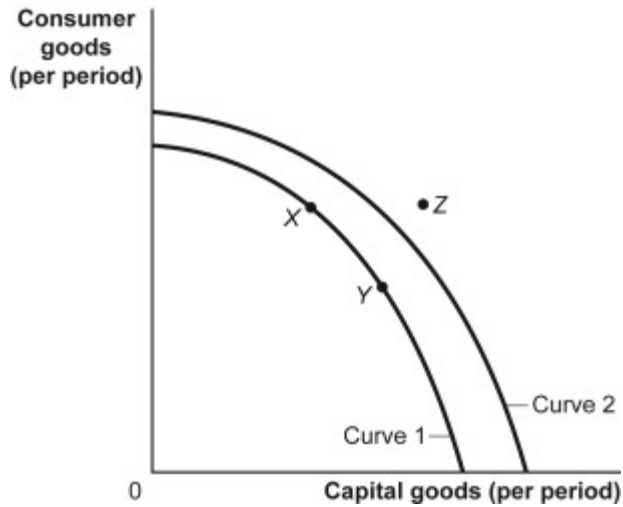
Question 29

**Multiple Choice****0 points**

Modify

Remove

**Question**  
**Figure: Consumer and Capital Goods**



Reference: Ref 2-5

(Figure: Consumer and Capital Goods) Look at the figure Consumer and Capital Goods. The movement from curve 1 to curve 2 indicates:

- Answer** ✓ economic growth.  
 a change from unemployment to full employment.  
 a decrease in the level of technology.  
 instability.

[Add Question Here](#)

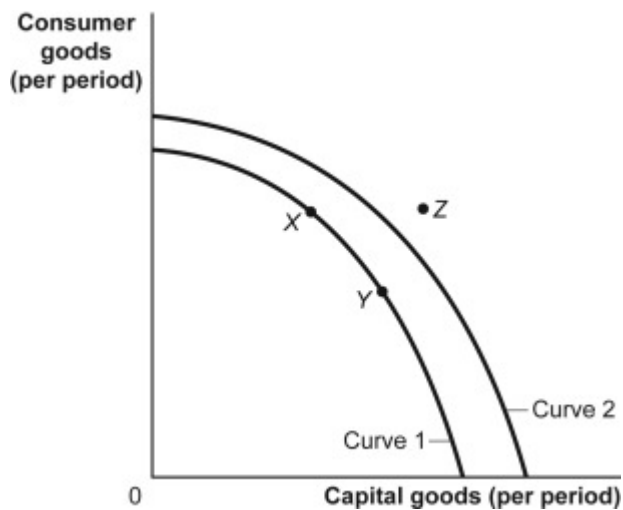
Question 30 **Multiple Choice**

**0 points**

Modify

Remove

**Question**  
**Figure: Consumer and Capital Goods**



Reference: Ref 2-5

(Figure: Consumer and Capital Goods) Look at the figure Consumer and Capital Goods. Point Z:

**Answer** ✓ is unattainable, all other things unchanged.  
is attainable if the economy is able to reach full employment.  
is attainable if the quantity and/or quality of factors decreases.  
will be attained as soon as the economy becomes efficient and moves to curve 2.

◀ [Add Question Here](#)

Question 31

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

Technological improvements will:

**Answer** leave the production possibility frontier unchanged.  
shift the production possibility frontier inward.  
✓ shift the production possibility frontier outward.  
necessarily lead to increased unemployment.

◀ [Add Question Here](#)

Question 32

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

A production possibility frontier illustrates the \_\_\_\_\_ facing an economy that \_\_\_\_\_ only two goods.

**Answer** prices; sells  
✓ trade-offs; produces  
trade-offs; consumes  
shortages; produces

◀ [Add Question Here](#)

Question 33

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

Suppose the state of Oklahoma decides to produce only two goods, oil and football helmets. According to the production possibility frontier, as oil production increases, the production of football helmets will:

**Answer** increase.  
not change.  
decrease at a decreasing rate.  
✓ decrease.

◀ [Add Question Here](#)

Question 34

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

One of the controversies surrounding America's energy markets is the trade-off between energy production and clean air. Assuming clean air has value, the United States will be on its production possibility frontier if and only if:

**Answer** resources used to produce clean air and energy are not being fully utilized.  
pollution is eliminated.  
the price of energy is relatively low.  
✓ resources used to produce clean air and energy are being fully utilized.

◀ [Add Question Here](#)

Question 35

Multiple Choice

0 points

Modify

Remove

**Question**

If an economy is producing at a point on its production possibilities frontier:

**Answer**

- ☐ it is efficient in production and allocation.
- ☒ it is efficient in production but not necessarily in allocation.
- ☐ it is efficient in allocation but not necessarily in production.
- ☐ it is not necessarily efficient in production or allocation.

[◀ Add Question Here](#)

Question 36

Multiple Choice

0 points

Modify

Remove

**Question**

Consider a production possibility frontier for Iraq. If in 2014 Iraq's resources are not being fully utilized, Iraq will be somewhere \_\_\_\_\_ of its production possibility frontier.

**Answer**

- ☒ inside
- ☐ outside
- ☐ near the bottom
- ☐ near the top

[◀ Add Question Here](#)

Question 37

Multiple Choice

0 points

Modify

Remove

**Question**

All points inside the production possibility frontier represent:

**Answer**

- ☐ efficient production points.
- ☒ inefficient production points.
- ☐ infeasible production points.
- ☐ economic growth.

[◀ Add Question Here](#)

Question 38

Multiple Choice

0 points

Modify

Remove

**Question**

All points on the production possibility frontier are:

**Answer**

- ☒ efficient production points.
- ☐ inefficient production points.
- ☐ infeasible production points.
- ☐ economic growth.

[◀ Add Question Here](#)

Question 39

Multiple Choice

0 points

Modify

Remove

**Question**

All points outside the production possibility frontier are:

**Answer**

- ☐ efficient production points.
- ☐ inefficient production points.
- ☒ infeasible production points.
- ☐ economic growth.

[Add Question Here](#)

## Question 40 Multiple Choice

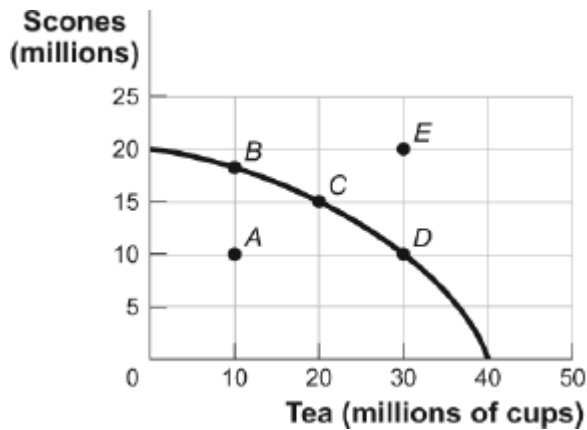
0 points

Modify

Remove

## Question

## Figure: Production Possibility Frontier Curve for Tealand



Reference: Ref 2-6

(Figure: Production Possibility Frontier for Tealand) Look at the figure Production Possibility Frontier for Tealand. In the figure, if Tealand is producing 10 million scones and 10 million cups of tea (point A), we know that the economy:

## Answer

- ☐ is using its resources efficiently.
- ☒ is using its resources inefficiently.
- ☐ is fully employing its resources.
- ☐ has found new resources.

[Add Question Here](#)

## Question 41 Multiple Choice

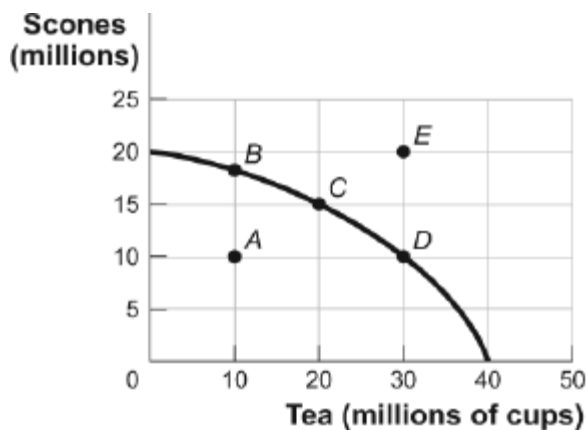
0 points

Modify

Remove

## Question

## Figure: Production Possibility Frontier Curve for Tealand



Reference: Ref 2-6

(Figure: Production Possibility Frontier for Tealand) Look at the figure Production Possibility Frontier for Tealand. In the figure, Tealand is producing at point C on its production possibility frontier. What is the opportunity cost in Tealand of increasing the production of tea from 20

million cups to 30 million cups?

- Answer**
- ☐ 10 million cups of tea
  - ☒ 5 million scones
  - ☐ 10 million scones
  - ☐ The answer is impossible to determine from the information given.

[Add Question Here](#)

Question 42 **Multiple Choice**

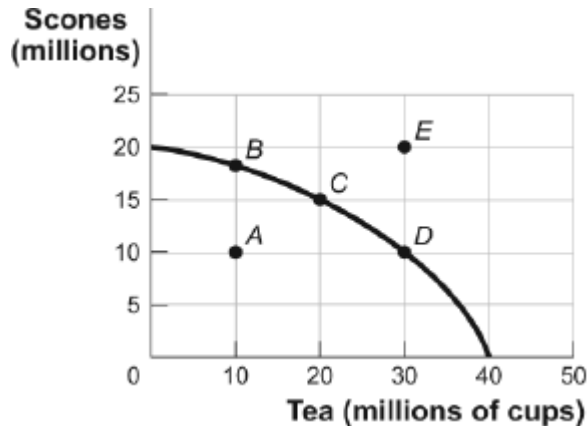
0 points

Modify

Remove

**Question**

**Figure: Production Possibility Frontier Curve for Tealand**



Reference: Ref 2-6

(Figure: Production Possibility Frontier for Tealand) Look at the figure Production Possibility Frontier for Tealand. In the figure, Tealand can produce at point *E* only if the government:

- Answer**
- ☐ eliminates unemployment.
  - ☐ raises taxes.
  - ☒ permits more immigration.
  - ☐ increases the cost of production by decreasing the use of technology.

[Add Question Here](#)

Question 43 **Multiple Choice**

0 points

Modify

Remove

**Question**

The production possibility frontier is bowed out from the origin because:

- Answer**
- ☒ resources are not equally suited for the production of both goods.
  - ☐ resources are scarce.
  - ☐ economic growth leads to inefficiency.
  - ☐ resources are inefficiently used.

[Add Question Here](#)

Question 44 **Multiple Choice**

0 points

Modify

Remove

**Question**

The opportunity cost of production:



- Answer** is the price of a good.
- ✓ is what you give up to produce the good.
- decreases as production increases.
- is what you gain by producing the good.

◀ [Add Question Here](#)

Question 45

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

If Poland decides to increase the production of steel—and decrease the production of vodka—the bowed-out production possibility frontier would suggest that there will be \_\_\_\_\_ opportunity cost of producing more steel.

- Answer**
- ✓ an increasing
- a decreasing
- a nonexistent
- an unchanged

◀ [Add Question Here](#)

Question 46

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

Economists usually make the assumption that production is subject to increasing opportunity costs because:

- Answer**
- higher production usually results in more inflation.
- ✓ not all resources are equally suited to producing every good.
- individuals desire constantly increasing opportunities to make themselves better off.
- if production is efficient, it is not possible to increase the production of all goods simultaneously.

◀ [Add Question Here](#)

Question 47

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

The production possibility frontier will shift outward for which of the following reasons?

- Answer**
- a decrease in the labor force
- an upgrade of capital to the best available technology
- ✓ better technology that improves worker productivity
- a decrease in the unemployment rate

◀ [Add Question Here](#)

Question 48

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

In terms of the production possibility frontier, inefficient use of available resources is shown by:

- Answer**
- an increase in the labor force growth rate.
- a movement from one point to another along the production possibility frontier.
- an inward shift of the production possibility frontier due to the lack of opportunity.
- ✓ a point inside the production possibility frontier.

◀ [Add Question Here](#)

## Question 49 Multiple Choice

0 points

Modify

Remove

**Question**

The production possibility frontier will shift outward for all of the following reasons *except*:

- Answer** ✓ an increase in the unemployment rate.  
an increase in the labor force.  
an improvement in technology.  
an increase in worker productivity.

[◀ Add Question Here](#)

## Question 50 Multiple Choice

0 points

Modify

Remove

**Question**

The effect of an increase in productive inputs such as labor and capital can be shown by:

- Answer** a point inside of the production possibility frontier.  
✓ an outward shift of the production possibility frontier.  
a movement from one point to another along the production possibility frontier.  
an inward shift of the production possibility frontier.

[◀ Add Question Here](#)

## Question 51 Multiple Choice

0 points

Modify

Remove

**Question**

The effect of a tremendous natural disaster can be shown by:

- Answer** a point inside of the production possibility frontier.  
an outward shift of the production possibility frontier.  
a movement from one point to another along the production possibility frontier.  
✓ an inward shift of the production possibility frontier.

[◀ Add Question Here](#)

## Question 52 Multiple Choice

0 points

Modify

Remove

**Question**

An inward shift in the U.S. economy's production possibility frontier could represent which of the following?

- Answer** ✓ U.S. workers moving to Canada  
U.S. workers moving from New Jersey to Massachusetts  
U.S. economic growth  
U.S. economic growth as workers move to different states

[◀ Add Question Here](#)

## Question 53 Multiple Choice

0 points

Modify

Remove

**Question**

If the production possibility frontier is a straight line, which of the following is true?

- Answer** ✓ Opportunity costs are constant.  
The firm faces increasing costs.  
The firm faces decreasing costs.  
There is no trade-off between the two goods represented.

[Add Question Here](#)

## Question 54 Multiple Choice

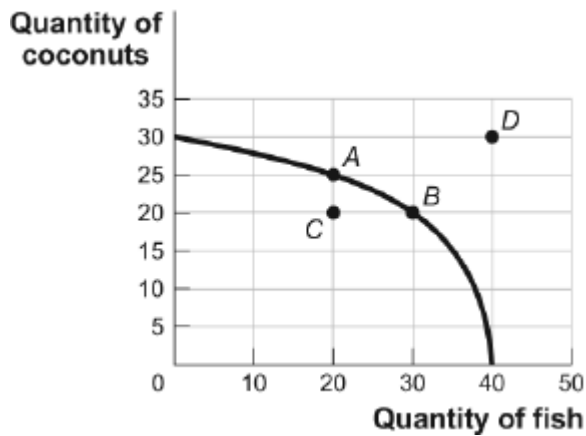
0 points

Modify

Remove

## Question

Figure: Tom's Production Possibilities



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, which point or points represent an efficient combination of coconuts and fish that Tom could choose to produce?

## Answer

- A only
- ✓ A and B
- B and C
- D only

[Add Question Here](#)

## Question 55 Multiple Choice

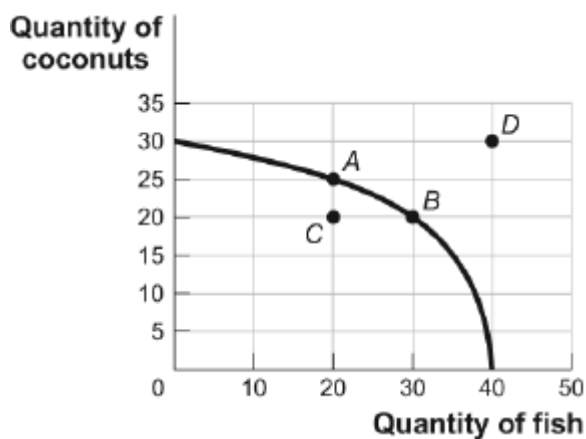
0 points

Modify

Remove

## Question

Figure: Tom's Production Possibilities



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, which point or points would represent an inefficient combination of coconuts and

fish for Tom to produce?

**Answer**

- A only
- A and B
- ✓ C only
- B and D

◀ [Add Question Here](#)

Question 56

**Multiple Choice**

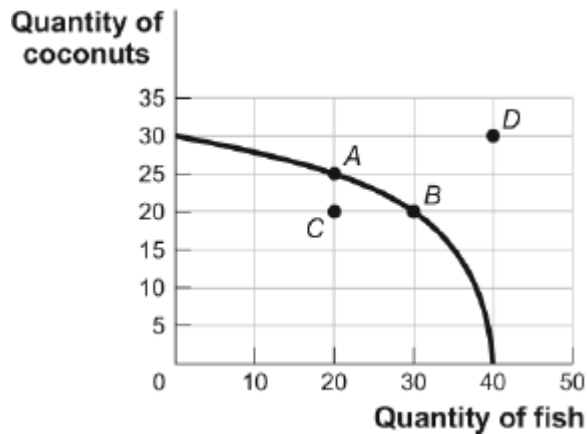
**0 points**

Modify

Remove

**Question**

**Figure: Tom's Production Possibilities**



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, which point or points represent a combination of coconuts and fish not feasible for Tom to produce at this time?

**Answer**

- A only
- A and B
- B and C
- ✓ D only

◀ [Add Question Here](#)

Question 57

**Multiple Choice**

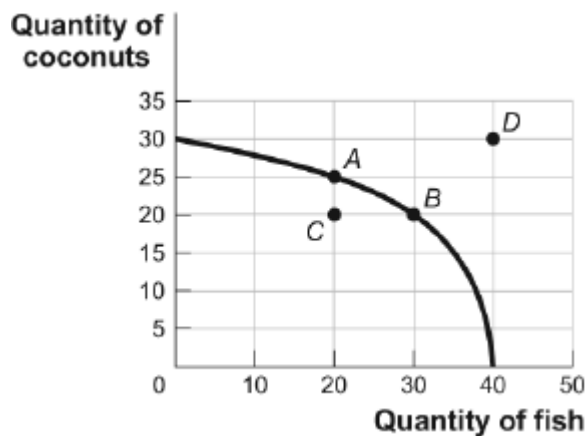
**0 points**

Modify

Remove

**Question**

**Figure: Tom's Production Possibilities**



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, which of the point or points represents the combination of coconuts and fish feasible for Tom to produce at this time?

**Answer**

A only

A and B

✓ A, B, and C

D only

[Add Question Here](#)

Question 58

**Multiple Choice**

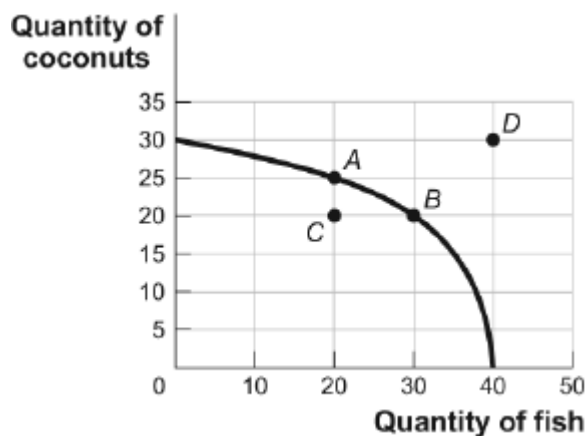
**0 points**

Modify

Remove

**Question**

**Figure: Tom's Production Possibilities**



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, the opportunity cost for Tom to move from point A on the curve to point B is:

**Answer**

10 coconuts.

10 fish.

✓ 5 coconuts.

5 fish.

[Add Question Here](#)

Question 59

Multiple Choice

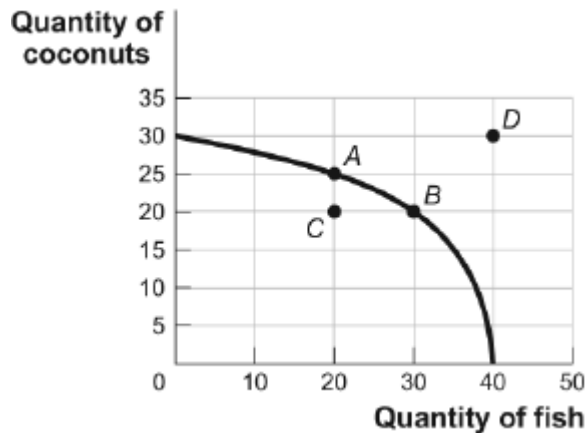
0 points

Modify

Remove

Question

Figure: Tom's Production Possibilities



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, the opportunity cost for Tom to move from point B on the curve to point A is:

Answer

- 10 coconuts.
- ✓ 10 fish.
- 5 coconuts.
- 5 fish.

[Add Question Here](#)

Question 60

Multiple Choice

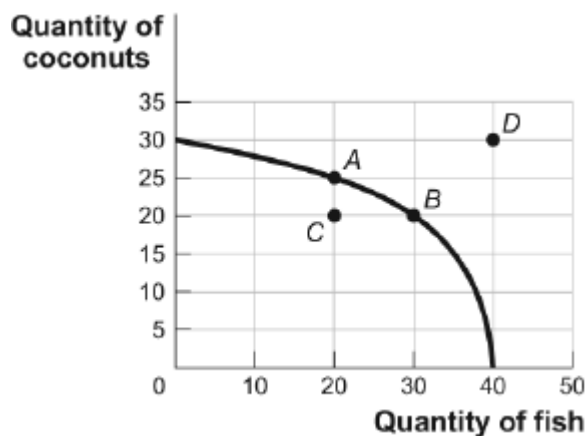
0 points

Modify

Remove

Question

Figure: Tom's Production Possibilities



Reference: Ref 2-7

(Figure: Tom's Production Possibilities) Look at the figure Tom's Production Possibilities. In the figure, the opportunity cost for Tom to move from point C on the curve to point A is:

- Answer**
- 10 coconuts.
  - 30 fish.
  - 5 coconuts.
  - ✓ There is no opportunity cost in terms of fish.

◀ [Add Question Here](#)

Question 61

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

The \_\_\_\_\_ illustrates the trade-offs facing an economy that produces only two goods.

- Answer**
- ✓ production possibility frontier
  - circular-flow diagram
  - all else equal assumption
  - income distribution

◀ [Add Question Here](#)

Question 62

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

**Table: Trade-off of Study Time and Leisure Time**

| Quantity of<br>Hours of Study Time | Quantity of<br>Hours of Leisure Time |
|------------------------------------|--------------------------------------|
| 16                                 | 0                                    |
| 12                                 | 4                                    |
| 8                                  | 8                                    |
| 4                                  | 12                                   |
| 0                                  | 16                                   |

Reference: Ref 2-8

(Table: Trade-off of Study Time and Leisure Time) Look at the table Trade-off of Study Time and Leisure Time. A student sleeps 8 hours per day and divides the remaining time between study time and leisure time. The table shows the combinations of study and leisure time that can be produced in the 16 waking hours of each day. If a student decides to consume one additional hour of leisure time, how many hours of study time must be given up?

- Answer**
- 4
  - 0.25
  - ✓ 1
  - 16

◀ [Add Question Here](#)

Question 63

**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

**Table: Trade-off of Study Time and Leisure Time**

| Quantity of<br>Hours of Study Time | Quantity of<br>Hours of Leisure Time |
|------------------------------------|--------------------------------------|
| 16                                 | 0                                    |
| 12                                 | 4                                    |
| 8                                  | 8                                    |
| 4                                  | 12                                   |
| 0                                  | 16                                   |

Reference: Ref 2-8

(Table: Trade-off of Study Time and Leisure Time) Look at the table Trade-off of Study Time and Leisure Time. A student sleeps 8 hours per day and divides the remaining time between study and leisure time. Suppose this student is studying 4 hours and spending 10 hours doing leisure activities. What is true about this allocation of his scarce resources?

- Answer**
- ☐ This point is outside the production possibility frontier.
  - ☒ This point is inside the production possibility frontier.
  - ☐ This point is on the production possibility frontier.
  - ☐ This point is both efficient and feasible.

[◀ Add Question Here](#)

Question 64

**Multiple Choice****0 points**

Modify

Remove

**Question****Table: Trade-off of Study Time and Leisure Time**

| Quantity of<br>Hours of Study Time | Quantity of<br>Hours of Leisure Time |
|------------------------------------|--------------------------------------|
| 16                                 | 0                                    |
| 12                                 | 4                                    |
| 8                                  | 8                                    |
| 4                                  | 12                                   |
| 0                                  | 16                                   |

Reference: Ref 2-8

(Table: Trade-off of Study Time and Leisure Time) Look at the table Trade-off of Study Time and Leisure Time. A student sleeps 8 hours per day and divides the remaining time between study time and leisure time. The table shows the combinations of study and leisure time that can be produced in the 16 waking hours of each day. Suppose the student completes a speed-reading course that allows him to do the same amount of studying in half as many hours. Which of the following is now true of his opportunity costs?

- Answer**
- ☐ The opportunity cost of leisure has increased.
  - ☐ The opportunity cost of studying has increased.
  - ☒ The opportunity cost of leisure has decreased.
  - ☐ There is no change in the opportunity costs.

[◀ Add Question Here](#)

Question 65

**Multiple Choice****0 points**

Modify

Remove



**Question**

If a production possibility frontier is a straight line, it tells us that the opportunity cost of producing one more unit of good X:

- Answer**
- is an increasing amount of good Y.
  - is a decreasing amount of good Y.
  - is equal to the inverse of the amount of good Y.
  - ✓ is a constant amount of good Y.

[◀ Add Question Here](#)

Question 66

**Multiple Choice****0 points**

Modify

Remove

**Question**

Suppose Indiana produces only steel and corn, with fixed amounts of land, labor, and capital resources. Which of the following best creates potential economic growth?

- Answer**
- The unemployment rate in Indiana rises from 5% to 6%.
  - The Midwestern United States has a devastating drought.
  - ✓ The percentage of Indiana residents with a college degree rises from 25% to 30%.
  - The United States imports more and more low-cost steel from Asian countries.

[◀ Add Question Here](#)

Question 67

**Multiple Choice****0 points**

Modify

Remove

**Question**

The production possibility frontier illustrates:

- Answer** ✓
- the maximum quantity of one good that can be produced given the quantity of the other good produced.
  - that when markets don't achieve efficiency, government intervention can improve society's welfare.
  - the inverse relation between price and quantity of a particular good.
  - that people usually exploit opportunities to make themselves better off.

[◀ Add Question Here](#)

Question 68

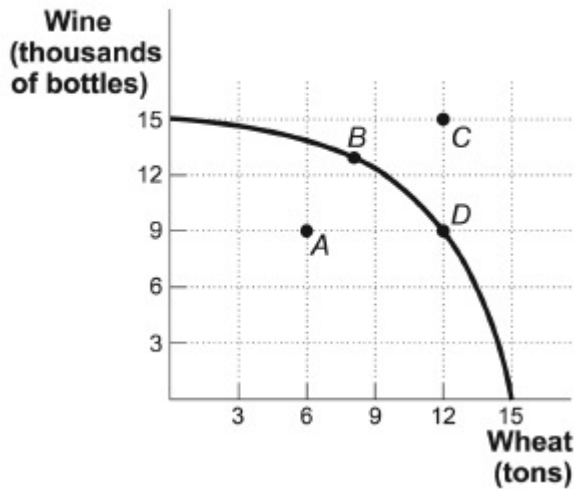
**Multiple Choice****0 points**

Modify

Remove

**Question**

**Figure: Wine and Wheat**

**Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. If this economy is producing 12 tons of wheat and 9,000 bottles of wine, we know the economy:

- Answer**
- ☒ is using its resources efficiently.
  - ☐ is using its resources inefficiently.
  - ☐ is producing at an unattainable point.
  - ☐ has unemployment.

[Add Question Here](#)

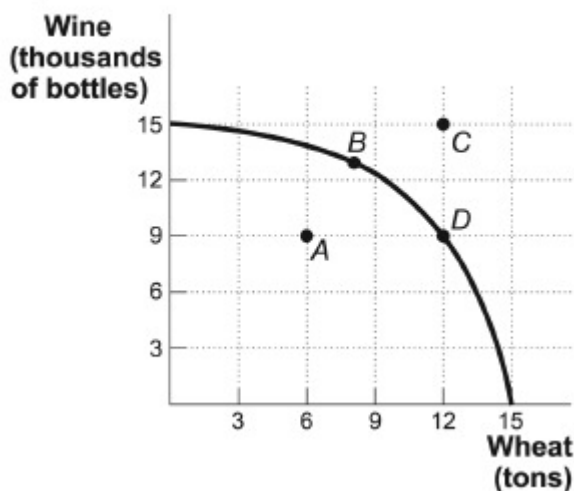
Question 69

Multiple Choice

0 points

Modify

Remove

**Question****Figure: Wine and Wheat****Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. If this economy is producing at point A, we know the economy is:

**Answer**

- using its resources efficiently.
- ✓ using its resources inefficiently.
- producing at an unattainable point.
- trading with another country.

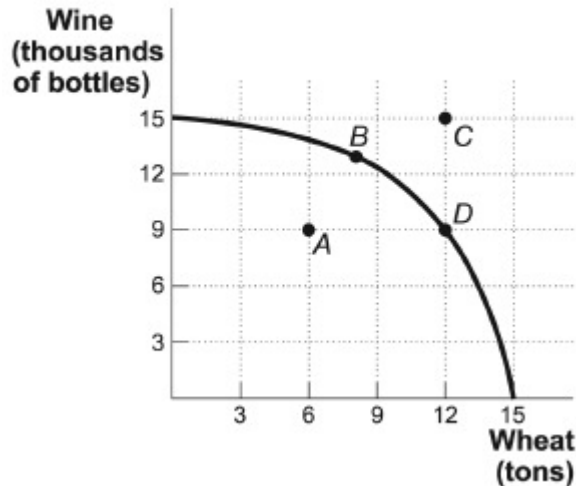
[◀ Add Question Here](#)

Question 70

**Multiple Choice****0 points**

Modify

Remove

**Question****Figure: Wine and Wheat****Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. If this economy is producing at point A and it wants to produce at point B, it needs to:

**Answer**

- trade with another country.
- increase its resources.
- decrease production.
- ✓ use its existing resources efficiently.

[◀ Add Question Here](#)

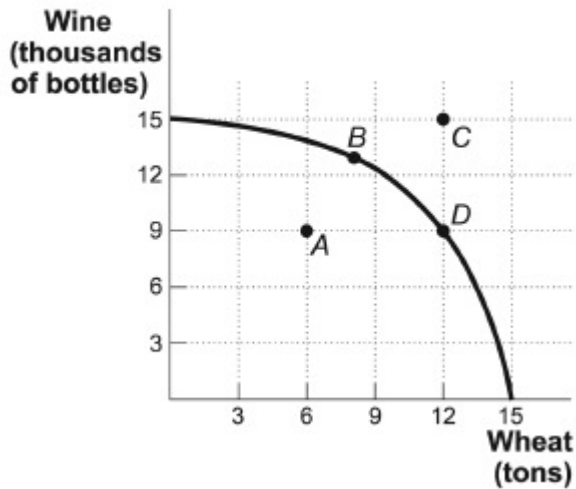
Question 71

**Multiple Choice****0 points**

Modify

Remove

**Question****Figure: Wine and Wheat**

**Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. What is the opportunity cost of moving from *only* producing wheat to *only* producing wine?

- Answer**
- 3 tons of wheat
  - 6 tons of wheat
  - 9 tons of wheat
  - ✓ 15 tons of wheat

[Add Question Here](#)

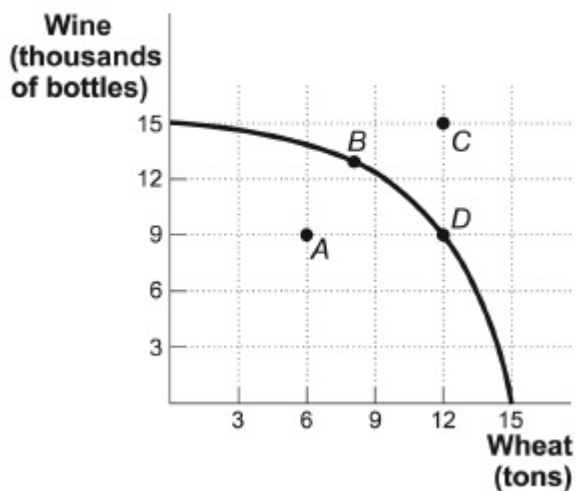
Question 72

Multiple Choice

0 points

Modify

Remove

**Question****Figure: Wine and Wheat****Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. What is the opportunity cost of moving from *only* producing wheat to producing at point D?

**Answer**

- ✓ 3 tons of wheat
- 6 tons of wheat
- 9 tons of wheat
- 15 tons of wheat

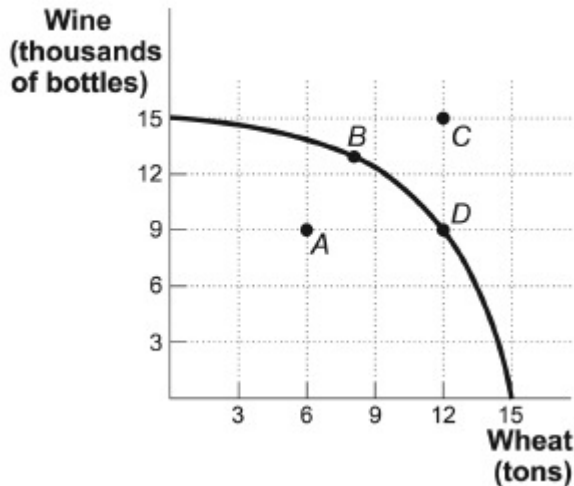
[◀ Add Question Here](#)

Question 73

**Multiple Choice****0 points**

Modify

Remove

**Question****Figure: Wine and Wheat****Figure: Wine and Wheat**

Reference: Ref 2-9

(Figure: Wine and Wheat) Look at the figure Wine and Wheat. If this economy is producing on the production possibility frontier, what would allow it to produce at point C?

**Answer**

- ✓ an improvement in technology
- a decrease in resources
- a decrease in production
- the elimination of unemployment

[◀ Add Question Here](#)

Question 74

**Multiple Choice****0 points**

Modify

Remove

**Question**

The U.S. production possibility frontier would \_\_\_\_\_ if all computers using Microsoft operating systems contracted a virus that deleted all information on those computers.

**Answer**

- ✓ shift in
- shift out
- not change
- cannot be determined from the information provided

[◀ Add Question Here](#)

Question 75

**Multiple Choice****0 points**

Modify

Remove

**Question**

The U.S. production possibility frontier will \_\_\_\_\_ if there is a large influx of immigrants.

**Answer**

- shift in
- ✓ shift out
- not change
- cannot be determined from the information provided

◀ [Add Question Here](#)

Question 76

**Multiple Choice****0 points**

Modify

Remove

**Question**

In Kessy's old kitchen, he could bake 10 cookies or mix 15 glasses of lemonade in one day. Now Kessy has a larger oven and refrigerator. How does this affect his production possibility frontier?

**Answer**

- ✓ It shifts out his production possibility frontier.
- It shifts in his production possibility frontier.
- He will not be efficient.
- He will not be able to produce as much as before.

◀ [Add Question Here](#)

Question 77

**Multiple Choice****0 points**

Modify

Remove

**Question****Table: Production Possibilities Schedule I**

| Alternatives              | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | <i>E</i> | <i>F</i> |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Consumer goods per period | 0        | 1        | 2        | 3        | 4        | 5        |
| Capital goods per period  | 30       | 28       | 24       | 18       | 10       | 0        |

Reference: Ref 2-10

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule I. If the economy produces 4 units of consumer goods per period, it also can produce at most \_\_\_\_\_ units of capital goods per period.

**Answer**

- 30
- 28
- ✓ 10
- 18

◀ [Add Question Here](#)

Question 78

**Multiple Choice****0 points**

Modify

Remove

**Question****Table: Production Possibilities Schedule I**

| Alternatives              | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | <i>E</i> | <i>F</i> |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Consumer goods per period | 0        | 1        | 2        | 3        | 4        | 5        |
| Capital goods per period  | 30       | 28       | 24       | 18       | 10       | 0        |

Reference: Ref 2-10

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule I. If the economy produces 24 units of capital goods per period, it also can produce at most \_\_\_\_\_ units of consumer goods per period.

**Answer**

- 5
- 4
- 3
- ✓ 2

◀ [Add Question Here](#)

Question 79

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

**Table: Production Possibilities Schedule I**

| Alternatives              | <i>A</i> | <i>B</i> | <i>C</i> | <i>D</i> | <i>E</i> | <i>F</i> |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Consumer goods per period | 0        | 1        | 2        | 3        | 4        | 5        |
| Capital goods per period  | 30       | 28       | 24       | 18       | 10       | 0        |

Reference: Ref 2-10

(Table: Production Possibilities Schedule I) Look at the table Production Possibilities Schedule I. The opportunity cost of producing the third unit of consumer goods is \_\_\_\_\_ units of capital goods.

**Answer**

- 2
- 4
- ✓ 6
- 8

◀ [Add Question Here](#)

Question 80

**Multiple Choice**

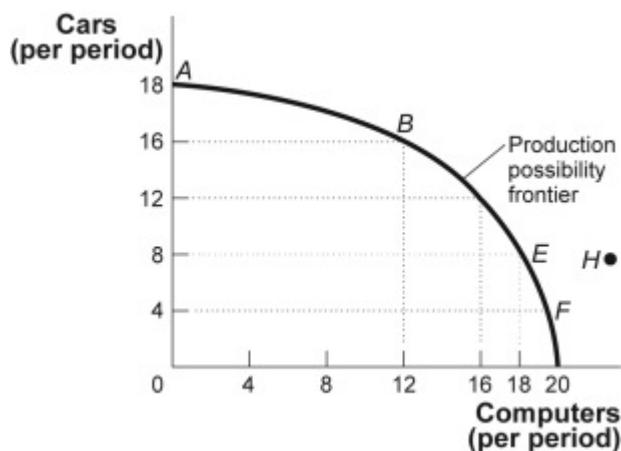
**0 points**

Modify

Remove

**Question**

**Figure: Production Possibility Frontier**



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier.

Points A, B, E, and F:

**Answer** ✓ indicate combinations of cars and computers that society can produce using all of its resources efficiently.

show that the opportunity cost of more cars increases, but that of more computers decreases.

indicate that society wants computers more than cars.

indicate constant costs for cars and increasing costs for computers.

◀ [Add Question Here](#)

Question 81

**Multiple Choice**

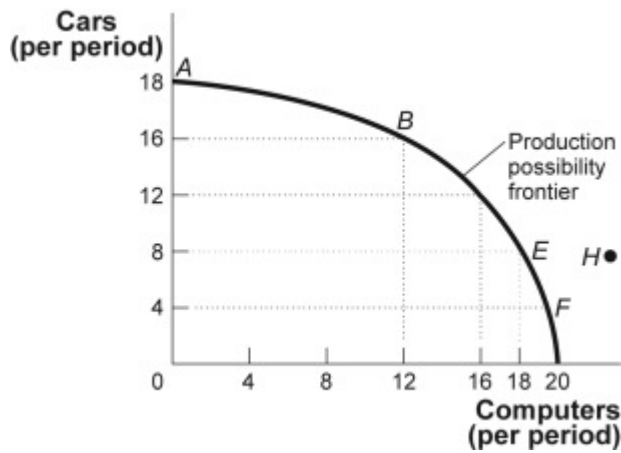
**0 points**

Modify

Remove

**Question**

**Figure: Production Possibility Frontier**



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. This production possibility frontier is:

**Answer** ✓ bowed out from the origin because of increasing opportunity costs.  
 bowed in toward the origin because of increasing opportunity costs.  
 bowed in toward the origin because of constant cost of cars and computers.  
 linear because of constant costs.

◀ [Add Question Here](#)

Question 82

**Multiple Choice**

**0 points**

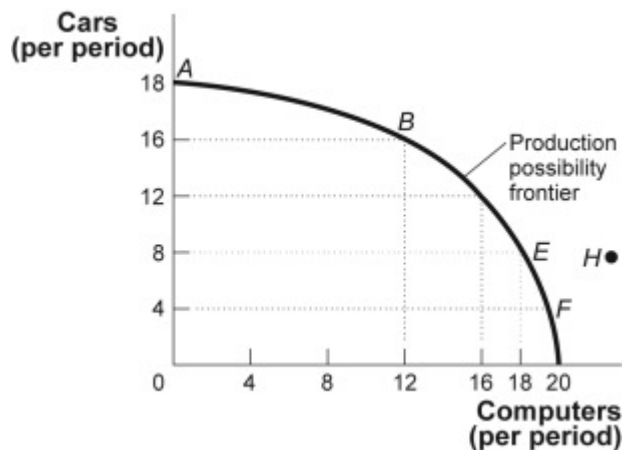
Modify

Remove

**Question**

**Figure: Production Possibility Frontier**





Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. If the economy is operating at point *B*, producing 16 cars and 12 computers per period, a decision to move to point *E* and produce 18 computers:

- Answer**
- indicates you can have more computers and cars simultaneously.
  - makes it clear that this economy has decreasing opportunity costs.
  - ✓ involves a loss of 8 cars per period.
  - involves a loss of 4 cars per period.

[Add Question Here](#)

Question 83

Multiple Choice

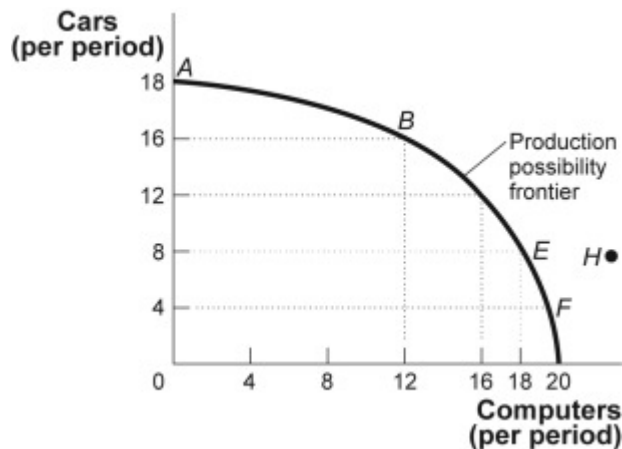
0 points

Modify

Remove

Question

Figure: Production Possibility Frontier



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. The combination of cars and computers at point *H*:

- Answer**
- can be attained but would cost too much.
  - ✓ cannot be attained given the level of technology and the resources available.
  - has no meaning, since it is not what consumers want.
  - is attainable but would increase unemployment.

[Add Question Here](#)

## Question 84 Multiple Choice

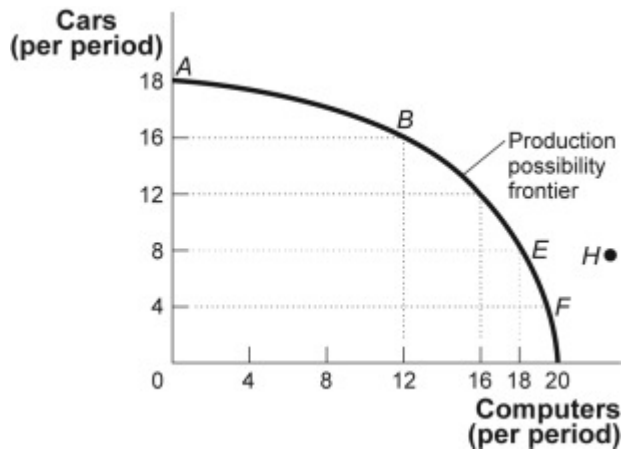
0 points

Modify

Remove

## Question

## Figure: Production Possibility Frontier



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. If the economy is producing 8 cars and 12 computers per period:

- Answer** ☒ this is an attainable choice but involves unemployment or inefficiency.
- ☐ the notion of increasing opportunity cost is invalidated.
- ☐ the economy is still efficient but has made a decision not to buy as much as it could.
- ☐ something must be done to reduce the amount of employment.

[Add Question Here](#)

## Question 85 Multiple Choice

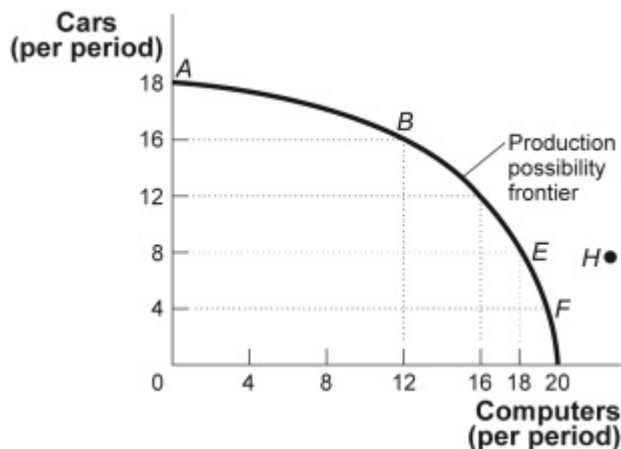
0 points

Modify

Remove

## Question

## Figure: Production Possibility Frontier



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. A

movement from producing 12 cars and 16 computers per period to point *B* means:

- Answer** ✓
- a loss of 4 computers and a gain of 4 cars per period.
  - a gain of 2 cars and a loss of 4 computers per period.
  - a gain of 4 cars and a loss of 6 computers per period.
  - a loss of 2 cars and a gain of 4 computers per period.

◀ [Add Question Here](#)

Question 86 Multiple Choice

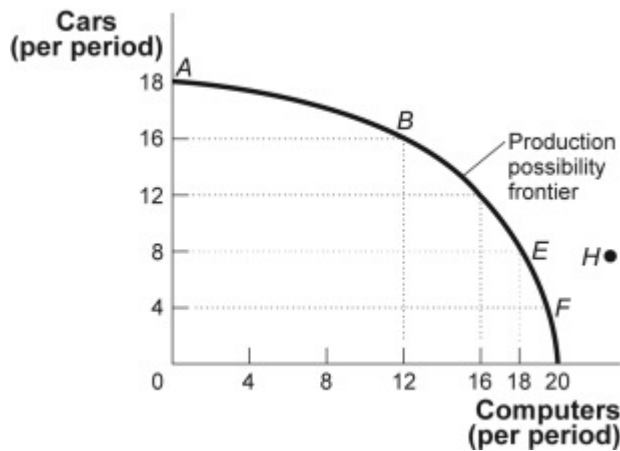
0 points

Modify

Remove

**Question**

**Figure: Production Possibility Frontier**



Reference: Ref 2-11

(Figure: Production Possibility Frontier) Look at the figure Production Possibilities Frontier. Which of the following is *not* the maximum amounts of cars and computers this economy can produce?

- Answer**
- 18 cars and 0 computers per period
  - 0 cars and 20 computers per period
  - 16 cars and 12 computers per period
  - ✓ 0 cars and 18 computers per period

◀ [Add Question Here](#)

Question 87 Multiple Choice

0 points

Modify

Remove

**Question**

If Farmer Sam MacDonald can produce 200 pounds of cabbages and no potatoes or no cabbages and 100 pounds of potatoes and if he faces a linear production possibility frontier for his farm, the opportunity cost of producing an additional pound of potatoes is \_\_\_\_\_ pound(s) of cabbage.

- Answer**
- 1/2
  - ✓ 2
  - 100
  - 200

◀ [Add Question Here](#)

Question 88 Multiple Choice

0 points

Modify

Remove

**Question**

If Farmer Sam MacDonald can produce 200 pounds of cabbages and no potatoes or no cabbages and 100 pounds of potatoes and if he faces a linear production possibility frontier for his farm, the opportunity cost of producing an additional pound of cabbage is \_\_\_\_\_ pound(s) of potatoes.

**Answer**

- ✓ 1/2  
2  
100  
200

◀ [Add Question Here](#)

Question 89

**Multiple Choice****0 points**

Modify  
Remove

**Question**

The slope of a typical production possibility frontier is:

**Answer**

0.  
vertical.  
positive.  
✓ negative.

◀ [Add Question Here](#)

Question 90

**Multiple Choice****0 points**

Modify  
Remove

**Question****Table: Production Possibilities Schedule II**

| Production alternatives   | <i>V</i> | <i>W</i> | <i>X</i> | <i>Y</i> | <i>Z</i> |
|---------------------------|----------|----------|----------|----------|----------|
| Capital goods per period  | 0        | 1        | 2        | 3        | 4        |
| Consumer goods per period | 20       | 18       | 14       | 8        | 0        |

Reference: Ref 2-12

(Table: Production Possibilities Schedule II) Look at the table Production Possibilities Schedule II. If the economy is producing at alternative *Y*, the opportunity cost to it of producing at *Z* is \_\_\_\_\_ units of consumer goods per period.

**Answer**

- 1  
6  
✓ 8  
14

◀ [Add Question Here](#)

Question 91

**Multiple Choice****0 points**

Modify  
Remove

**Question****Table: Production Possibilities Schedule II**

| Production alternatives   | <i>V</i> | <i>W</i> | <i>X</i> | <i>Y</i> | <i>Z</i> |
|---------------------------|----------|----------|----------|----------|----------|
| Capital goods per period  | 0        | 1        | 2        | 3        | 4        |
| Consumer goods per period | 20       | 18       | 14       | 8        | 0        |

Reference: Ref 2-12

(Table: Production Possibilities Schedule II) Look at the table Production Possibilities Schedule II. If an economy is producing at alternative X, the opportunity cost to it of producing at Y is \_\_\_\_\_ units of consumer goods per period.

**Answer**

- 2
- 1
- ✓ 6
- 18

◀ [Add Question Here](#)

Question 92

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

**Table: Production Possibilities Schedule II**

| Production alternatives   | V  | W  | X  | Y | Z |
|---------------------------|----|----|----|---|---|
| Capital goods per period  | 0  | 1  | 2  | 3 | 4 |
| Consumer goods per period | 20 | 18 | 14 | 8 | 0 |

Reference: Ref 2-12

(Table: Production Possibilities Schedule II) Look at the table Production Possibilities Schedule II. The production of 8 units of consumer goods and 2 units of capital goods per period would:

**Answer**

- result in full employment.
- result in no unused resources.
- ✓ result in some unused or inefficiently used resources.
- increase economic growth.

◀ [Add Question Here](#)

Question 93

**Multiple Choice**

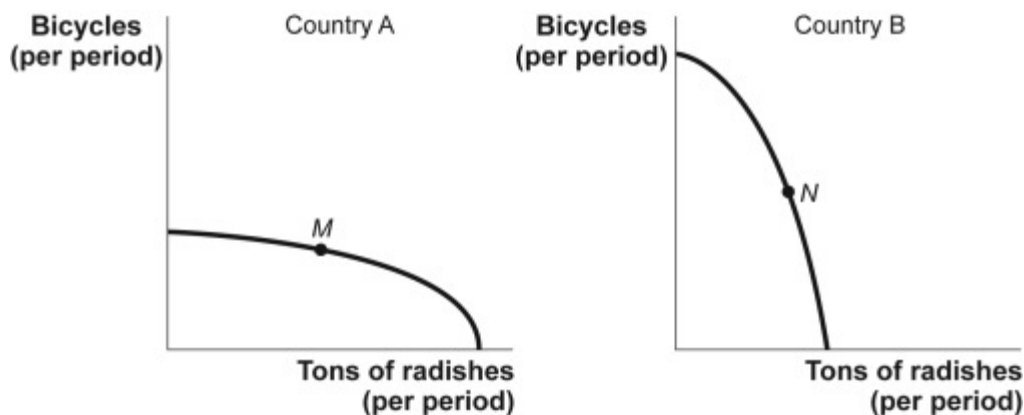
**0 points**

Modify

Remove

**Question**

**Figure: Bicycles and Radishes I**



Reference: Ref 2-13

(Figure: Bicycles and Radishes I) Look at the figure Bicycles and Radishes I. It shows the

production possibility frontiers for two countries that produce only radishes and bicycles. The axes of both graphs are measured in equivalent units. Country A is now operating at point *M*, and country B is now operating at point *N*. The opportunity cost of producing an additional ton of radishes would be greater in:

- Answer**
- ☐ country A.
  - ☒ country B.
  - ☐ neither; the opportunity cost would be the same in both countries.
  - ☐ There is not enough information given to answer the question.

[Add Question Here](#)

Question 94

Multiple Choice

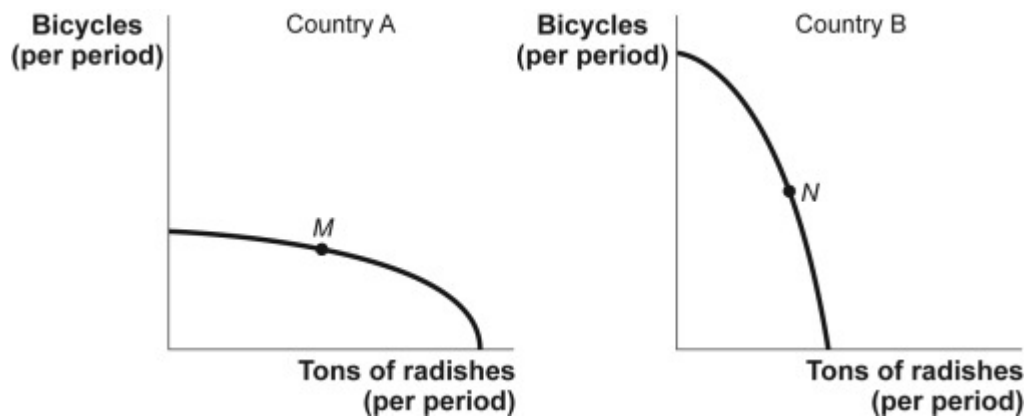
0 points

Modify

Remove

**Question**

**Figure: Bicycles and Radishes I**



Reference: Ref 2-13

(Figure: Bicycles and Radishes I) Look at the figure Bicycles and Radishes I. It shows production possibility frontiers for two countries that produce only radishes and bicycles. The axes of both graphs are measured in equivalent units. Country A is now operating at point *M*, and country B is now operating at point *N*. Suppose country A discovered a new technology that greatly increased its ability to produce bicycles. This would:

- Answer**
- ☐ lower the opportunity cost of producing radishes in country A.
  - ☒ increase the opportunity cost of producing radishes in country A.
  - ☐ have no effect on the opportunity cost of producing radishes in country A.
  - ☐ increase the opportunity cost of producing radishes in country B.

[Add Question Here](#)

Question 95

Multiple Choice

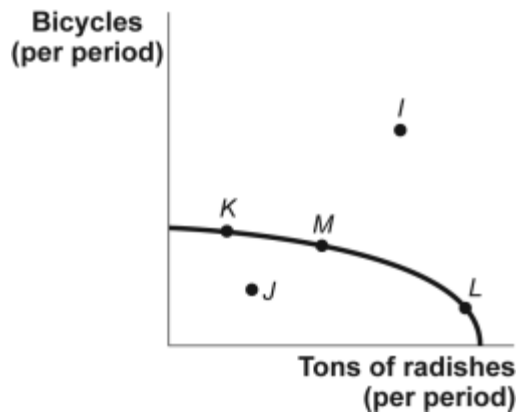
0 points

Modify

Remove

**Question**

**Figure: Bicycles and Radishes II**



Reference: Ref 2-14

(Figure: Bicycles and Radishes II) Look at the figure Bicycles and Radishes II. The country depicted in this figure is operating at point M. It could achieve production at point I only if it:

- Answer**
- used its resources more efficiently.
  - devoted more resources to radish production.
  - devoted more resources to bicycle production.
  - ✓ increased the quantities of capital, natural resources, or labor available or improved its technology.

◀ [Add Question Here](#)

Question 96

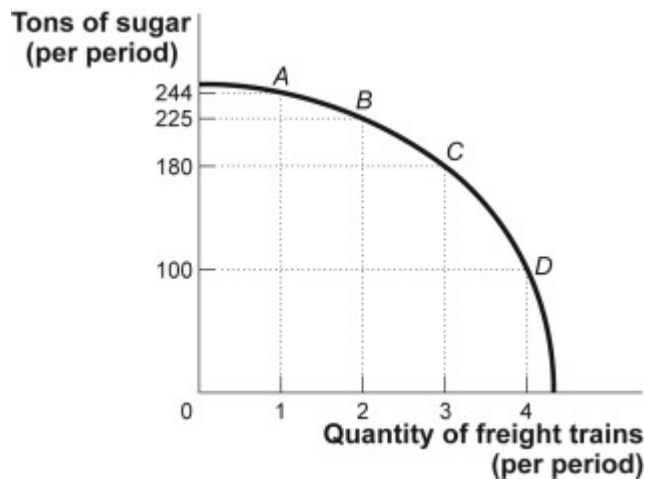
**Multiple Choice**

**0 points**

Modify  
Remove

**Question**

**Figure: Sugar and Freight Trains**



Reference: Ref 2-15

(Figure: Sugar and Freight Trains) Look at the figure Sugar and Freight Trains. Suppose the economy is operating at point B. The opportunity cost of producing the third freight train would be:

- Answer**
- 6 tons of sugar.
  - 19 tons of sugar.
  - ✓ 45 tons of sugar.
  - 80 tons of sugar.

[◀ Add Question Here](#)

## Question 97 Multiple Choice

0 points

Modify

Remove

**Question**

(Figure: Sugar and Freight Trains) Look at the figure Sugar and Freight Trains. Suppose the economy is operating at point C. The opportunity cost of producing the fourth freight train would be:

**Answer**

- 19 tons of sugar.
- 45 tons of sugar.
- ✓ 80 tons of sugar.
- 3 freight trains.

[◀ Add Question Here](#)

## Question 98 Multiple Choice

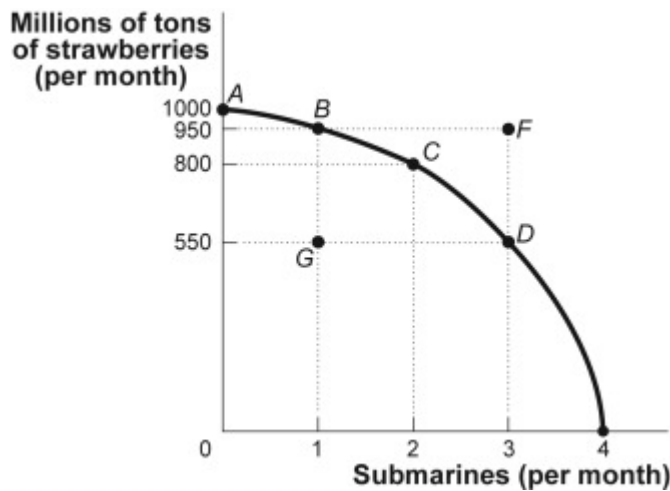
0 points

Modify

Remove

**Question**

**Figure: Strawberries and Submarines II**



Reference: Ref 2-16

(Figure: Strawberries and Submarines II) Look at the figure Strawberries and Submarines II. Point F:

- Answer** ✓ is unattainable, all other things unchanged.
- is attainable if the quantity and/or quality of factors decreases.
  - is attainable if the economy is able to reach full employment.
  - is feasible but not efficient.

[◀ Add Question Here](#)

## Question 99 Multiple Choice

0 points

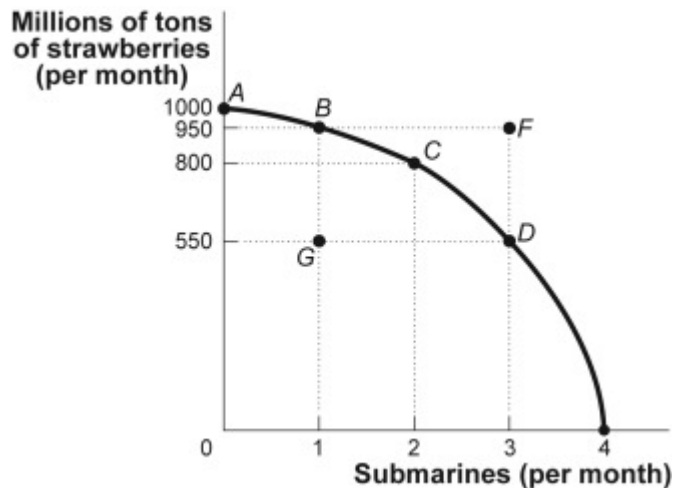
Modify

Remove

**Question**

**Figure: Strawberries and Submarines II**





Reference: Ref 2-16

(Figure: Strawberries and Submarines II) Look at the figure Strawberries and Submarines II. Suppose the economy is now operating at point A. The first submarine, which is achieved at point B, would have an opportunity cost of \_\_\_\_\_ million tons of strawberries.

**Answer**

- ✓ 50  
150  
400  
950

[Add Question Here](#)

Question 100 **Multiple Choice**

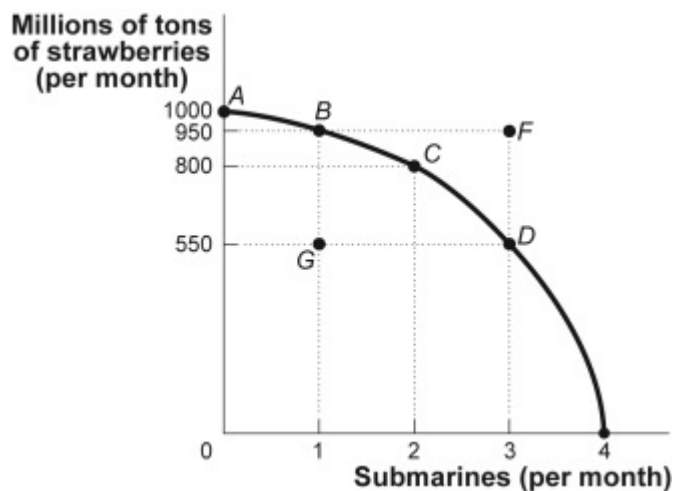
**0 points**

Modify

Remove

**Question**

**Figure: Strawberries and Submarines II**



Reference: Ref 2-16

(Figure: Strawberries and Submarines II) Look at the figure Strawberries and Submarines II. Assume that the economy is now operating at point A. The opportunity cost of moving to point C is equal to \_\_\_\_\_ million tons of strawberries:

Answer

800  
✓ 200  
2  
50

[◀ Add Question Here](#)

Question 101 Multiple Choice

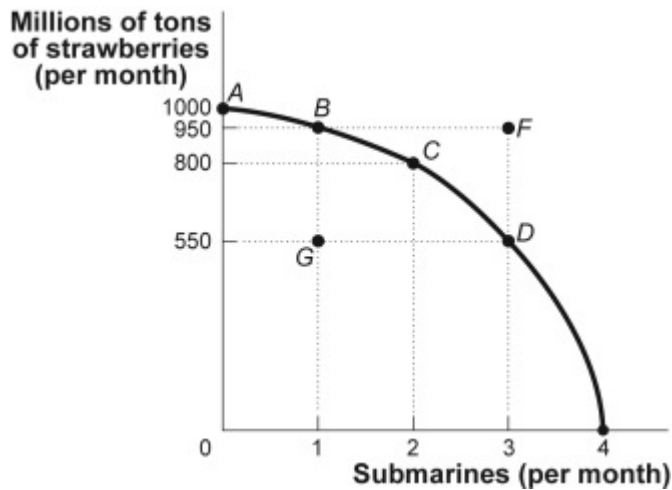
0 points

Modify

Remove

Question

Figure: Strawberries and Submarines II



Reference: Ref 2-16

(Figure: Strawberries and Submarines II) Look at the figure Strawberries and Submarines II. The downward slope of the production possibility frontier implies that resources:

Answer must be used efficiently.  
✓ are scarce.  
should not be wasted.  
should be allocated so that approximately equal amounts of both goods are produced.

[◀ Add Question Here](#)

Question 102 Multiple Choice

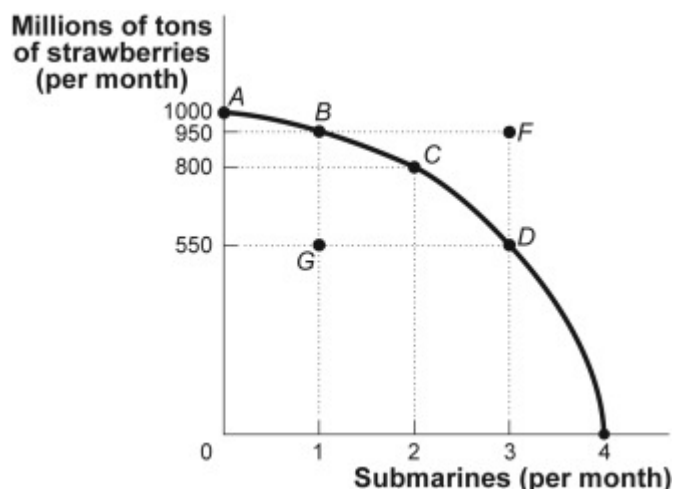
0 points

Modify

Remove

Question

Figure: Strawberries and Submarines II



Reference: Ref 2-16

(Figure: Strawberries and Submarines II) Look at the figure Strawberries and Submarines II. Suppose the economy is now operating at point *B*. Achieving production at point *F* would require that the economy:

- Answer**
- achieve full employment and an efficient allocation of resources.
  - reduce its production of strawberries.
  - reduce its production of submarines.
  - ✓ improve its technology or increase the amount of resources it has.

◀ [Add Question Here](#)

Question 103 **Multiple Choice**

0 points

Modify  
Remove

**Question**

Efficient production exists when the economy is:

- Answer**
- operating underneath its production possibility frontier.
  - ✓ operating on its production possibility frontier.
  - operating outside its production possibility frontier.
  - moving beyond its production possibility frontier.

◀ [Add Question Here](#)

Question 104 **Multiple Choice**

0 points

Modify  
Remove

**Question**

Assume an economy is operating on its production possibility frontier, which shows the production of military and civilian goods. If the output of military goods is increased, the output of civilian goods:

- Answer**
- will increase, too.
  - will not change.
  - ✓ must decrease.
  - may increase or decrease.

◀ [Add Question Here](#)

Question 105 **Multiple Choice**

0 points

Modify  
Remove

**Question**

The process observed when an economy's production possibility frontier is shifted outward is:

**Answer**

- comparative advantage.
- ✓ economic growth.
- full employment.
- specialization.

◀ [Add Question Here](#)

Question 106

**Multiple Choice****0 points**

Modify

Remove

**Question**

Increases in resources or improvements in technology will tend to cause a society's production possibility frontier to:

**Answer**

- shift inward to the left.
- ✓ shift outward to the right.
- remain unchanged.
- become vertical.

◀ [Add Question Here](#)

Question 107

**Multiple Choice****0 points**

Modify

Remove

**Question**

Technological improvements will:

**Answer**

- leave the production possibility frontier unchanged.
- shift the production possibility frontier inward.
- ✓ shift the production possibility frontier outward.
- necessarily lead to increased unemployment.

◀ [Add Question Here](#)

Question 108

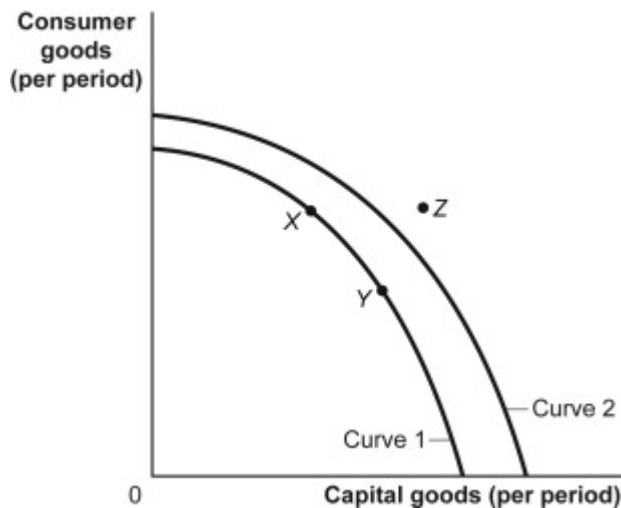
**Multiple Choice****0 points**

Modify

Remove

**Question**

**Figure: Consumer and Capital Goods**



Reference: Ref 2-17

(Figure: Consumer and Capital Goods) Look at the figure Consumer and Capital Goods. If the economy is operating at point Y and its relevant production possibility frontier is curve 1, this means that:

- Answer** ✓ the economy is at full employment and is efficient.  
 the economy is less than fully employed.  
 the economy is not efficient.  
 economic growth is not possible in the future.

◀ [Add Question Here](#)

Question 109 **Multiple Choice**

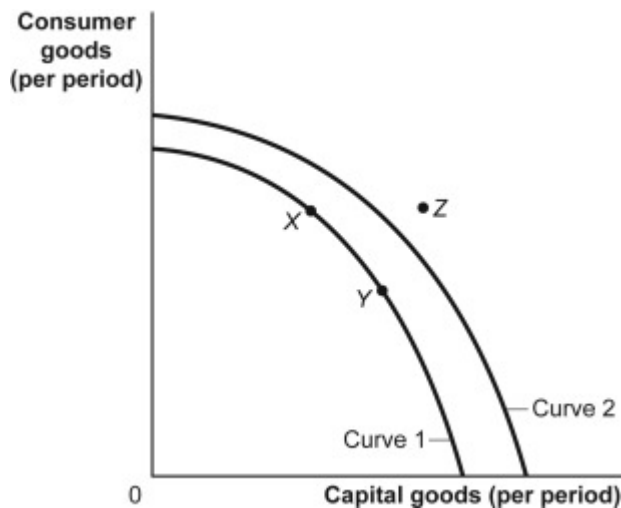
**0 points**

Modify

Remove

**Question**

**Figure: Consumer and Capital Goods**



Reference: Ref 2-17

(Figure: Consumer and Capital Goods) Look at the figure Consumer and Capital Goods. The movement from curve 1 to curve 2 indicates:

- Answer** ✓ a growing ability of the economy to produce capital and consumer goods.  
 going from unemployment to full employment.  
 a decrease in the factors of production.  
 a shift of the production possibility frontier toward producing fewer goods.

◀ [Add Question Here](#)

Question 110 **Multiple Choice**

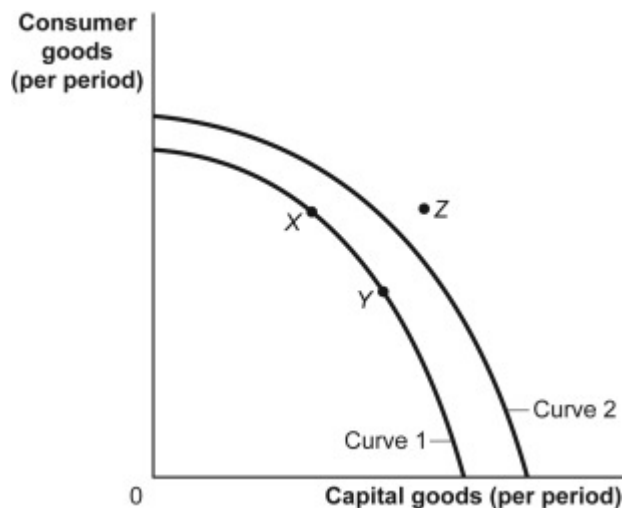
**0 points**

Modify

Remove

**Question**

**Figure: Consumer and Capital Goods**



Reference: Ref 2-17

(Figure: Consumer and Capital Goods) Look at the figure Consumer and Capital Goods. Technological improvements will likely:

- Answer**
- shift the production possibility frontier inward to curve 1.
  - ✓ shift the production possibility frontier outward to curve 2.
  - lead to increased unemployment.
  - leave the production possibility frontier unchanged.

[Add Question Here](#)

Question 111 **Multiple Choice**

0 points

Modify  
Remove

**Question**

Abe starts exercising regularly, and after a few months he can do twice as much of everything—in a single day Abe can now make 10 hamburgers or 8 milkshakes rather than the 5 hamburgers and 4 milkshakes he made in the past. We now know that Abe's production possibility frontier:

- Answer**
- ✓ has shifted right, but his opportunity costs of making milkshakes are unchanged.
  - has shifted right, but his opportunity costs of making milkshakes have decreased.
  - has not changed, but his opportunity costs of making milkshakes have increased.
  - has not changed, but his opportunity costs of making milkshakes have decreased.

[Add Question Here](#)

Question 112 **Multiple Choice**

0 points

Modify  
Remove

**Question**

When a nation experiences economic growth:

- Answer**
- ✓ its production possibility frontier shifts outward.
  - its production possibility frontier shifts inward.
  - it has been able to reach full employment.
  - it has moved to a more consumer-oriented position on its production possibility frontier.

[◀ Add Question Here](#)

## Question 113 Multiple Choice

0 points

Modify

Remove

**Question**

As long as people have different \_\_\_\_\_, everyone has a comparative advantage in something.

**Answer**

- direct costs
- benefits
- utility
- ✓ opportunity costs

[◀ Add Question Here](#)

## Question 114 Multiple Choice

0 points

Modify

Remove

**Question**

Because of trade, a country may:

- Answer** ✓
- consume outside its production possibility frontier.
  - consume inside its production possibility frontier.
  - find that its production possibility frontier will shift outward.
  - avoid opportunity costs.

[◀ Add Question Here](#)

## Question 115 Multiple Choice

0 points

Modify

Remove

**Question**

An economy is said to have a comparative advantage if it:

- Answer**
- can produce more of all goods than another economy.
  - can produce less of all goods than another economy.
  - has the highest cost for producing a particular good.
  - ✓ has the lowest cost for producing a particular good.

[◀ Add Question Here](#)

## Question 116 Multiple Choice

0 points

Modify

Remove

**Question**

The economy that has the lowest cost for producing a particular good is said to have:

- Answer**
- a technological advantage.
  - ✓ a comparative advantage.
  - a production possibility frontier.
  - an increasing opportunity cost.

[◀ Add Question Here](#)

## Question 117 Multiple Choice

0 points

Modify

Remove

**Question**

An economy is said to have a comparative advantage in the production of a good if it can produce that good:

- Answer**
- with more resources than another economy.
  - with a higher opportunity cost than another economy.
  - outside its production possibilities curve.

✓ at a lower opportunity cost than another economy.

◀ [Add Question Here](#)

Question 118 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Fish and Coconut  
Production Possibilities**

|      | Fish | Coconuts |
|------|------|----------|
| Tom  | 12   | 8        |
| Hank | 5    | 5        |

Reference: Ref 2-18

(Table: Fish and Coconut Production Possibilities) Look at the table Fish and Coconut Production Possibilities. The table shows the maximum amount of fish and coconuts that Tom and Hank can produce if they produce only one good. Tom produces and consumes 9 fish and 2 coconuts, and Hank produces and consumes 3 fish and 2 coconuts. Now they decide to engage in trade. Which of the following statements is *incorrect*?

**Answer** ✓ For both to become better off, each should specialize in the production of some good. However, since Hank is equally productive in both goods, it doesn't matter which good each specializes in.

For both to become better off, each should specialize completely in the production of the good in which he has a comparative advantage.

After trade it is possible for Tom to consume 9 fish and 2.5 coconuts and for Hank to consume 3 fish and 2.5 coconuts.

For each individual, the consumption point after trade will lie outside that individual's production possibility frontier.

◀ [Add Question Here](#)

Question 119 **Multiple Choice**

0 points

Modify

Remove

**Question**

In one hour, the United States can produce 25 tons of steel or 250 automobiles. In one hour, Japan can produce 30 tons of steel or 275 automobiles. This information implies that:

**Answer** Japan has a comparative advantage in the production of automobiles.  
the United States has an absolute advantage in the production of steel.  
Japan has a comparative advantage in the production of both goods.  
✓ the United States has a comparative advantage in the production of automobiles.

◀ [Add Question Here](#)

Question 120 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Coffee and Salmon  
Production Possibilities**

|        | Coffee | Salmon |
|--------|--------|--------|
| Brazil | 40     | 20     |
| Alaska | 10     | 10     |



Reference: Ref 2-19

(Table: Coffee and Salmon Production Possibilities) Look at the table Coffee and Salmon Production Possibilities. The table shows the maximum amounts of coffee and salmon that Brazil and Alaska can produce if they just produce one good. The opportunity cost of producing 1 unit of coffee for Brazil is:

- Answer**
- 2 salmon.
  - 1/4 salmon.
  - 1 salmon.
  - ✓ 1/2 salmon.

[◀ Add Question Here](#)
Question 121 **Multiple Choice****0 points**

Modify

Remove

**Question**

**Table: Coffee and Salmon  
Production Possibilities**

|        | Coffee | Salmon |
|--------|--------|--------|
| Brazil | 40     | 20     |
| Alaska | 10     | 10     |

Reference: Ref 2-19

(Table: Coffee and Salmon Production Possibilities) Look at the table Coffee and Salmon Production Possibilities. The table shows the maximum amounts of coffee and salmon that Brazil and Alaska can produce if they just produce one good. The opportunity cost of producing 1 unit of salmon for Alaska is:

- Answer**
- 2 coffees.
  - 1/4 coffee.
  - ✓ 1 coffee.
  - 1/2 coffee.

[◀ Add Question Here](#)
Question 122 **Multiple Choice****0 points**

Modify

Remove

**Question**

Free trade between countries:

- Answer**
- should be based on absolute advantage.
  - will allow wealthy countries to exploit less developed nations.
  - will shift the domestic production possibility frontier to the right.
  - ✓ will allow for greater levels of consumption than without trade.

[◀ Add Question Here](#)
Question 123 **Multiple Choice****0 points**

Modify

Remove

**Question**

If they spend all night writing computer programs, Laurence can write 10 programs while Carrie Anne can write 5. If they spend all night making sunglasses, Laurence can make 6 while Carrie Anne can make 4. Given this information and supposing Laurence and Carrie Anne have constant opportunity costs, we know that:

**Answer**

- Laurence has an absolute advantage in programs but not in sunglasses.
- ✓ Laurence has an absolute advantage in both programs and sunglasses.
- Carrie Anne has an absolute advantage in programs but not in sunglasses.
- Carrie Anne has an absolute advantage in both programs and sunglasses.

[◀ Add Question Here](#)

Question 124

**Multiple Choice****0 points**

Modify

Remove

**Question**

If they spend all night writing computer programs, Laurence can write 10 programs while Carrie Anne can write 5. If they spend all night making sunglasses, Laurence can make 6 while Carrie Anne can make 4. We know that:

**Answer**

- ✓ Laurence's opportunity cost of writing programs is less than that of Carrie Anne.
- Laurence's opportunity cost of writing programs and of making sunglasses is less than that of Carrie Anne.
- Carrie Anne's opportunity cost of writing programs and of making sunglasses is less than that of Laurence.
- Carrie Anne's opportunity cost of writing programs is less than that of Laurence.

[◀ Add Question Here](#)

Question 125

**Multiple Choice****0 points**

Modify

Remove

**Question**

If they spend all night writing computer programs, Laurence can write 10 programs while Carrie Anne can write 5. If they spend all night making sunglasses, Laurence can make 6 while Carrie Anne can make 4. We know that:

**Answer**

- ✓ Laurence has a comparative advantage in programs.
- Laurence has a comparative advantage in both programs and sunglasses.
- Carrie Anne has a comparative advantage in programs.
- Carrie Anne has a comparative advantage in both programs and sunglasses.

[◀ Add Question Here](#)

Question 126

**Multiple Choice****0 points**

Modify

Remove

**Question**

Which of the following statements is true?

**Answer**

- Some very talented people have a comparative advantage in everything they do.
- Some very untalented people have a comparative advantage in nothing they do.
- Some very talented people have a very low opportunity cost in everything they do.
- ✓ It is possible to have an absolute disadvantage in doing something but still have a comparative advantage in the same thing.

[◀ Add Question Here](#)

Question 127

**Multiple Choice****0 points**

Modify

Remove

**Question**

In a single day, Sarah can produce 10 hamburgers while Abe can produce 5 hamburgers. We then know that:

- Answer**
- ☐ Sarah has a comparative advantage in making hamburgers.
  - ☒ Sarah has an absolute advantage in making hamburgers.
  - ☐ Abe has a comparative advantage in making hamburgers.
  - ☐ Abe has an absolute advantage in making hamburgers.

[◀ Add Question Here](#)

Question 128 **Multiple Choice**

0 points

[Modify](#)  
[Remove](#)

**Question**

If they produce only hamburgers, in a single day Sarah can produce 10 hamburgers while Abe can produce 5 hamburgers. If they make milkshakes only, in a single day Sarah can produce 10 milkshakes while Abe can produce 4 milkshakes. We know that:

- Answer**
- ☐ Sarah has an absolute advantage and a comparative advantage in making hamburgers.
  - ☒ Sarah has an absolute advantage and a comparative advantage in making milkshakes.
  - ☐ Abe has an absolute advantage and a comparative advantage in making hamburgers.
  - ☐ Abe has an absolute advantage and a comparative advantage in making milkshakes.

[◀ Add Question Here](#)

Question 129 **Multiple Choice**

0 points

[Modify](#)  
[Remove](#)

**Question**

Roommates Sarah and Zoe are hosting a Halloween party and have to make food for their guests and costumes for themselves. To finish both tasks as quickly as possible, Sarah and Zoe know that each of them should focus on just one task, but they don't know who should do what. To decide which roommate should do the cooking, Sarah and Zoe should determine which roommate:

- Answer**
- ☐ has the absolute advantage in cooking.
  - ☒ has the comparative advantage in cooking.
  - ☐ has the largest production possibility frontier in cooking.
  - ☐ can complete the cooking in the least amount of time.

[◀ Add Question Here](#)

Question 130 **Multiple Choice**

0 points

[Modify](#)  
[Remove](#)

**Question**

Economists generally believe that a country should specialize in the production of a good or service if:

- Answer**
- ☐ the production possibility frontier is larger than that of any other country.
  - ☐ the production possibility frontier is smaller than that of any other country.
  - ☐ the country can produce the product using more resources than any other country.
  - ☒ the country can produce the product while forgoing fewer alternative products than any other country.

[◀ Add Question Here](#)

Question 131 **Multiple Choice**

0 points

[Modify](#)  
[Remove](#)

**Question**

**Table: Coffee and Salmon  
Production Possibilities II**

|        | Coffee | Salmon |
|--------|--------|--------|
| Brazil | 40     | 20     |
| Alaska | 20     | 20     |

Reference: Ref 2-20

(Table: Coffee and Salmon Production Possibilities II) Look at the table Coffee and Salmon Production Possibilities II. This table shows the maximum amounts of coffee and salmon that Brazil and Alaska can produce if they just produce one good. Brazil has an absolute advantage in producing:

**Answer**

- ☒ coffee only.
- ☐ salmon only.
- ☐ both coffee and salmon.
- ☐ neither coffee nor salmon.

[Add Question Here](#)

Question 132 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Coffee and Salmon  
Production Possibilities II**

|        | Coffee | Salmon |
|--------|--------|--------|
| Brazil | 40     | 20     |
| Alaska | 20     | 20     |

Reference: Ref 2-20

(Table: Coffee and Salmon Production Possibilities II) Look at the table Coffee and Salmon Production Possibilities II. This table shows the maximum amounts of coffee and salmon that Brazil and Alaska can produce if they just produce one good. Alaska has an absolute advantage in producing:

**Answer**

- ☐ coffee only.
- ☐ salmon only.
- ☐ both coffee and salmon.
- ☒ neither coffee nor salmon.

[Add Question Here](#)

Question 133 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Coffee and Salmon  
Production Possibilities II**

|        | Coffee | Salmon |
|--------|--------|--------|
| Brazil | 40     | 20     |
| Alaska | 20     | 20     |

Reference: Ref 2-20

(Table: Coffee and Salmon Production Possibilities II) Look at the table Coffee and Salmon Production Possibilities II. This table shows the maximum amounts of coffee and salmon that Brazil and Alaska can produce if they just produce one good. Brazil has a comparative advantage in producing:

- Answer**
- ☒ coffee only.
  - ☐ salmon only.
  - ☐ both coffee and salmon.
  - ☐ neither coffee nor salmon

 [Add Question Here](#)

Question 134 **Multiple Choice**

**0 points**

Modify

Remove

**Question**

An economy is said to have a comparative advantage in the production of one good if it:

- Answer**
- ☐ can produce more of all goods than another economy.
  - ☐ can produce less of all goods than another economy.
  - ☐ has the highest opportunity cost for producing a particular good.
  - ☒ has the lowest opportunity cost for producing a particular good.

 [Add Question Here](#)

Question 135 **Multiple Choice**

**0 points**

Modify

Remove

**Question**

An economy that has the lowest opportunity cost for producing a particular good is said to have:

- Answer**
- ☐ an absolute advantage.
  - ☒ a comparative advantage.
  - ☐ a production possibility frontier.
  - ☐ an increasing opportunity cost.

 [Add Question Here](#)

Question 136 **Multiple Choice**

**0 points**

Modify

Remove

**Question**

The concept of comparative advantage is based upon:

- Answer**
- ☐ absolute labor productivity.
  - ☐ relative labor costs.
  - ☐ dollar prices of labor.
  - ☒ relative opportunity costs.

 [Add Question Here](#)

Question 137 **Multiple Choice**

**0 points**

Modify

Remove

**Question**

An economy is said to have a comparative advantage in the production of a good if it can produce that good:

- Answer**
- ☐ with more resources than another economy.
  - ☐ with a higher opportunity cost than another economy.
  - ☐ outside its production possibility frontier.

✓ at a lower opportunity cost than another economy.

◀ [Add Question Here](#)

Question 138 **Multiple Choice**

0 points

Modify

Remove

**Question**

If the opportunity cost of manufacturing machinery is lower in the United States than in Britain and the opportunity cost of manufacturing sweaters is higher in the United States than in Britain, then the United States will:

**Answer**

- export both sweaters and machinery to Britain.
- import both sweaters and machinery from Britain.
- export sweaters to Britain and import machinery from Britain.
- ✓ import sweaters from Britain and export machinery to Britain.

◀ [Add Question Here](#)

Question 139 **Multiple Choice**

0 points

Modify

Remove

**Question**

If the opportunity cost of manufacturing machinery is higher in the United States than in Britain and the opportunity cost of manufacturing sweaters is lower in the United States than in Britain, then the United States will:

**Answer**

- export both sweaters and machinery to Britain.
- import both sweaters and machinery from Britain.
- ✓ export sweaters to Britain and import machinery from Britain.
- import sweaters from Britain and export machinery to Britain.

◀ [Add Question Here](#)

Question 140 **Multiple Choice**

0 points

Modify

Remove

**Question**

Trade can be beneficial to an economy because:

**Answer**

- it results in a more efficient use of the combined resources of some of the trading countries, even though it reduces efficiency in others.
- ✓ more goods and services can be obtained at lower opportunity cost.
- it prevents specialization in those activities in which countries have a comparative advantage.
- it prevents unemployment.

◀ [Add Question Here](#)

Question 141 **Multiple Choice**

0 points

Modify

Remove

**Question**

If Brazil gives up 3 automobiles for each ton of coffee it produces, while Peru gives up 7 automobiles for each ton of coffee it produces, then:

**Answer**

- Brazil has a comparative advantage in automobile production and should specialize in coffee.
- Brazil has a comparative advantage in coffee production and should specialize in the production of automobiles.
- ✓ Brazil has a comparative advantage in coffee production and should specialize in coffee production.
- Brazil has a comparative advantage in automobile production and should specialize in automobile production.

[◀ Add Question Here](#)

## Question 142 Multiple Choice

0 points

Modify

Remove

**Question**

If countries engage in international trade:

**Answer**

- they give up the ability to specialize in production.
- worldwide levels of production are lower.
- they will be consuming inside their production possibility frontiers.
- ✓ they will be consuming outside their production possibility frontiers.

[◀ Add Question Here](#)

## Question 143 Multiple Choice

0 points

Modify

Remove

**Question****Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. Sweden has an absolute advantage in producing:

**Answer**

- cell phones only.
- ✓ herring only.
- both cell phones and herring.
- neither cell phones nor herring.

[◀ Add Question Here](#)

## Question 144 Multiple Choice

0 points

Modify

Remove

**Question****Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. Finland has an absolute advantage in producing:

- Answer**
- cell phones only.
  - herring only.
  - both cell phones and herring.
  - ✓ neither cell phones nor herring.

◀ [Add Question Here](#)

Question 145 **Multiple Choice**

0 points

Modify  
Remove

**Question**

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. Sweden has a comparative advantage in producing:

- Answer**
- cell phones only.
  - ✓ herring only.
  - both cell phones and herring.
  - neither cell phones nor herring.

◀ [Add Question Here](#)

Question 146 **Multiple Choice**

0 points

Modify  
Remove

**Question**

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. Finland has a comparative advantage in producing:

- Answer**
- ✓ cell phones only.
  - herring only.
  - both cell phones and herring.
  - neither cell phones nor herring.

◀ [Add Question Here](#)



## Question 147 Multiple Choice

0 points

Modify

Remove

## Question

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. The opportunity cost of producing 1 box of cell phones for Sweden is:

- Answer**
- ☒ 10 boxes of herring.
  - ☐ 0.2 box of herring.
  - ☐ 5 boxes of herring.
  - ☐ 0.1 box of herring.

[◀ Add Question Here](#)

## Question 148 Multiple Choice

0 points

Modify

Remove

## Question

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. The opportunity cost of producing 1 box of cell phones for Finland is:

- Answer**
- ☐ 10 boxes of herring.
  - ☐ 0.5 boxes of herring.
  - ☒ 5 boxes of herring.
  - ☐ 0.1 boxes of herring.

[◀ Add Question Here](#)

## Question 149 Multiple Choice

0 points

Modify

Remove

## Question

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. The opportunity cost of producing 1 box of herring for Sweden is:

- Answer**
- 10 boxes of cell phones.
  - 0.5 box of cell phones.
  - 5 boxes of cell phones.
  - ✓ 0.1 box of cell phones.

◀ [Add Question Here](#)

Question 150 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Table: Comparative Advantage I**

Sweden and Finland produce only two goods, herring and cell phones, and this table shows the maximum amount that each nation can produce of the two goods.

|             | Sweden  | Finland |
|-------------|---------|---------|
| Herring     | 100,000 | 50,000  |
| Cell phones | 10,000  | 10,000  |

Reference: Ref 2-21

(Table: Comparative Advantage I) Look at the table Comparative Advantage I. The opportunity cost of producing 1 box of herring for Finland is:

- Answer**
- 10 boxes of cell phones.
  - ✓ 0.5 boxes of cell phones.
  - 5 boxes of cell phones.
  - 0.1 cell phone.

◀ [Add Question Here](#)

Question 151 **Multiple Choice**

0 points

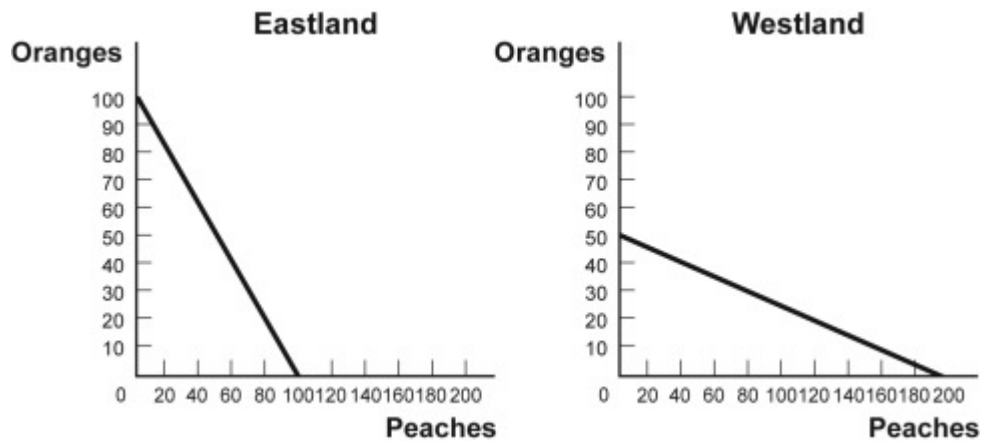
Modify

Remove

**Question**

**Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. Eastland has an absolute advantage in producing:

- Answer**
- ☒ oranges only.
  - ☐ peaches only.
  - ☐ both oranges and peaches.
  - ☐ neither oranges nor peaches.

[Add Question Here](#)

Question 152 **Multiple Choice**

0 points

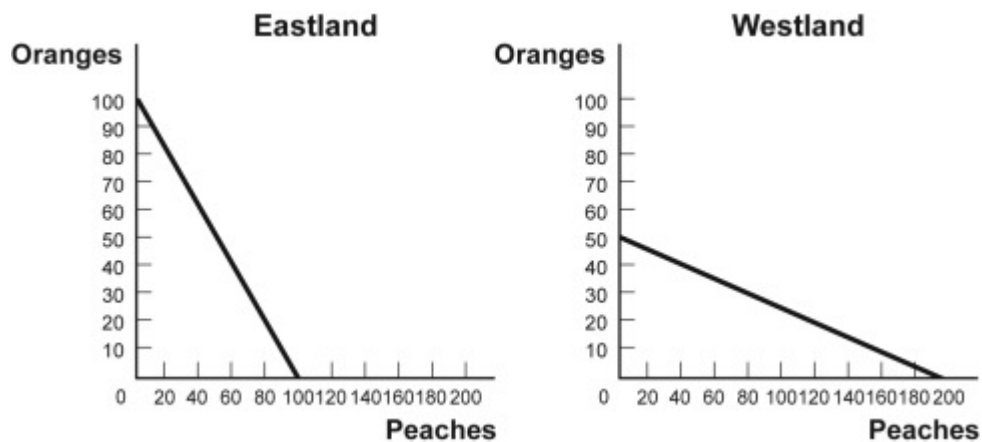
Modify

Remove

**Question**

**Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. Westland has an absolute advantage in producing:

- Answer**
- ☐ oranges only.
  - ☒ peaches only.
  - ☐ both oranges and peaches.
  - ☐ neither oranges or peaches.

[Add Question Here](#)

## Question 153 Multiple Choice

0 points

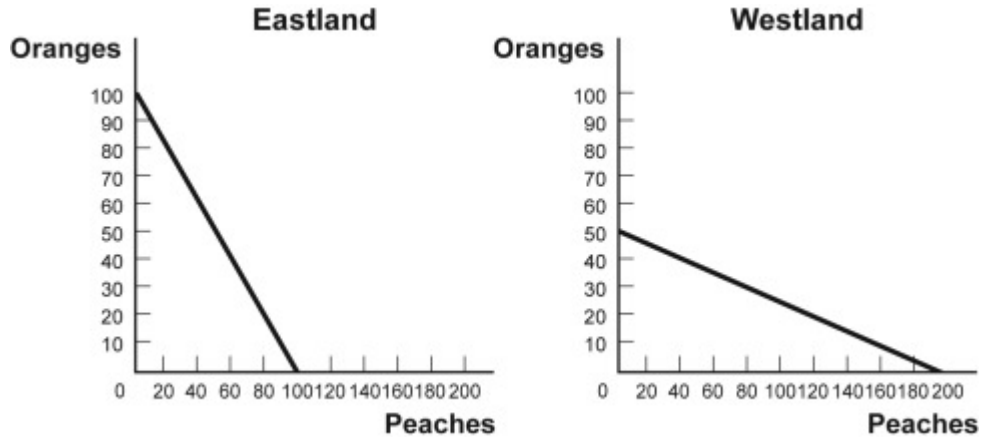
Modify

Remove

## Question

## Figure: Comparative Advantage

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. The opportunity cost of producing 1 box of oranges for Eastland is:

## Answer

- ✓ 1 box of peaches.
- 1/4 box of peaches.
- 4 boxes of peaches.
- 10 boxes of peaches.

[Add Question Here](#)

## Question 154 Multiple Choice

0 points

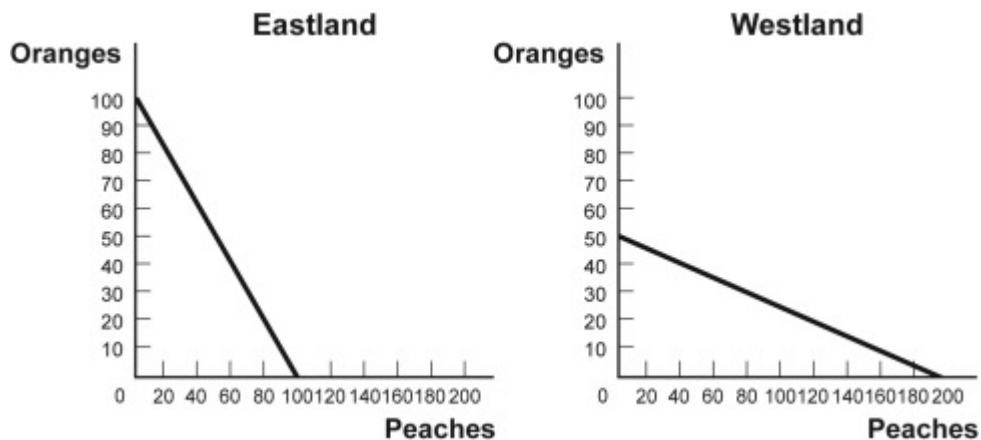
Modify

Remove

## Question

## Figure: Comparative Advantage

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. The opportunity cost of producing 1 box of oranges for Westland is:

- Answer**
- 1 box of peaches.
  - 1/4 box of peaches.
  - ✓ 4 boxes of peaches.
  - 10 boxes of peaches.

◀ [Add Question Here](#)

Question 155 **Multiple Choice**

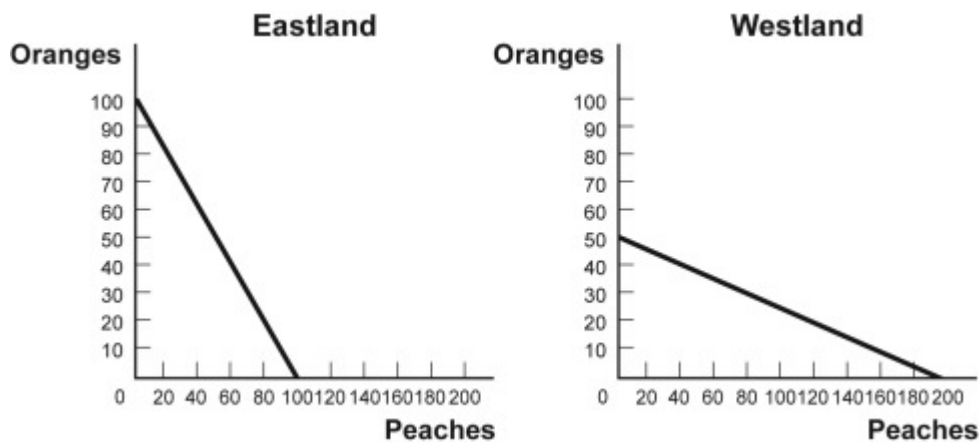
0 points

Modify  
Remove

**Question**

**Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. The opportunity cost of producing 1 box of peaches for Eastland is:

- Answer**
- ✓ 1 box of oranges.
  - 1/4 box of oranges.
  - 4 boxes of oranges.
  - 10 boxes of oranges.

◀ [Add Question Here](#)

Question 156 **Multiple Choice**

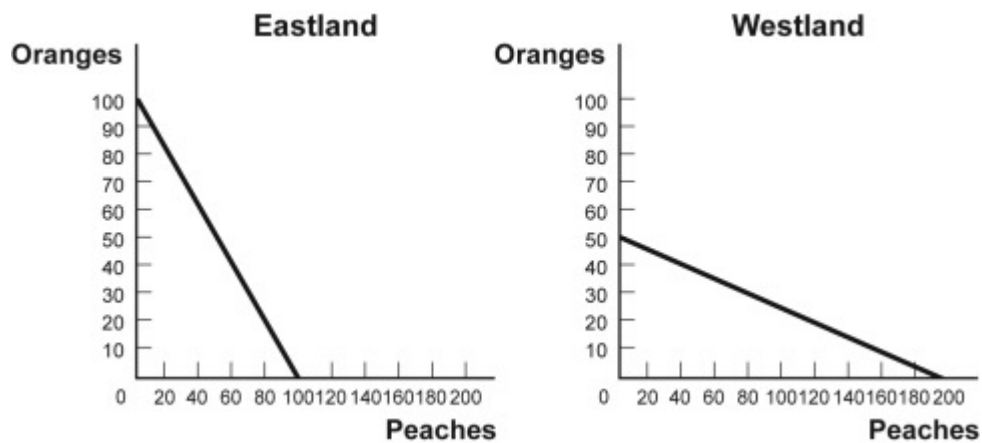
0 points

Modify  
Remove

**Question**

**Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. The opportunity cost of producing 1 box of peaches for Westland is:

- Answer**
- ☐ 1 box of oranges.
  - ☒ 1/4 box of oranges.
  - ☐ 4 boxes of oranges.
  - ☐ 10 boxes of oranges.

[Add Question Here](#)

Question 157 **Multiple Choice**

0 points

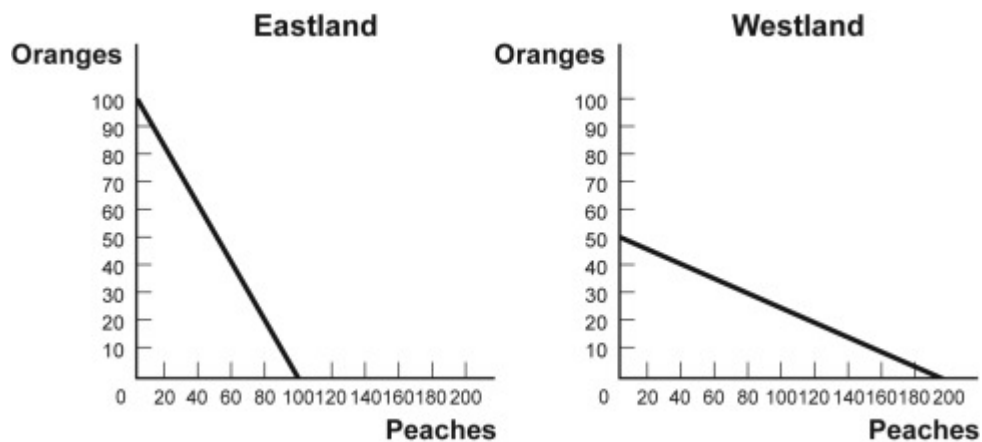
Modify

Remove

**Question**

**Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. Eastland has a comparative advantage in producing:

- Answer**
- ☒ oranges only.
  - ☐ peaches only.
  - ☐ both oranges and peaches.
  - ☐ neither oranges nor peaches.

[Add Question Here](#)

## Question 158 Multiple Choice

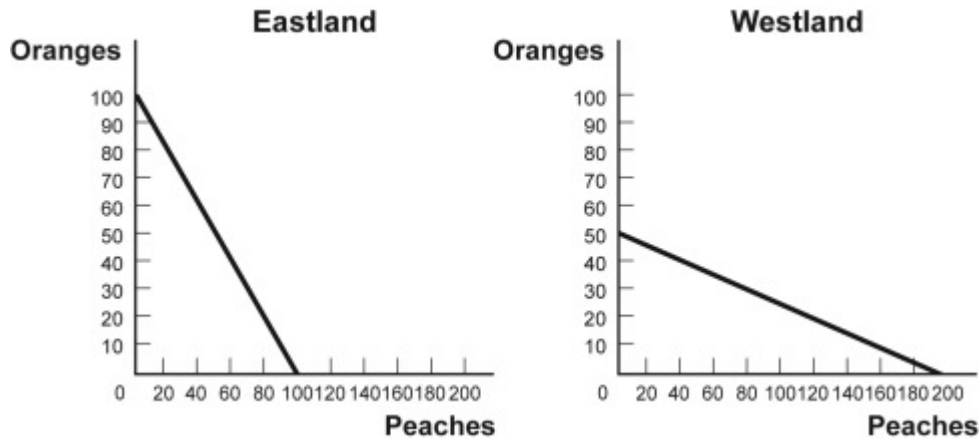
0 points

Modify

Remove

**Question****Figure: Comparative Advantage**

Eastland and Westland produce only two goods, boxes of peaches and boxes of oranges, and this figure shows each nation's production possibility frontier for the two goods.



Reference: Ref 2-22

(Figure: Comparative Advantage) Look at the figure Comparative Advantage. Westland has a comparative advantage in producing:

**Answer**

- ☐ oranges only.
- ☒ peaches only.
- ☐ both oranges and peaches.
- ☐ neither oranges nor peaches.

[Add Question Here](#)

## Question 159 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following statements is true?

**Answer**

- ☐ Very talented people may have a comparative advantage in everything they do.
- ☒ Very untalented people have a comparative advantage in something they do.
- ☐ Very talented people may have a very low opportunity cost in most things they do.
- ☐ Very untalented people may have a very high opportunity cost in most things they do.

[Add Question Here](#)

## Question 160 Multiple Choice

0 points

Modify

Remove

**Question**

In a single day, George can bake 10 cakes and Greta can bake 5 cakes. We know that:

**Answer**

- ☐ George has a comparative advantage in baking cakes.
- ☒ George has an absolute advantage in baking cakes.
- ☐ Greta has a comparative advantage in baking cakes.
- ☐ Greta has an absolute advantage in baking cakes.

[◀ Add Question Here](#)

## Question 161 Multiple Choice

0 points

Modify

Remove

**Question**

If they bake only cakes, in a single day George can bake 10 cakes and Greta can bake 5 cakes. If they make only pies, in a single day George can bake 10 pies while Greta can bake 4 pies. We know that:

**Answer**

- George has an absolute advantage and a comparative advantage in making cakes.
- ✓ George has an absolute advantage and a comparative advantage in making pies.
- Greta has an absolute advantage and a comparative advantage in making cakes.
- Greta has an absolute advantage and a comparative advantage in making pies.

[◀ Add Question Here](#)

## Question 162 Multiple Choice

0 points

Modify

Remove

**Question**

Greta starts using a new baking technique and she can now do twice as much of everything—in a single day Greta can now make 10 cakes or 8 pies, rather than the 5 cakes and 4 pies she could previously bake. We now know that Greta's production possibility frontier:

**Answer**

- ✓ has shifted right, but her opportunity costs of making pies are unchanged.
- has shifted right, but her opportunity costs of making pies have decreased.
- has not changed, but her opportunity costs of making pies have increased.
- has not changed, but her opportunity costs of making pies have decreased.

[◀ Add Question Here](#)

## Question 163 Multiple Choice

0 points

Modify

Remove

**Question**

Coworkers Yvonne and Rodney are trying to finish cleaning up the store by washing dishes and sweeping the floors. To finish both tasks as quickly as possible, they know that each of them should focus on just one task, but they don't know who should do what. To decide which coworker should wash dishes, Yvonne and Rodney should determine which one:

**Answer**

- has the absolute advantage in dishwashing.
- ✓ has the comparative advantage in dishwashing.
- has the largest production possibility frontier in dishwashing.
- can complete the dishwashing in the least amount of time.

[◀ Add Question Here](#)

## Question 164 Multiple Choice

0 points

Modify

Remove

**Question**

To achieve the gains from trade, each nation should specialize in the production of a good or service if:

**Answer**

- its production possibility frontier is larger than that of any other country.
- its production possibility frontier is smaller than that of any other country.
- the country can make the product using fewer resources than any other country.
- ✓ the country can make the product while forgoing fewer alternative products than any other country.



[Add Question Here](#)

## Question 165 Multiple Choice

0 points

Modify

Remove

**Question**

Dr. Colgate is a dentist who employs an assistant, Ms. Crest. If Dr. Colgate worked all day at the front desk, she could answer 40 phone calls. If she worked all day with patients, she could clean the teeth of 40 patients. If Ms. Crest worked all day at the front desk, she could answer 60 phone calls. If she worked all day with patients, she could clean the teeth of 20 patients.

Which of the following is true?

**Answer**

Dr. Colgate has an absolute advantage in answering phones.

✓ Ms. Crest has a comparative advantage in answering phones.

Ms. Crest has an absolute advantage in cleaning patients' teeth.

Dr. Colgate has a comparative advantage in answering phones.

[Add Question Here](#)

## Question 166 Multiple Choice

0 points

Modify

Remove

**Question**

**Table: Wheat and Aluminum**

|         | Wheat<br>Production | Aluminum<br>Production |
|---------|---------------------|------------------------|
| U.S.    | 100<br>0            | 0<br>100               |
| Germany | 50<br>0             | 0<br>100               |

Reference: Ref 2-23

(Table: Wheat and Aluminum) Look at the table Wheat and Aluminum. The United States and Germany can produce both wheat and aluminum. The table shows, in tonnage, the maximum annual output combinations of wheat and aluminum that can be produced. Which of the following choices would represent a possible trade based upon specialization and comparative advantage?

**Answer**

Germany would trade 2 tons of wheat to the United States for 1 ton of aluminum.

Germany would trade 2 tons of aluminum to the United States for .5 tons of wheat.

The United States would trade 1 ton of wheat to Germany for 1 ton of aluminum.

✓ The United States would trade 1 ton of wheat to Germany for 1.5 tons of aluminum.

[Add Question Here](#)

## Question 167 Multiple Choice

0 points

Modify

Remove

**Question**

**Table: Wheat and Aluminum**

|                | <b>Wheat<br/>Production</b> | <b>Aluminum<br/>Production</b> |
|----------------|-----------------------------|--------------------------------|
| <b>U.S.</b>    | 100<br>0                    | 0<br>100                       |
|                | <b>Wheat<br/>Production</b> | <b>Aluminum<br/>Production</b> |
| <b>Germany</b> | 50<br>0                     | 0<br>100                       |

Reference: Ref 2-23

(Table: Wheat and Aluminum) Look at the table Wheat and Aluminum. The United States and Germany can produce both wheat and aluminum. The table shows the maximum annual output combinations of wheat and aluminum that can be produced. Based on the table:

**Answer** ✓ the United States has a comparative advantage in wheat and an absolute advantage in wheat.  
 Germany has an absolute advantage in aluminum and a comparative advantage in wheat.  
 the United States has a comparative advantage in both aluminum and wheat.  
 Germany has a comparative advantage in aluminum and an absolute advantage in aluminum.

[◀ Add Question Here](#)
Question 168 **Multiple Choice****0 points**
 Modify  
 Remove
**Question**

In one day, Kessy can bake 10 cookies or mix 15 glasses of lemonade. His friend, Ava, can make 10 cookies or 10 glasses of lemonade. His other friend, Ian, can make 10 cookies or 20 glasses of lemonade. Who has the lowest opportunity cost in cookie production?

**Answer** Kessy  
 ✓ Ava  
 Ian  
 Kessy and Ava have the same opportunity cost in cookie production.

[◀ Add Question Here](#)
Question 169 **Multiple Choice****0 points**
 Modify  
 Remove
**Question**

Because Casey can type reports faster and more accurately than Ahmet, Casey has \_\_\_\_\_ in typing reports.

**Answer** a comparative advantage  
 ✓ an absolute advantage  
 an opportunity cost  
 a specialization

[◀ Add Question Here](#)
Question 170 **Multiple Choice****0 points**
 Modify  
 Remove

**Question**

Mark and Julie are going to sell brownies and cookies for their third annual fundraiser bake sale. In one day, Mark can make 40 brownies or 20 cookies, and Julie can make 15 brownies or 15 cookies. Based on this information, \_\_\_\_\_ has the comparative advantage in making brownies and \_\_\_\_\_ has the comparative advantage in making cookies.

**Answer**

- ☒ Mark; Julie
- ☐ Mark; Mark
- ☐ Julie; Mark
- ☐ Julie; Julie

[◀ Add Question Here](#)**Question 171 Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

Mark and Julie are going to sell brownies and cookies for their third annual fundraiser bake sale. In one day, Mark can make 40 brownies or 20 cookies, and Julie can make 15 brownies or 15 cookies. What is Mark's opportunity cost to produce one brownie?

**Answer**

- ☐ 1 cookie
- ☐ 1 brownie
- ☒ 1/2 cookie
- ☐ 1/2 brownie

[◀ Add Question Here](#)**Question 172 Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

Mark and Julie are going to sell brownies and cookies for their third annual fundraiser bake sale. In one day, Mark can make 40 brownies or 20 cookies, and Julie can make 15 brownies or 15 cookies. With specialization, how many brownies and cookies will be made in one day for the bake sale?

**Answer**

- ☐ 15 brownies and 20 cookies
- ☐ 40 brownies and 20 cookies
- ☒ 40 brownies and 15 cookies
- ☐ 55 brownies and 35 cookies

[◀ Add Question Here](#)**Question 173 Multiple Choice****0 points**[Modify](#)[Remove](#)**Question**

Mark and Julie are going to sell brownies and cookies for their third annual fundraiser bake sale. In one day, Mark can make 40 brownies or 20 cookies, and Julie can make 15 brownies or 15 cookies. Based on this information, \_\_\_\_\_ has the absolute advantage in making brownies and \_\_\_\_\_ has the absolute advantage in making cookies.

**Answer**

- ☐ Mark; Julie
- ☒ Mark; Mark
- ☐ Julie; Mark
- ☐ Mark; neither Mark nor Julie

[◀ Add Question Here](#)**Question 174 Multiple Choice****0 points**[Modify](#)[Remove](#)

**Question****Table: Bongos and Frisbees**

| Bill   |          | Mickey |          |
|--------|----------|--------|----------|
| Bongos | Frisbees | Bongos | Frisbees |
| 1      | 10       | 4      | 14       |
| 2      | 9        | 5      | 12       |
| 3      | 8        | 6      | 10       |

Reference: Ref 2-24

(Table: Bongos and Frisbees) Look at the table Bongos and Frisbees. Bill and Mickey make bongos and Frisbees. Who has the comparative advantage in producing Frisbees?

**Answer**

- ☐ Bill  
☒ Mickey  
☐ both  
☐ neither

[◀ Add Question Here](#)
Question 175 **Multiple Choice****0 points**
 Modify  
 Remove
**Question****Table: Bongos and Frisbees**

| Bill   |          | Mickey |          |
|--------|----------|--------|----------|
| Bongos | Frisbees | Bongos | Frisbees |
| 1      | 10       | 4      | 14       |
| 2      | 9        | 5      | 12       |
| 3      | 8        | 6      | 10       |

Reference: Ref 2-24

(Table: Bongos and Frisbees) Look at the table Bongos and Frisbees. Bill and Mickey make bongos and Frisbees. Who should specialize in the production of bongos?

**Answer**

- ☒ Bill  
☐ Mickey  
☐ both  
☐ neither

[◀ Add Question Here](#)
Question 176 **Multiple Choice****0 points**
 Modify  
 Remove
**Question**

If the opportunity cost of manufacturing automobiles is lower in the United States than in Britain and the opportunity cost of manufacturing airplanes is higher in the United States than in Britain, then the United States will:

**Answer**

- ☐ export both airplanes and automobiles to Britain.  
☐ import both airplanes and automobiles from Britain.  
☐ export airplanes to Britain and import automobiles from Britain.  
☒ import airplanes from Britain and export automobiles to Britain.

[◀ Add Question Here](#)

## Question 177 Multiple Choice

0 points

Modify

Remove

**Question**

If the opportunity cost of manufacturing automobiles is higher in the United States than in Britain and the opportunity cost of manufacturing airplanes is lower in the United States than in Britain, then the United States will:

**Answer**

- export both airplanes and automobiles to Britain.
- import both airplanes and automobiles from Britain.
- ✓ export airplanes to Britain and import automobiles from Britain.
- import airplanes from Britain and export automobiles to Britain.

[◀ Add Question Here](#)

## Question 178 Multiple Choice

0 points

Modify

Remove

**Question**

Assume that Colombia gives up three motorcycles for each ton of coffee it produces, while Bolivia gives up seven motorcycles for each ton of coffee it produces.

**Answer**

- Colombia has a comparative advantage in motorcycle production and should specialize in coffee.
- Colombia has a comparative advantage in coffee production and should specialize in the production of motorcycles.
- ✓ Colombia has a comparative advantage in coffee production and should specialize in coffee production.
- Colombia has a comparative advantage in motorcycle production and should specialize in motorcycle production.

[◀ Add Question Here](#)

## Question 179 Multiple Choice

0 points

Modify

Remove

**Question**

Economists are generally in support of:

**Answer**

- government restrictions on trade.
- ✓ free international trade.
- tariffs to restrict trade.
- subsidizing exports.

[◀ Add Question Here](#)

## Question 180 Multiple Choice

0 points

Modify

Remove

**Question**

Trade takes the form of \_\_\_\_\_ when people directly exchange goods that they have for goods they want.

**Answer**

- exploitation
- benevolence
- ✓ barter
- the zero-sum game

[◀ Add Question Here](#)

## Question 181 Multiple Choice

0 points

Modify

Remove

**Question**

The simplest circular-flow model shows the interaction between households and firms. In this model:

- Answer**
- only barter transactions take place.
  - households and firms interact in the market for goods and services, but firms are the only participants in the factor markets.
  - ✓ firms supply goods and services to households, which in turn supply factors of production to firms.
  - attention is focused on “real” flows of goods, services, and factors of production, but money flows between households and firms are ignored for simplicity.

[◀ Add Question Here](#)**Question 182 Multiple Choice****0 points**

Modify

Remove

**Question**

A high-school graduate who gets a college degree is adding to the economy's stock of:

- Answer**
- labor.
  - capital.
  - ✓ human capital.
  - financial capital.

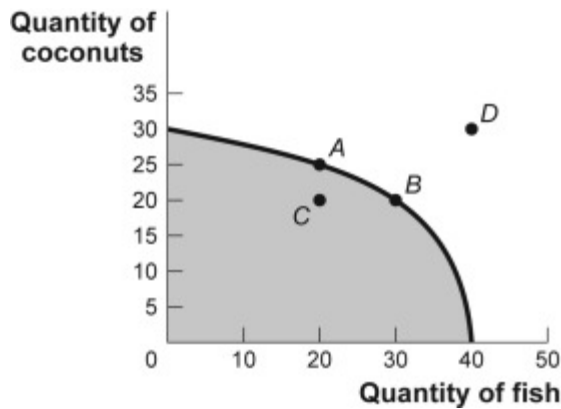
[◀ Add Question Here](#)**Question 183 Multiple Choice****0 points**

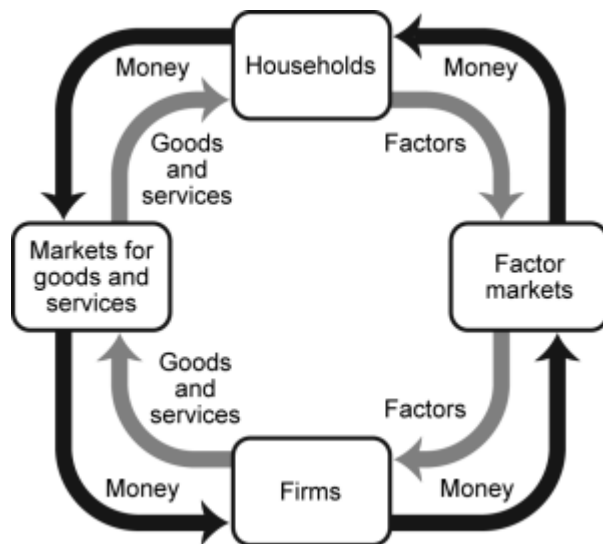
Modify

Remove

**Question**

**Figure: Production Possibilities and Circular-Flow Diagram**





Reference: Ref 2-25

(Figure: Production Possibilities and Circular-Flow Diagram) Look at the figure Production Possibilities and Circular-Flow Diagram. Assume the two figures represent the same economy. Suppose that in the circular-flow diagram there is a significant decrease in the amount of labor flowing to the firms that produce coconuts. If all other variables remain unchanged, this adjustment in the economy would be best represented in the production possibilities figure by a move from point *A* toward:

- Answer**
- point *A* (no movement would occur).
  - point *B* (an increase in fish production).
  - ✓ point *C* (a decrease in coconut production).
  - point *D* (an outward shift of the entire curve).

[Add Question Here](#)

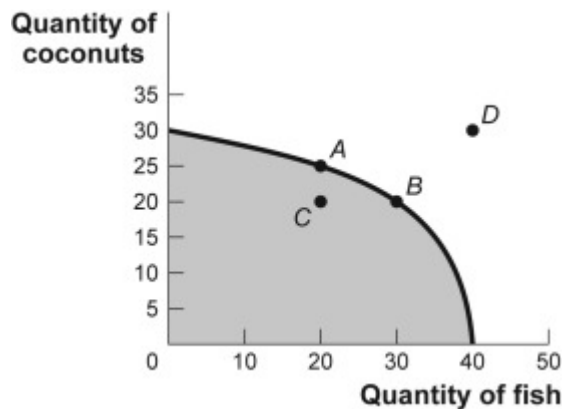
Question 184 Multiple Choice

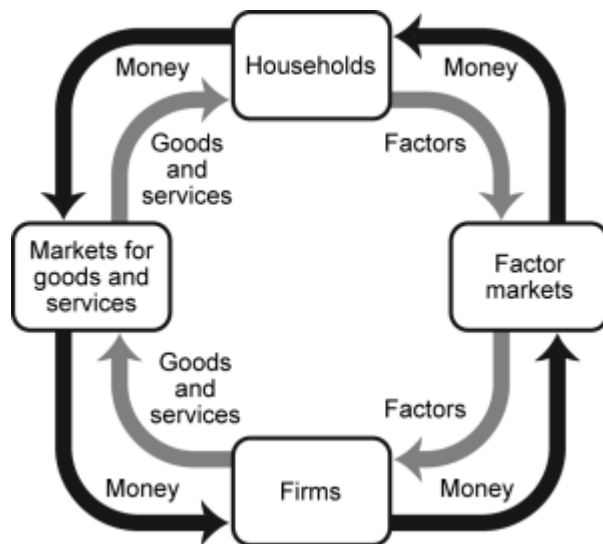
0 points

Modify  
Remove

**Question**

**Figure: Production Possibilities and Circular-Flow Diagram**





Reference: Ref 2-25

(Figure: Production Possibilities and Circular-Flow Diagram) Look at the figure Production Possibilities and Circular-Flow Diagram. Assume the two figures represent the same economy. Suppose that in the circular-flow diagram there is a significant increase in the amount of capital that flows to the firms that produce fish. Assume that there is a corresponding decrease in the amount of capital that flows to the firms that produce coconuts. This adjustment in the economy would be best represented in the production possibilities figure by a move from point A toward:

**Answer**

- point A (no movement would occur).
- ✓ point B (an increase in fish production).
- point C (a decrease in coconut production).
- point D (an outward shift of the entire curve).

[Add Question Here](#)

Question 185 **Multiple Choice**

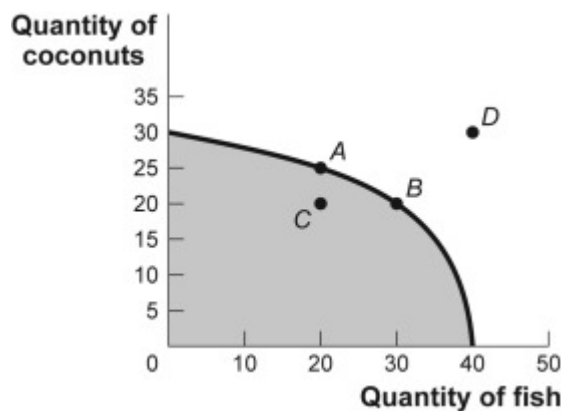
**0 points**

Modify

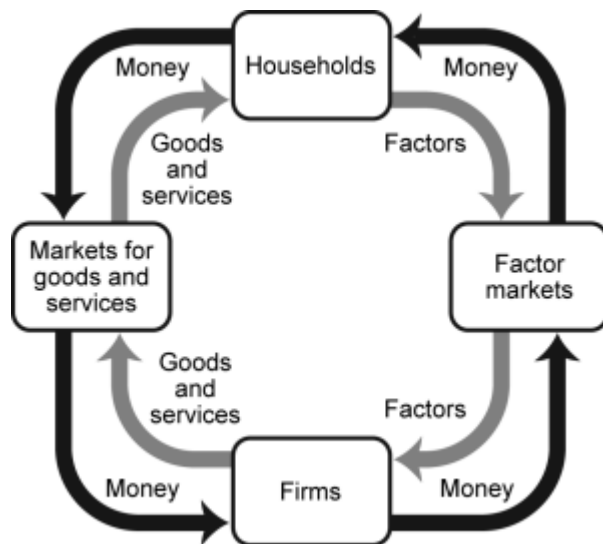
Remove

**Question**

**Figure: Production Possibilities and Circular-Flow Diagram**







Reference: Ref 2-25

(Figure: Production Possibilities and Circular-Flow Diagram) Look at the figure Production Possibilities and Circular-Flow Diagram. Assume the two figures represent the same economy. Suppose that in the circular-flow diagram there is a significant increase in the amount of human capital that flows to both types of firms (coconut producers and fish producers). If all other variables remain unchanged, then the adjustment in this economy would be best represented in the production possibilities figure by a movement from point A toward:

- Answer**
- point A (no movement would occur).
  - point B (an increase in fish production).
  - point C (a decrease in coconut production).
  - ✓ point D (an outward shift of the entire curve).

[Add Question Here](#)

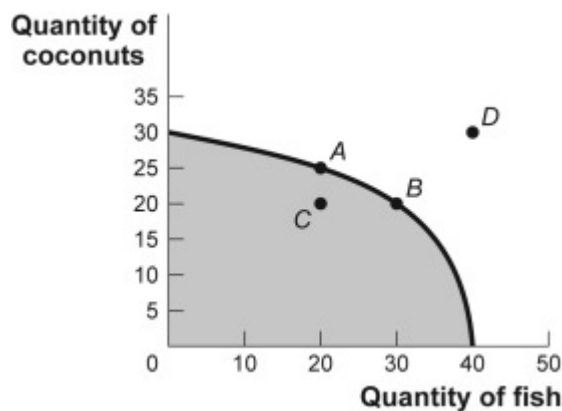
Question 186 Multiple Choice

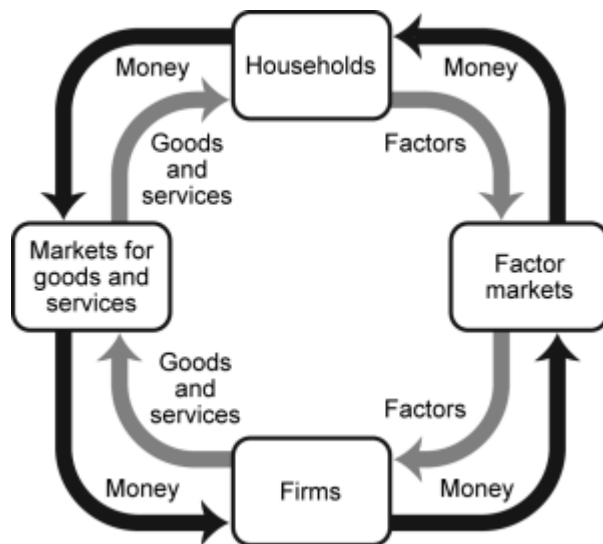
0 points

Modify  
Remove

**Question**

**Figure: Production Possibilities and Circular-Flow Diagram**





Reference: Ref 2-25

(Figure: Production Possibilities and Circular-Flow Diagram) Look at the figure Production Possibilities and Circular-Flow Diagram. Assume the two figures represent the same economy. Suppose that in the circular-flow diagram a significant increase in productivity occurs inside most of the firms. This results in a significant increase in the output of both coconuts and fish. If all other variables remain unchanged, then the adjustment in this economy would be best represented in the production possibilities figure by a movement from point A toward:

- Answer**
- point A (no movement would occur).
  - point B (an increase in fish production).
  - point C (a decrease in coconut production).
  - ✓ point D (an outward shift of the entire curve).

◀ [Add Question Here](#)

Question 187 **Multiple Choice**

0 points

Modify

Remove

**Question**

If LeRoyce trades two cookies for one of Amir's brownies, we say that they are engaging in:

- Answer**
- exploitation.
  - benevolence.
  - ✓ barter.
  - a zero-sum game.

◀ [Add Question Here](#)

Question 188 **Multiple Choice**

0 points

Modify

Remove

**Question**

Which of the following is *false* about the circular-flow diagram?

- Answer**
- Households are the primary demanders of goods and services.
  - Firms are the primary suppliers of goods and services.
  - ✓ Money flows from households to firms as households offer factors of production for sale.
  - Money flows in the direction opposite to goods and services and factors of production.

◀ [Add Question Here](#)

## Question 189 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is *not* a factor of production?

**Answer**

- labor
- machines and buildings
- land
- ✓ money

[◀ Add Question Here](#)

## Question 190 Multiple Choice

0 points

Modify

Remove

**Question**

The circular-flow diagram illustrates how households \_\_\_\_\_ goods and services and \_\_\_\_\_ factors of production.

**Answer**

- ✓ buy; sell
- buy; buy
- own; buy
- own; sell

[◀ Add Question Here](#)

## Question 191 Multiple Choice

0 points

Modify

Remove

**Question**

The circular-flow diagram illustrates how firms \_\_\_\_\_ goods and services and \_\_\_\_\_ factors of production.

**Answer**

- buy; sell
- buy; buy
- ✓ sell; buy
- sell; sell

[◀ Add Question Here](#)

## Question 192 Multiple Choice

0 points

Modify

Remove

**Question**

In the simplest circular-flow model, households supply \_\_\_\_\_ and demand \_\_\_\_\_.

**Answer**

- capital; barter
- wages and income; capital markets
- ✓ factors of production; goods and services
- firms; markets

[◀ Add Question Here](#)

## Question 193 Multiple Choice

0 points

Modify

Remove

**Question**

Which are the two markets represented in the circular-flow diagram?

- Answer** ✓ The market for goods and services and the market for factors.  
The markets for households and firms.  
The market for money and the market for goods and services.  
The market for factors and the market for money.

[◀ Add Question Here](#)

## Question 194 Multiple Choice

0 points

Modify

Remove

**Question**

The two flows represented in the circular-flow diagram are:

**Answer**

- the flow of goods and services and the flow of factors.
- the flow of households and firms.
- ✓ the flow of money and the flow of goods and services.
- the flow of factors and the flow of money.

[◀ Add Question Here](#)

## Question 195 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following two statements is a positive statement? Which is a normative statement?

X. The federal minimum wage is increasing to \$7.50 an hour.

Y. The minimum wage should be high enough that families will not live in poverty.

**Answer**

- ✓ X is positive; Y is normative.
- X is positive; Y is positive.
- X is normative; Y is positive.
- X is normative; Y is normative

[◀ Add Question Here](#)

## Question 196 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is a normative statement?

**Answer**

- Women's labor force participation rate has increased during the past 100 years.
- The federal minimum wage is higher today than it was in 1990.
- Children in the United States are required to go to school until they reach a certain age.
- ✓ The best way to encourage growth in the economy is through government spending.

[◀ Add Question Here](#)

## Question 197 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is an example of normative economics?

**Answer**

- The minimum wage has not kept pace with inflation.
- ✓ The minimum wage is an important tool in fighting poverty and should be increased.
- The minimum wage can create higher unemployment for teens and unskilled workers.
- A higher minimum wage is expected to increase the price of a fast-food cheeseburger.

[◀ Add Question Here](#)

## Question 198 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is a normative statement?

**Answer**

- International trade leads to expanded consumption opportunities.
- Higher expenditures on health care will reduce infant mortality rates.
- ✓ We would all be better off if we could reduce our dependence on oil imports.
- Increased defense spending will lead to higher budget deficits.

◀ [Add Question Here](#)

Question 199

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

Which of the following is a positive economic statement?

**Answer**

- Government has grown too large and should be reduced.
- ✓ There has been an increase in the rate of inflation.
- Government should be subject to the same rules as all other institutions.
- Women should be paid as much as men for the same work.

◀ [Add Question Here](#)

Question 200

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

An example of a positive statement is:

**Answer**

- ✓ the rate of unemployment is 4%.
- a high rate of economic growth is good for the country.
- everyone in the country should be covered by national health insurance.
- baseball players should not be paid higher salaries than the president of the United States.

◀ [Add Question Here](#)

Question 201

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

An example of a positive statement is:

**Answer**

- the rate of unemployment should be 4%.
- a high rate of economic growth is good for the country.
- ✓ the federal government spends half of its budget on national defense.
- everyone in the country should be covered by national health insurance.

◀ [Add Question Here](#)

Question 202

**Multiple Choice**

**0 points**

Modify

Remove

**Question**

Unemployment of 5% is too high. This is an example of:

**Answer**

- ✓ a normative statement.
- a positive statement.
- the circular-flow model.
- comparative advantage.

◀ [Add Question Here](#)

## Question 203 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is a normative economic statement?

- Answer** ✓ Government has grown too large and should be reduced.  
There has been an increase in the rate of inflation.  
Government is subject to the same rules as all other institutions.  
The money supply grew by 3% last year.

[◀ Add Question Here](#)

## Question 204 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is an example of a positive statement?

- Answer** ✓ The poverty rate is 14%.  
A high rate of economic growth is good for the country.  
Everyone in the country needs to save money for retirement.  
Basketball players should not be paid higher salaries than teachers.

[◀ Add Question Here](#)

## Question 205 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is an example of a positive statement?

- Answer** The poverty rate should be 4%.  
A high rate of economic growth is good for the country.  
✓ The federal government pays for 46% of U.S. health care costs.  
Everyone in the country should be covered by national health insurance.

[◀ Add Question Here](#)

## Question 206 Multiple Choice

0 points

Modify

Remove

**Question**

Statements that make value judgments are:

- Answer** pecuniary.  
positive.  
nominal.  
✓ normative.

[◀ Add Question Here](#)

## Question 207 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is an example of a normative statement?

- Answer** The rate of unemployment is 9%.  
✓ A high rate of economic growth is good for the country.  
The federal government spends half of its budget on national defense.  
Millions of Americans lack health insurance.

[◀ Add Question Here](#)

## Question 208 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following is an example of a normative statement?

**Answer**

- The rate of unemployment is 9%.
- A high rate of economic growth creates more jobs for the country.
- The federal government spends half of its budget on national defense.
- ✓ Everyone in America deserves to be covered by national health insurance.

[◀ Add Question Here](#)

## Question 209 Multiple Choice

0 points

Modify

Remove

**Question**

The current rate of unemployment of 9% is too high. This is a \_\_\_\_\_ statement.

**Answer**

- ✓ normative
- ceteris paribus*
- positive
- marginal

[◀ Add Question Here](#)

## Question 210 Multiple Choice

0 points

Modify

Remove

**Question**

The current rate of unemployment is 9%. This statement:

**Answer**

- ✓ is positive.
- is normative.
- involves a value judgment.
- is a personal reflection and has no value in economics.

[◀ Add Question Here](#)

## Question 211 Multiple Choice

0 points

Modify

Remove

**Question**

Unemployment decreased to its lowest level in 10 years last month. This statement is an example of:

**Answer**

- an absolute (dis)advantage.
- ✓ a positive economic statement.
- a normative economic statement.
- a value judgment.

[◀ Add Question Here](#)

## Question 212 Multiple Choice

0 points

Modify

Remove

**Question**

A statement that says that the minimum wage should be increased is a:

**Answer**

- positive statement.
- ✓ normative statement.
- "other things equal" assumption.
- scientific conclusion based on marginal analysis.

[◀ Add Question Here](#)

## Question 213 Multiple Choice

0 points

Modify

Remove

**Question**

A normative statement deals with:

**Answer**

- the facts.
- what was, is, or will be.
- ✓ what ought to be.
- the scientific method.

[◀ Add Question Here](#)

## Question 214 Multiple Choice

0 points

Modify

Remove

**Question**

Which of the following offices of the U.S. government is a major employer of economists?

**Answer**

- International Monetary Fund
- United Nations
- World Bank
- ✓ Bureau of Labor Statistics

[◀ Add Question Here](#)

## Question 215 Multiple Choice

0 points

Modify

Remove

**Question**

Economists who are asked to choose between two different government policies may disagree because:

**Answer**

- they make the same value judgments about the desirability of the policies.
- ✓ they base their conclusions on models that make different assumptions.
- as a matter of course, economists often take opposing points of view so that all sides of a question may be discussed.
- economists are trained ignore facts and focus on theory.

[◀ Add Question Here](#)

## Question 216 Multiple Choice

0 points

Modify

Remove

**Question**

Economists may disagree about policies because:

**Answer**

- they may approach the issue using the same sets of values.
- ✓ they may use different economic models.
- they enjoy disagreeing with each other.
- they only consider issues in positive economics.

[◀ Add Question Here](#)

## Question 217 True/False

0 points

Modify

Remove

**Question**

Economic models that make unrealistic assumptions may be useful in analyzing some economic problems.

**Answer**

- ✓ True
- False



[◀ Add Question Here](#)

Question 218 True/False

0 points

Modify

Remove

**Question**

On any given production possibility frontier, we see the minimum quantity of one good that can be produced for any given production of the other.

**Answer**

True

✓ False

[◀ Add Question Here](#)

Question 219 True/False

0 points

Modify

Remove

**Question**

Suppose residents of Montana operate on their production possibility frontier and want to see increased wheat production as well as an increase in the production of fly-fishing rods. According to the production possibility frontier, this cannot happen without new resources or technological improvement.

**Answer**

✓ True

False

[◀ Add Question Here](#)

Question 220 True/False

0 points

Modify

Remove

**Question**

A typical, bowed-out production possibility frontier between two goods—guns and butter—shows that the opportunity cost of butter in terms of guns increases as more butter is produced. This implies that the opportunity cost of guns in terms of butter decreases as more guns are produced.

**Answer**

True

✓ False

[◀ Add Question Here](#)

Question 221 True/False

0 points

Modify

Remove

**Question**

If the United States is more productive than Mexico in all lines of production, then the United States cannot benefit from trade with Mexico.

**Answer**

True

✓ False

[◀ Add Question Here](#)

Question 222 True/False

0 points

Modify

Remove

**Question**

Bangladesh produces much of the clothing we wear because it is more productive in producing clothes than we are in the United States.

**Answer**

True

✓ False

[◀ Add Question Here](#)

Question 223 True/False

0 points

Modify

Remove

**Question**

Nations can gain from trade with other nations even if they are less productive in all industries than the nations they trade with.

**Answer**

✓ True  
False

◀ [Add Question Here](#)

Question 224 **True/False**

**0 points**

Modify  
Remove

**Question**

**Table: Fish and Coconut  
Production Possibilities**

|      | <b>Fish</b> | <b>Coconuts</b> |
|------|-------------|-----------------|
| Tom  | 12          | 8               |
| Hank | 5           | 5               |

Reference: Ref 2-26

(Table: Fish and Coconut Production Possibilities) Look at the table Fish and Coconut Production Possibilities. The table shows the maximum amount of fish or coconuts that Tom and Hank can produce when each produces only one of the goods. The table implies that Hank has an absolute advantage in the production of both goods.

**Answer**

True  
✓ False

◀ [Add Question Here](#)

Question 225 **True/False**

**0 points**

Modify  
Remove

**Question**

**Table: Fish and Coconut  
Production Possibilities**

|      | <b>Fish</b> | <b>Coconuts</b> |
|------|-------------|-----------------|
| Tom  | 12          | 8               |
| Hank | 5           | 5               |

Reference: Ref 2-26

(Table: Fish and Coconut Production Possibilities) Look at the table Fish and Coconut Production Possibilities. The table shows the maximum amount of fish or coconuts that Tom and Hank can produce when each produces only one of the goods. The table implies that Tom has a comparative advantage in the production of both goods.

**Answer**

True  
✓ False

◀ [Add Question Here](#)

Question 226 **True/False**

**0 points**

Modify  
Remove

**Question**

Absolute advantage is the basis for gains from trade.

**Answer**

True  
✓ False

[◀ Add Question Here](#)**Question 227 True/False****0 points**

Modify  
Remove

**Question**

The principle of comparative advantage suggests that if New York and Florida exchange taxi parts for oranges, each state will be made worse off.

**Answer**

True  
✓ False

[◀ Add Question Here](#)**Question 228 True/False****0 points**

Modify  
Remove

**Question**

A firm is an organization that produces goods.

**Answer**

✓ True  
False

[◀ Add Question Here](#)**Question 229 True/False****0 points**

Modify  
Remove

**Question**

Fertilizer, used to grow pumpkins, is an example of a factor of production.

**Answer**

True  
✓ False

[◀ Add Question Here](#)**Question 230 True/False****0 points**

Modify  
Remove

**Question**

Labor and capital are the only two factors of production.

**Answer**

True  
✓ False

[◀ Add Question Here](#)**Question 231 True/False****0 points**

Modify  
Remove

**Question**

"Teachers in northern New Hampshire should earn more money" is a normative statement.

**Answer**

✓ True  
False

[◀ Add Question Here](#)**Question 232 True/False****0 points**

Modify  
Remove

**Question**

Positive economics is the branch of economics that makes prescriptions about the way the economy should work.

**Answer**

True

✓ False

 [Add Question Here](#)

Question 233

**True/False****0 points**

Modify

Remove

**Question**

“Steel tariffs will prevent job losses in the steel industry” is a positive statement.

**Answer**

✓ True

False

 [Add Question Here](#)

Question 234

**True/False****0 points**

Modify

Remove

**Question**

“The unemployment rate should be higher” is a normative statement.

**Answer**

✓ True

False

 [Add Question Here](#)

Question 235

**True/False****0 points**

Modify

Remove

**Question**

“Many economists agree that income taxes should be increased for rich people” is a positive statement.

**Answer**

True

✓ False

 [Add Question Here](#)

Question 236

**True/False****0 points**

Modify

Remove

**Question**

Economists disagree more over normative economics than positive economics.

**Answer**

✓ True

False

 [Add Question Here](#)

Question 237

**Essay****0 points**

Modify

Remove

**Question**

Consider a point within a production possibility frontier for a simple economy that produces only two goods, X and Y. Why is this point described as feasible but not efficient?

**Answer** Any point that lies within the frontier is feasible. This simply means that the economy has the resources and technology to produce this combination of goods. However, it is not efficient because more of one good could be produced without sacrificing any of the other good. In fact, more of both goods could be produced by moving to a point on the frontier.

 [Add Question Here](#)

Question 238

**Essay****0 points**

Modify

Remove

**Question**

Explain why economists believe that in reality production possibility frontiers have a bowed-out curvature rather than a straight line.

**Answer** As an economy produces more and more of one good, the opportunity cost begins to rise. One reason for this principle is that resources (land, labor, capital) are not perfectly substitutable for producing all goods. Because some resources are better suited to producing good X (and ill-suited to producing good Y), they will be the first employed in the production of the first unit of good X. This creates a large increase in production of good X at a cost of very little lost production of good Y. However, as the production of good X increases, it is necessary to use resources that were very well-suited to producing good Y and not very productive in producing good X. This creates a very small increase in production of good X but at a very large cost in the loss of production of good Y.

 [Add Question Here](#)

Question 239

**Essay****0 points**

Modify

Remove

**Question**

Leaders of a small town are tired of looking at a vacant and dilapidated warehouse that sits on a prime piece of real estate. The town finds an investor who purchases the warehouse and promises to renovate the old building and build condominiums. Is this economic growth?

**Answer** A politician would probably tell you that it is economic growth, but an economist might disagree. The land and building are currently unproductive. You might imagine that this indicates the town is operating inside the production possibility frontier. When the land is purchased and made productive again, the town moves out toward the frontier, but the frontier itself does not move outward. Simply put, this is not economic growth, but it is a more efficient use of idle resources.

 [Add Question Here](#)

Question 240

**Essay****0 points**

Modify

Remove

**Question**

Explain how technological progress is a source for economic growth.

**Answer** Suppose a nation's factors of production (land, labor, capital, and human capital) are fixed, but our collective technology improves. This means that we can produce more goods and services with a fixed quantity of our economic resources. If we can produce more with the same amount of resources, our production possibility frontier must increase, or shift outward.

 [Add Question Here](#)

Question 241

**Essay****0 points**

Modify

Remove

**Question**

**Table: Crab and Cake Production in Chesapeake**

| Crab Production | Cake Production |
|-----------------|-----------------|
| 500             | 0               |
| 400             | 250             |
| 300             | 450             |
| 200             | 600             |
| 100             | 700             |
| 0               | 750             |

Reference: Ref 2-27

(Table: Crab and Cake Production in Chesapeake) Look at the table Crab and Cake Production

in Chesapeake. What is the opportunity cost of increasing the production of crabs from zero to 100? What is the opportunity cost of increasing the production of crabs from 400 to 500? Explain the difference in your answers.

**Answer** When the nation increased production from zero to 100 crabs, the cost was only 50 cakes. But when Chesapeake increased crab production from 400 to 500, the cost was a much larger 250 cakes. In other words, the opportunity cost of crab production rose as more crabs were produced. The reason is that resources (labor, land, capital, and human capital) are not perfectly substituted between crab production and cake production. A unit of capital like a boat is very good at producing crabs but terrible at producing cakes. A square mile of ocean is very good at producing crabs but useless at producing cakes. Because resources can't easily be switched between productive uses, opportunity cost rises.

[Add Question Here](#)

Question 242 **Essay**

0 points

Modify

Remove

**Question**

**Table: Crab and Cake Production in Chesapeake**

| Crab Production | Cake Production |
|-----------------|-----------------|
| 500             | 0               |
| 400             | 250             |
| 300             | 450             |
| 200             | 600             |
| 100             | 700             |
| 0               | 750             |

Reference: Ref 2-27

(Table: Crab and Cake Production in Chesapeake) Look at the table Crab and Cake Production in Chesapeake. The table shows the maximum annual output combinations of crabs and cakes. Given the scarce resources and limited technology, as Chesapeake uses more resources to the production of cakes, fewer resources are available to produce crabs. Can this nation produce 200 crabs and 500 cakes? Is this efficient? Explain.

**Answer** Yes, Chesapeake can produce 200 crabs and 500 cakes. We know this because it can produce 200 crabs and 600 cakes. This is not efficient. If it produces only 500 cakes, there must be idle resources in the economy, and the nation is operating inside the production possibility frontier. Without losing any crab production, the nation could produce 100 more cakes and move out to the production possibility frontier.

[Add Question Here](#)

Question 243 **Essay**

0 points

Modify

Remove

**Question**

**Table: Wheat and Aluminum**

|         | Wheat Production | Aluminum Production |
|---------|------------------|---------------------|
| U.S.    | 100              | 0                   |
|         | 0                | 100                 |
|         | Wheat Production | Aluminum Production |
| Germany | 50               | 0                   |
|         | 0                | 100                 |

Reference: Ref 2-28

(Table: Wheat and Aluminum) Look at the table Wheat and Aluminum. that shows the maximum possible production (in tons) of wheat and aluminum for both the United States and Germany. Are gains from trade possible between these nations? Explain.

**Answer** Yes. The United States has a comparative advantage in the production of wheat because the opportunity cost of producing wheat is only 1 ton of aluminum, but in Germany the opportunity cost of 1 ton of wheat is 2 tons of aluminum. The United States should specialize in wheat production. Germany has a comparative advantage in the production of aluminum because the opportunity cost of producing 1 ton of aluminum is only 1/2 ton of wheat, while in the United States the opportunity cost of 1 ton of aluminum is 1 ton of wheat. Germany should therefore specialize in aluminum production. The United States would trade wheat to Germany in exchange for aluminum.

 [Add Question Here](#)

Question 244 **Essay**

**0 points**

Modify

Remove

**Question**

Consider a nation with a large economy like the United States and a nation with a small economy like the Dominican Republic. How can the United States, with absolute advantage in production of almost all goods, benefit from trade with the Dominican Republic?

**Answer** The answer lies not in absolute advantage but in comparative advantage. Any time two nations have different opportunity costs, one nation can produce a good more cheaply than the other. Each nation has a comparative advantage in something and a comparative disadvantage in something.

 [Add Question Here](#)

Question 245 **Essay**

**0 points**

Modify

Remove

**Question**

You are reading an editorial in your local newspaper. The editorial says: "The United States had a trade deficit of \$18.4 billion in February 2008. This is a clear indication to our leaders that we must renegotiate our trade agreements with China to make them fairer for the American worker." What parts of this editorial are positive and what parts are normative economics?

**Answer** The statement of historical fact "trade deficit of \$18.4 billion" is positive economics. It does not imply any value judgment. The second statement, "our leaders must renegotiate . . ." is normative economics. The editorial board is prescribing the way the economy, in this case trade with China, should work. There is a very clear value judgment that the trade deficit is unfair to American workers and we should therefore work to remedy the deficit.

 [Add Question Here](#)

Question 246 **Multiple Choice**

**0 points**

Modify

Remove

**Question**

Economists use models to explain real-life situations because:

**Answer**

- such models tend to be exactly what is occurring in each situation.
- assumptions found in such models tend to make the problem more difficult.
- ✓ simplifications and assumptions often yield answers that can help to explain the more difficult real-life situations.
- real-life situations are not relevant to the building of models.

 [Add Question Here](#)

## Question 247 Multiple Choice

0 points

Modify

Remove

## Question

Economic models often:

- Answer** ✓ vary greatly in assumptions and simplifications.  
are correct.  
provide similar answers.  
fail to explain any of the real-life scenarios they are supposed to help solve.

[◀ Add Question Here](#)

## Question 248 Multiple Choice

0 points

Modify

Remove

## Question

"All other relevant factors remain unchanged" is another way of saying:

- Answer** ✓ all other things equal.  
allow several variables to change in order to understand how those variables affect one variable held constant.  
allow all variables to change and attempt to understand how the variables interact with each other.  
no variables change.

[◀ Add Question Here](#)

## Question 249 Multiple Choice

0 points

Modify

Remove

## Question

Alexander has a straight-line, or linear, production possibility frontier when he produces soybeans and corn. If he uses all of his resources to grow soybeans, he can produce 200 bushels of soybeans; if he uses all of his resources for corn production, he can produce 400 bushels of corn. Which of the following combinations of corn and soybeans are *not* possible for him to produce?

- Answer**  
200 bushels of soybeans and zero bushels of corn  
✓ 600 bushels of corn and 200 bushels of soybeans  
400 bushels of corn and zero bushels of soybeans  
100 bushels of soybeans and 200 bushels of corn

[◀ Add Question Here](#)

## Question 250 Multiple Choice

0 points

Modify

Remove

## Question

Frances has a linear production possibility frontier when she produces tomatoes and green beans. If she uses all of her resources, she can produce 400 bushels of tomatoes or 800 bushels of green beans. Which of the following combinations is *not* efficient for Frances?

- Answer**  
400 bushels of tomatoes and zero bushels of green beans  
200 bushels of tomatoes and 400 bushels of green beans  
✓ 200 bushels of tomatoes and 200 bushels of green beans  
800 bushels of green beans and zero bushels of tomatoes

[◀ Add Question Here](#)

## Question 251 Multiple Choice

0 points

Modify

Remove



**Question**

Alison has a linear production possibility frontier in the production of bracelets and necklaces. In one hour, she can produce 5 bracelets or 10 necklaces. What is the opportunity cost for her to make one necklace?

**Answer**

- 5 bracelets
- 10 necklaces
- ✓ 1/2 a bracelet
- 2 necklaces

 [Add Question Here](#)

Question 252 **Multiple Choice**

0 points

Modify

Remove

**Question****Scenario: Linear Production Possibility Frontier**

Largetown has a linear production possibility frontier, and it produces socks and shirts with 80 hours of labor. The table shows the number of hours of labor necessary to produce one sock or one shirt.

| Number of hours<br>of labor to produce<br>one shirt | Number of hours<br>of labor to produce<br>one sock |
|-----------------------------------------------------|----------------------------------------------------|
| 4                                                   | 2                                                  |

Reference: Ref 2-29

(Scenario: Linear Production Possibility Frontier) Look at the scenario Linear Production Possibility Frontier. What is the maximum number of socks Largetown can produce?

**Answer**

- ✓ 40 socks
- 20 socks
- 2 socks
- 4 socks

 [Add Question Here](#)

Question 253 **Multiple Choice**

0 points

Modify

Remove

**Question****Scenario: Linear Production Possibility Frontier**

Largetown has a linear production possibility frontier, and it produces socks and shirts with 80 hours of labor. The table shows the number of hours of labor necessary to produce one sock or one shirt.

| Number of hours<br>of labor to produce<br>one shirt | Number of hours<br>of labor to produce<br>one sock |
|-----------------------------------------------------|----------------------------------------------------|
| 4                                                   | 2                                                  |

Reference: Ref 2-29

(Scenario: Linear Production Possibility Frontier) Look at the scenario Linear Production Possibility Frontier. If Largetown decides to devote half of its labor time to the production of socks and half of the time to the production of shirts, what is the maximum number of socks

and shirts it can produce?

- Answer**
- ✓ 10 shirts and 20 socks
  - 20 shirts and 10 socks
  - 30 socks and 30 shirts
  - 30 socks and zero shirts

[Add Question Here](#)

Question 254 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Scenario: Linear Production Possibility Frontier**

Largetown has a linear production possibility frontier, and it produces socks and shirts with 80 hours of labor. The table shows the number of hours of labor necessary to produce one sock or one shirt.

| Number of hours<br>of labor to produce<br>one shirt | Number of hours<br>of labor to produce<br>one sock |
|-----------------------------------------------------|----------------------------------------------------|
| 4                                                   | 2                                                  |

Reference: Ref 2-29

(Scenario: Linear Production Possibility Frontier) Look at the scenario Linear Production Possibility Frontier. What happens to the opportunity cost of producing shirts in Largetown if its labor resource decreases by 40 hours?

- Answer**
- The opportunity cost of producing shirts increases.
  - The opportunity cost of producing shirts decreases.
  - ✓ The opportunity cost of producing shirts does not change.
  - The opportunity cost may or may not change depending upon the number of units of socks it wishes to produce.

[Add Question Here](#)

Question 255 **Multiple Choice**

0 points

Modify

Remove

**Question**

**Scenario: Linear Production Possibility Frontier**

Largetown has a linear production possibility frontier, and it produces socks and shirts with 80 hours of labor. The table shows the number of hours of labor necessary to produce one sock or one shirt.

| Number of hours<br>of labor to produce<br>one shirt | Number of hours<br>of labor to produce<br>one sock |
|-----------------------------------------------------|----------------------------------------------------|
| 4                                                   | 2                                                  |

Reference: Ref 2-29

(Scenario: Linear Production Possibility Frontier) Look at the scenario Linear Production Possibility Frontier. Which of the following combinations of shirts and socks is *not* a feasible option for Largetown to produce?

**Answer**

- 20 shirts and zero socks
- ✓ 40 shirts and 40 socks
- 40 socks and zero shirts
- 10 shirts and 20 socks

[◀ Add Question Here](#)

Question 256

**Multiple Choice****0 points**

Modify

Remove

**Question**

Smallville has a linear production possibility frontier in the production of good X and good Y. It can produce 6 of X per hour or 8 of Y per hour. Suppose it has 240 hours of labor and divides labor hours equally between good X production and good Y production. What is the maximum amount of good Y it can produce?

**Answer**

- ✓ 960 Y
- 30 of Y
- 14 of Y
- 6 of Y

[◀ Add Question Here](#)

Question 257

**Multiple Choice****0 points**

Modify

Remove

**Question**

**Table: Production of Good Z and Good X in Urbanville**

| Combination | Good Z | Good X |
|-------------|--------|--------|
| A           | 0      | 75     |
| B           | 5      | 70     |
| C           | 10     | 60     |
| D           | 15     | 45     |
| E           | 20     | 25     |
| F           | 25     | 0      |

Reference: Ref 2-30

(Table: Production of Good Z and Good X in Urbanville) Look at the table Production of Good Z and Good X in Urbanville. If this represents the production possibility frontier and Urbanville is producing 5 of Z and 50 of X, then this combination is:

**Answer**

- ✓ feasible but inefficient.
- feasible and efficient.
- not feasible but efficient.
- neither feasible nor efficient.

[◀ Add Question Here](#)

Question 258

**Multiple Choice****0 points**

Modify

Remove

**Question**

**Table: Production of Good Z and Good X in Urbanville**

| Combination | Good Z | Good X |
|-------------|--------|--------|
| A           | 0      | 75     |
| B           | 5      | 70     |
| C           | 10     | 60     |
| D           | 15     | 45     |
| E           | 20     | 25     |
| F           | 25     | 0      |

Reference: Ref 2-30

(Table: Production of Good Z and Good X in Urbanville) Look at the table Production of Good Z and Good X in Urbanville. Suppose this represents the production possibility frontier and Urbanville is currently producing 15 of Z and 45 of X. This combination is:

- Answer**
- ☐ both allocatively and productively efficient.
  - ☒ productively efficient.
  - ☐ allocatively efficient.
  - ☐ neither productively nor allocatively efficient.

[Add Question Here](#)Question 259 **Multiple Choice****0 points**

Modify

Remove

**Question****Table: Production of Good Z and Good X in Urbanville**

| Combination | Good Z | Good X |
|-------------|--------|--------|
| A           | 0      | 75     |
| B           | 5      | 70     |
| C           | 10     | 60     |
| D           | 15     | 45     |
| E           | 20     | 25     |
| F           | 25     | 0      |

Reference: Ref 2-30

(Table: Production of Good Z and Good X in Urbanville) Look at the table Production of Good Z and Good X in Urbanville. If this represents the production possibility frontier and Urbanville is producing at combination C and moves to combination D, what is its opportunity cost of this move?

- Answer**
- ☒ 15 of X
  - ☐ 5 of Z
  - ☐ 15 of Z
  - ☐ 45 of X

[Add Question Here](#)Question 260 **Multiple Choice****0 points**

Modify

Remove

**Question****Table: Production of Good Z and Good X in Urbanville**

| Combination | Good Z | Good X |
|-------------|--------|--------|
| A           | 0      | 75     |
| B           | 5      | 70     |
| C           | 10     | 60     |
| D           | 15     | 45     |
| E           | 20     | 25     |
| F           | 25     | 0      |

Reference: Ref 2-30

(Table: Production of Good Z and Good X in Urbanville) Look at the table Production of Good Z and Good X in Urbanville. If this represents the production possibility frontier and Urbanville is currently producing at combination F, what is the opportunity cost of a move to combination E?

**Answer**

- ✓ 5 of Z  
20 of Z  
25 of X  
0 of X

◀ [Add Question Here](#)Question 261 **Multiple Choice****0 points**

Modify

Remove

**Question**

If an economy produces the desired mix of goods from its available resources, then this mix of goods is:

**Answer**

- ✓ allocatively efficient.  
both productively and allocatively efficient.  
productively efficient.  
neither productively nor allocatively efficient.

◀ [Add Question Here](#)Question 262 **Multiple Choice****0 points**

Modify

Remove

**Question****Scenario: Countries A and B**

Two countries, A and B, produce two goods, wheat (W) and steel (S). Each has a linear production possibility frontier in both goods. If country A spends all of its available resources to produce wheat, it can produce 500 tons of wheat and zero tons of steel. If it uses all of its resources to produce steel, it can produce 250 tons of steel and zero tons of wheat. If country B spends all of its available resources producing wheat, it can produce 400 tons of wheat, and if it spends all of its resources on the production of steel, it can produce 400 tons of steel.

Reference: Ref 2-31

(Scenario: Countries A and B) Look at the scenario Countries A and B. Given this information, country \_\_\_\_\_ has a comparative advantage in the production of wheat and country \_\_\_\_\_ has a comparative advantage in the production of steel.

**Answer**

- A; A  
✓ A; B  
B; B  
B; A

[◀ Add Question Here](#)

Question 263

**Multiple Choice****0 points**

Modify

Remove

**Question****Scenario: Countries A and B**

Two countries, A and B, produce two goods, wheat (W) and steel (S). Each has a linear production possibility frontier in both goods. If country A spends all of its available resources to produce wheat, it can produce 500 tons of wheat and zero tons of steel. If it uses all of its resources to produce steel, it can produce 250 tons of steel and zero tons of wheat. If country B spends all of its available resources producing wheat, it can produce 400 tons of wheat, and if it spends all of its resources on the production of steel, it can produce 400 tons of steel.

[Reference: Ref 2-31](#)

(Scenario: Countries A and B) Look at the scenario Countries A and B. If each country devotes half of its resources to the production of wheat and half to the production of steel, then their total production of wheat would be \_\_\_\_\_ and their total production of steel would be \_\_\_\_\_.

**Answer**

- ✓ 450; 325  
900; 650  
500; 250  
400; 400

[◀ Add Question Here](#)

Question 264

**Multiple Choice****0 points**

Modify

Remove

**Question****Scenario: Countries A and B**

Two countries, A and B, produce two goods, wheat (W) and steel (S). Each has a linear production possibility frontier in both goods. If country A spends all of its available resources to produce wheat, it can produce 500 tons of wheat and zero tons of steel. If it uses all of its resources to produce steel, it can produce 250 tons of steel and zero tons of wheat. If country B spends all of its available resources producing wheat, it can produce 400 tons of wheat, and if it spends all of its resources on the production of steel, it can produce 400 tons of steel.

[Reference: Ref 2-31](#)

(Scenario: Countries A and B) Look at the scenario Countries A and B. If country B produces 300 tons of steel, how many tons of wheat can it produce?

**Answer**

- ✓ 100  
200  
300  
400

[◀ Add Question Here](#)

Question 265

**Multiple Choice****0 points**

Modify

Remove

**Question****Scenario: Countries A and B**

Two countries, A and B, produce two goods, wheat (W) and steel (S). Each has a linear production possibility frontier in both goods. If country A spends all of its available resources to produce wheat, it can produce 500 tons of wheat and zero tons of steel. If it uses all of its resources to produce steel, it can produce 250 tons of steel and zero tons of wheat. If country B spends all of its available resources producing wheat, it can produce 400 tons of wheat, and if it spends all of its resources on the production of steel, it can produce 400 tons of steel.

Reference: Ref 2-31

(Scenario: Countries A and B) Look at the scenario Countries A and B. If countries A and B both specialize and trade:

**Answer**

- only country A will gain.
- only country B will gain.
- ✓ country A and country B will gain if they specialize in their comparatively advantaged good.
- neither country will gain.

◀ [Add Question Here](#)

Question 266

**Multiple Choice**

0 points

Modify

Remove

**Question****Scenario: Countries A and B**

Two countries, A and B, produce two goods, wheat (W) and steel (S). Each has a linear production possibility frontier in both goods. If country A spends all of its available resources to produce wheat, it can produce 500 tons of wheat and zero tons of steel. If it uses all of its resources to produce steel, it can produce 250 tons of steel and zero tons of wheat. If country B spends all of its available resources producing wheat, it can produce 400 tons of wheat, and if it spends all of its resources on the production of steel, it can produce 400 tons of steel.

Reference: Ref 2-31

(Scenario: Countries A and B) Look at the scenario Countries A and B. Given this information, the country that has the absolute advantage in wheat is \_\_\_\_\_, and the country that has the absolute advantage in steel is \_\_\_\_\_.

**Answer**

- A; A
- ✓ A; B
- B; B
- B; A

◀ [Add Question Here](#)

Question 267

**Multiple Choice**

0 points

Modify

Remove

**Question**

Positive economics:

**Answer**

- describes opinions and perspectives on how the world should work.
- is based on opinion polls.
- ✓ describes how the world does work.
- is the same as normative economics.

◀ [Add Question Here](#)

Question 268

Multiple Choice

0 points

Modify

Remove

**Question**

Of the following statements, which reflect(s) a normative view?

I. The United States should increase the minimum wage to \$10 per hour.

II. There is a federal minimum wage in the United States.

III. The federal minimum wage in the United States is less than \$10 per hour.

**Answer**

All are normative.

None are normative

Statements I and II reflect a normative view.

✓ Statement I reflects a normative view.

[◀ Add Question Here](#)

OK