Student name:\_\_\_\_\_\_\_\_\_\_

**1)** Economics is the study of

A) how much people should buy and the prices they should be willing to pay.   
 B) how much people should sell and the prices they should be willing to accept.  
 C) the allocation of the world's freely available resources and who should get them.  
 D) the allocation and use of scarce resources to satisfy unlimited human wants.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
Bloom's : Remember  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Accessibility : Keyboard Navigation  
Gradable : automatic

**2)** The one word in the definition of economics that focuses on the fact that it is impossible to provide all of the goods and services that everyone wants is

A) scarcity.   
 B) resources.  
 C) study.  
 D) allocation.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**3)** The one word in the definition of economics that focuses on the fact that we have to make choices about who gets what and how much is

A) scarcity.   
 B) resources.  
 C) study.  
 D) allocation.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**4)** Economists focus on "unlimited human wants", rather than \_\_\_\_\_\_\_\_, to describe our pursuit of goods and services.

A) needs   
 B) prices  
 C) output  
 D) physical requirements

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**5)** Scarcity implies that the allocation scheme chosen by society can

A) not make more of any one good.   
 B) typically make more of a good but at the expense of making less of another.  
 C) always make more of all goods, simultaneously.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**6)** Production possibilities frontier models

A) the choices we make in setting prices.   
 B) the choices we make in setting output alternatives.  
 C) the choices we make in setting wages.  
 D) the choices we make in setting incomes.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
Bloom's : Remember  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Accessibility : Keyboard Navigation  
Gradable : automatic

**7)** A production possibilities frontier is a simple model of

A) scarcity and allocation.   
 B) prices and output.  
 C) production and costs.  
 D) inputs and outputs.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
Bloom's : Remember  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Accessibility : Keyboard Navigation  
Gradable : automatic

**8)** A simplifying assumption is typically made so as to

A) make a point clearer by stripping away excess detail.   
 B) make a point clearer by adding sufficient detail to get things precise.  
 C) divert attention from the real problem.  
 D) make things look better than they really are.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**9)** Something is scarce as long as

A) there is a price that the market puts on the item.   
 B) there is no freely available infinite source of the item.  
 C) the government provides it.  
 D) the market provides it.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Accessibility : Keyboard Navigation  
Gradable : automatic

**10)** A resource

A) must come from the earth.   
 B) only includes physical things.  
 C) is anything that we consume directly or use to make things we will ultimately consume.  
 D) must come from the earth and is anything that we consume directly or use to make things we will ultimately consume.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Economics and Opportunity Cost  
Bloom's : Remember  
AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Accessibility : Keyboard Navigation  
Gradable : automatic

**11)** The underlying reason that there are unattainable points on a production possibilities frontier diagram is that there

A) is government.   
 B) are always choices that have to be made.  
 C) is a scarcity of resources within a fixed level of technology.  
 D) is unemployment of resources.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**12)** The underlying reason production possibilities frontiers are likely to be bowed out (rather than linear) is

A) choices have consequences.   
 B) there is always opportunity costs.  
 C) some resources and people can be better used producing one good rather than another.  
 D) there is always some level of unemployment.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**13)** The optimization assumption suggests that people make

A) irrational decisions.   
 B) unpredictable decisions.  
 C) decisions to make themselves as well off as possible.  
 D) decisions without thinking very hard.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**14)** The fact that we are operating at a point inside a bowed out production possibilities frontier indicates there is

A) scarcity.   
 B) constant opportunity cost.  
 C) unemployment.  
 D) increasing opportunity cost.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**15)** If the production possibilities frontier is not bowed out, but is a line, there is

A) scarcity.   
 B) constant opportunity cost.  
 C) unemployment.  
 D) increasing opportunity cost.

**Question Details**Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Accessibility : Keyboard Navigation  
Gradable : automatic

**16)** The fact that the production possibilities frontier is bowed out indicates there is

A) scarcity.   
 B) constant opportunity cost.  
 C) unemployment.  
 D) increasing opportunity cost.

**Question Details**Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Accessibility : Keyboard Navigation  
Gradable : automatic

**17)** The fact that we cannot operate at a point outside a production possibilities frontier indicates there is

A) scarcity.   
 B) constant opportunity cost.  
 C) unemployment.  
 D) increasing opportunity cost.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**18)** Points on the Production Possibilities Frontier are

A) attainable.   
 B) unattainable.  
 C) associated with some unemployment  
 D) both attainable and unattainable.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**19)** Points inside the Production Possibilities Frontier are

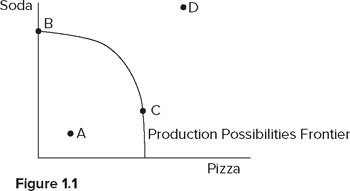
A) attainable.   
 B) unattainable.  
 C) associated with some unemployment.  
 D) both attainable and unattainable.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**20)** Points outside the Production Possibilities Frontier are

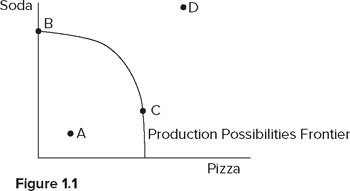
A) attainable.   
 B) unattainable.  
 C) associated with some unemployment.  
 D) both attainable and unattainable.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**21)** In Figure 1.1, which labeled points are attainable?

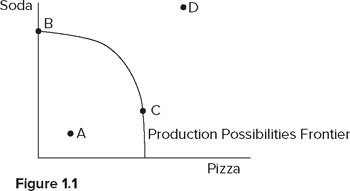
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
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Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**22)** In Figure 1.1, which labeled points are unattainable?

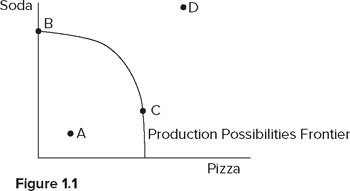
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
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Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**23)** In Figure 1.1, which labeled points represent the existence of unemployment?

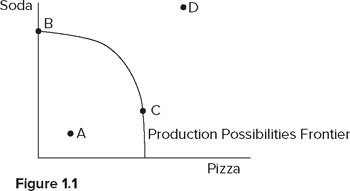
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
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Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**24)** In Figure 1.1, which labeled point indicates that there are sufficient resources and technology to produce the combination of goods represented by that point?

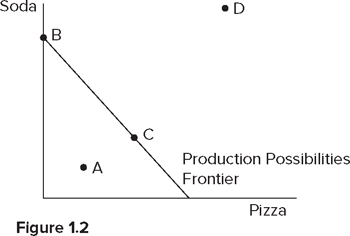
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
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Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**25)** In Figure 1.1, which labeled point indicates that there are insufficient resources or technology to produce the combination of goods represented by that point?

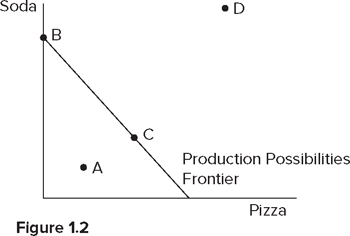
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
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Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**26)** In Figure 1.2, which labeled points are attainable?

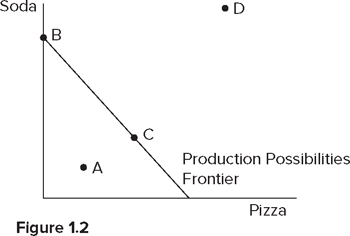
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
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Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**27)** In Figure 1.2, which labeled points are unattainable?

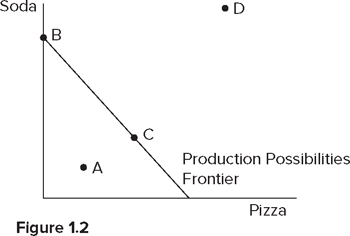
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
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Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**28)** In Figure 1.2, which labeled points represent the existence of unemployment?

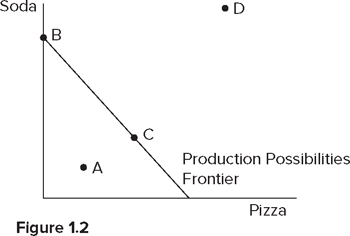
A) only A   
 B) only B and C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
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AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**29)** In Figure 1.2, which labeled point indicates that there are sufficient resources and technology to produce the combination of goods represented by that point?

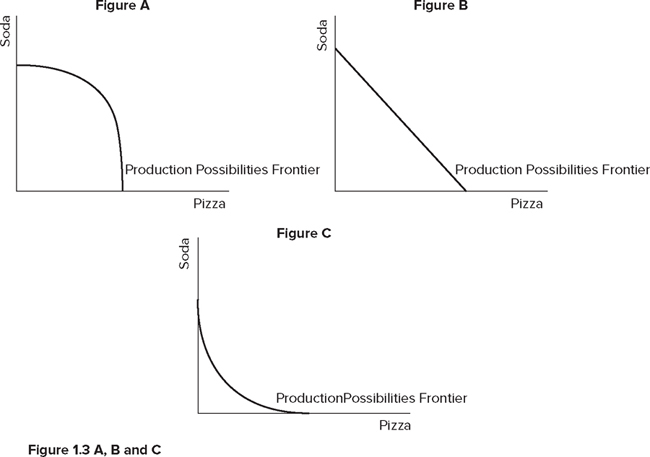
A) only A   
 B) only C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
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Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**30)** In Figure 1.2, which labeled point indicates that there are insufficient resources or technology to produce the combination of goods represented by that point?

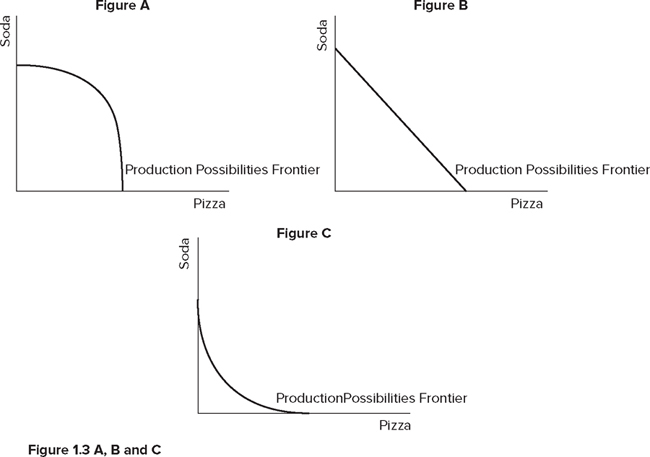
A) only A   
 B) only C  
 C) only D  
 D) A, B, and C

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
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Accessibility : Keyboard Navigation  
Gradable : automatic

**31)** In Figure 1.3, A, B, and C, which depicts the existence of opportunity cost?

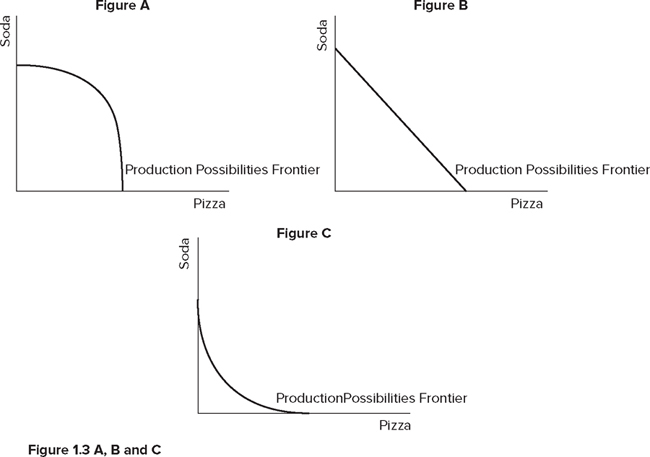
A) Figure A   
 B) Figure B  
 C) Figure C  
 D) All three figures show the existence of opportunity cost.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Accessibility : Keyboard Navigation  
Gradable : automatic

**32)** In Figure 1.3, A, B, and C, which depicts the existence of scarcity?

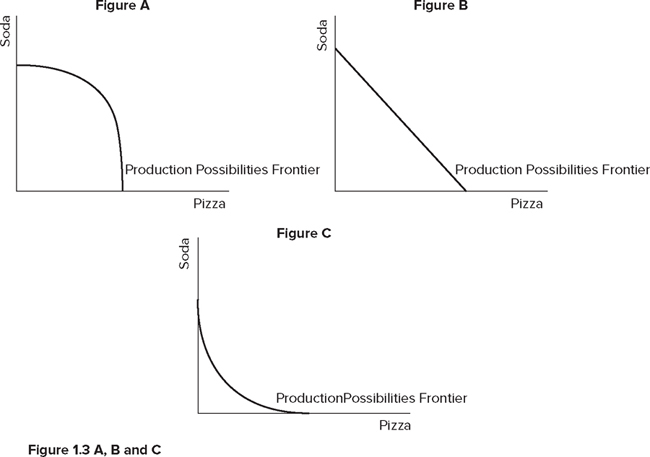
A) Figure A   
 B) Figure B  
 C) Figure C  
 D) All three figures show the existence of scarcity.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**33)** In Figure 1.3, A, B, and C, which depicts the existence of constant opportunity cost?

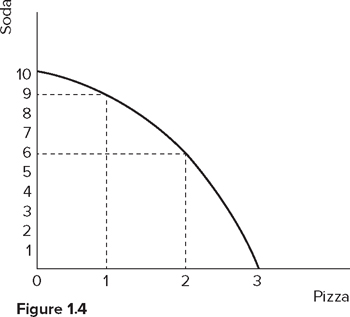
A) Figure A   
 B) Figure B  
 C) Figure C  
 D) All three figures show the existence of constant opportunity cost.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**34)** In Figure 1.3, A, B, and C, which depicts the existence of increasing opportunity cost?

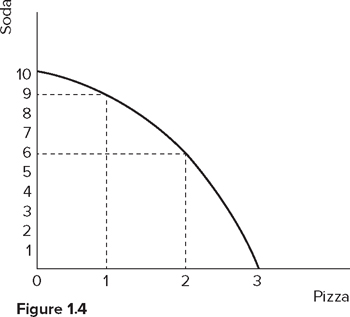
A) Figure A   
 B) Figure B  
 C) Figure C  
 D) All three figures show the existence of increasing opportunity cost.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**35)** Using Figure 1.4, you can tell that

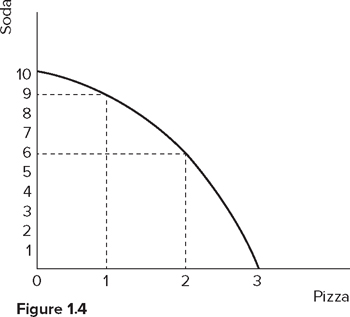
A) there is increasing opportunity cost.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 9 units of soda and 1 unit of pizza.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**36)** Using Figure 1.4, you can tell that

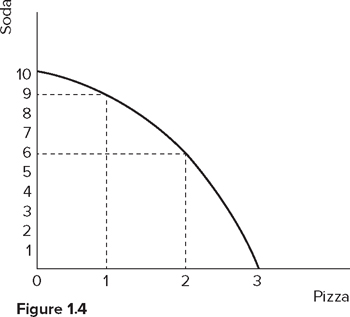
A) the technology does not exist to produce 6 units of soda and 2 units of pizza.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 9 units of soda and 3 units of pizza.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**37)** Using Figure 1.4, we know the production of 6 units of soda and 2 units of pizza is

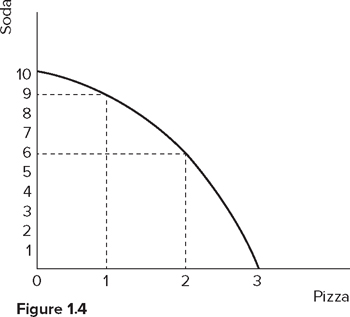
A) possible, but there would be unemployment.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**38)** Using Figure 1.4, we know the production of 9 units of soda and 1 unit of pizza is

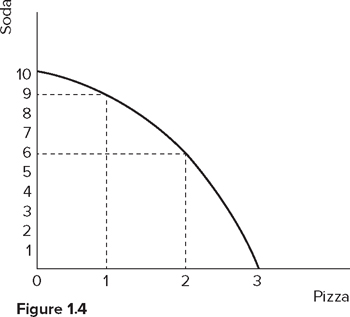
A) possible, but there would be unemployment.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**39)** Using Figure 1.4 above, we know the production of 9 units of soda and 3 units of pizza is

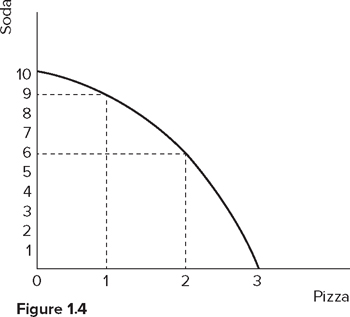
A) possible, but there would be unemployment.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we either do not have the resources or the technology.  
 D) undesirable.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**40)** Using Figure 1.4 above, we know the production of 4 units of soda and 2 units of pizza is

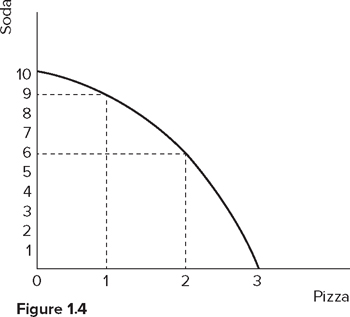
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**41)** Referring to Figure 1.4, the opportunity cost of producing the first unit of pizza is

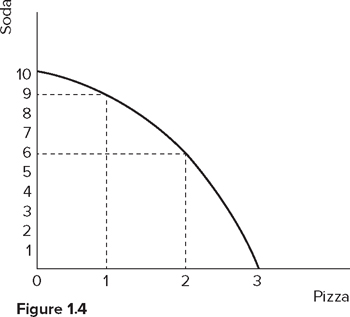
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.  
 D) the same as the opportunity cost of producing the second unit of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**42)** Referring to Figure 1.4, the opportunity cost of producing the second unit of pizza is

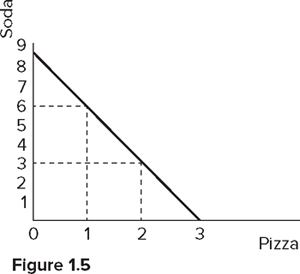
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.  
 D) the same as the opportunity cost of producing the first unit of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**43)** Referring to Figure 1.4, the opportunity cost of producing the third unit of pizza is

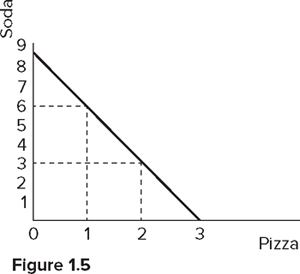
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.  
 D) the same as the opportunity cost of producing the first unit of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**44)** Using Figure 1.5 above, you can tell that

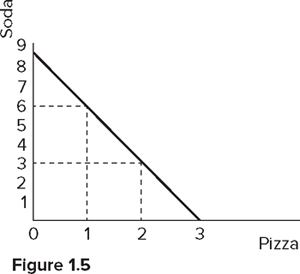
A) there is increasing opportunity cost.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 6 units of soda and 1 unit of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**45)** Using Figure 1.5 above, you can tell that

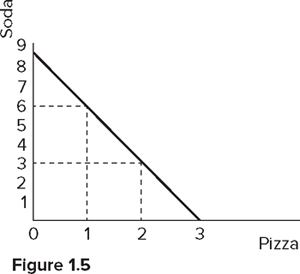
A) the technology does not exist to produce 4 units of soda and 1 unit of pizza.   
 B) there is unemployment.  
 C) there is increasing opportunity cost.  
 D) the technology does not exist to produce 3 units of soda and 3 units of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**46)** Using Figure 1.5 above, we know the production of 3 units of soda and 2 units of pizza is

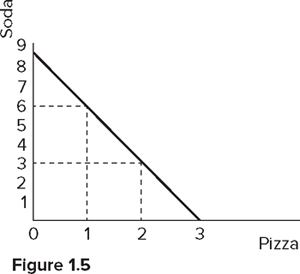
A) possible, but there would be unemployed.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**47)** Using Figure 1.5 above, we know the production of 6 units of soda and 1 unit of pizza is

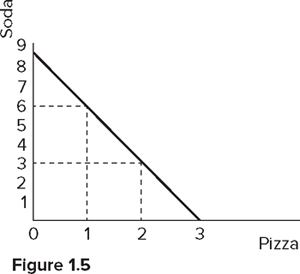
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**48)** Using Figure 1.5 above, we know the production of 6 units of soda and 2 units of pizza is

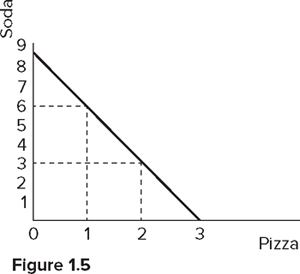
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we either do not have the resources or the technology.  
 D) undesirable.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**49)** Using Figure 1.5 above, we know the production of 2 units of soda and 2 units of pizza is

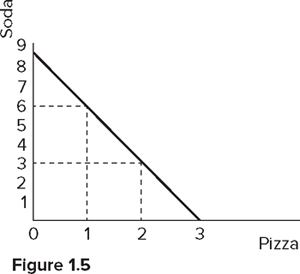
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**50)** Referring to Figure 1.5, the opportunity cost of producing the first unit of pizza is

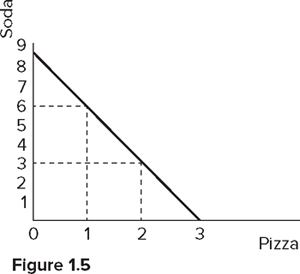
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**51)** Referring to Figure 1.5, the opportunity cost of producing the second unit of pizza is

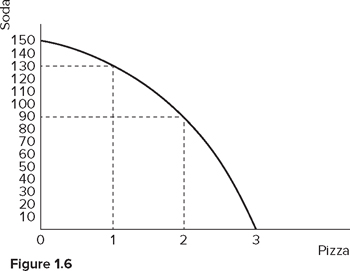
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**52)** Referring to Figure 1.5, the opportunity cost of producing the third unit of pizza is

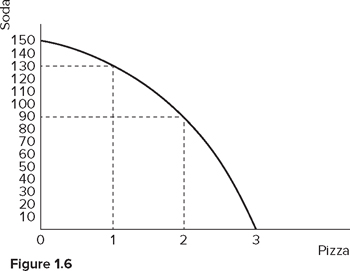
A) one unit of soda.   
 B) three units of soda.  
 C) six units of soda.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**53)** Using Figure 1.6, you can tell that

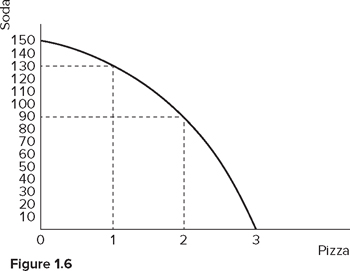
A) there is increasing opportunity cost.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 90 units of soda and 2 units of pizza.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**54)** Using Figure 1.6, you can tell that

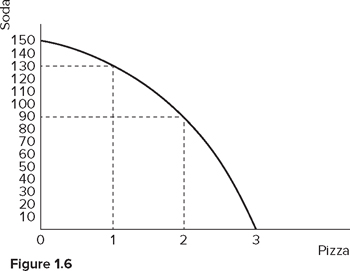
A) the technology does not exist to produce 130 units of soda and 1 unit of pizza.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 90 units of soda and 3 units of pizza.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**55)** Using Figure 1.6, we know the production of 90 units of soda and 2 units of pizza is

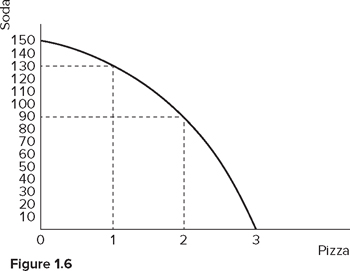
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**56)** Using Figure 1.6, we know the production of 130 units of soda and 1 unit of pizza is

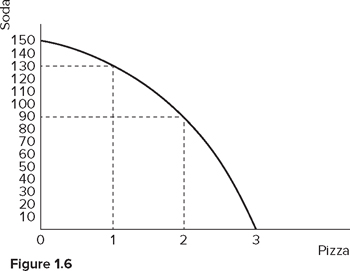
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**57)** Using Figure 1.6, we know the production of 90 units of soda and 4 units of pizza is

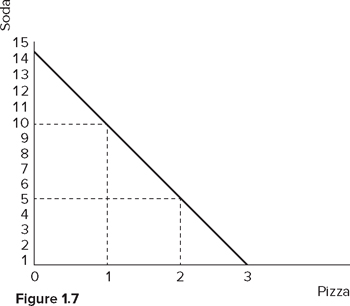
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we either do not have the resources or the technology.  
 D) undesirable.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**58)** Using Figure 1.6, we know the production of 90 units of soda and 1 unit of pizza is

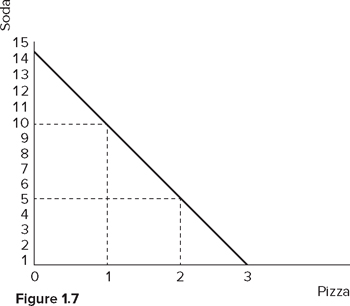
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**59)** Using Figure 1.7, you can tell that

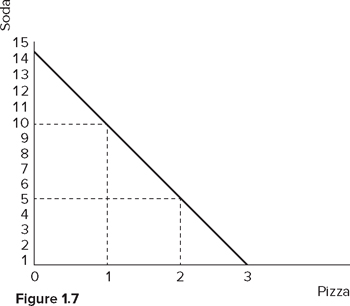
A) there is increasing opportunity cost.   
 B) there is unemployment.  
 C) there is constant opportunity cost.  
 D) the technology does not exist to produce 10 units of soda and 1 unit of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**60)** Using Figure 1.7, you can tell that

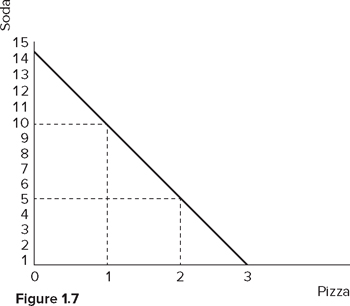
A) the technology does not exist to produce 5 units of soda and 3 units of pizza.   
 B) there is unemployment.  
 C) there is increasing opportunity cost.  
 D) the technology does not exist to produce 10 units of soda and 1 units of pizza.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**61)** Using Figure 1.7, we know the production of 5 units of soda and 2 units of pizza is

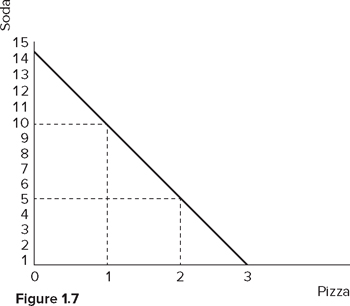
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**62)** Using Figure 1.7, we know the production of 10 units of soda and 1 unit of pizza is

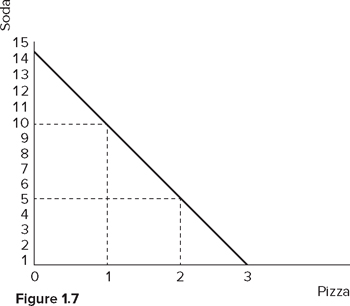
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**63)** Using Figure 1.7, we know the production of 10 units of soda and 2 units of pizza is

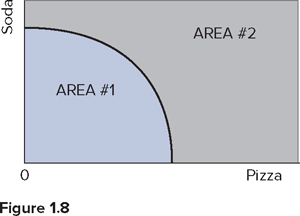
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we either do not have the resources or the technology.  
 D) undesirable.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**64)** Using Figure 1.7, we know the production of 4 units of soda and 2 units of pizza is

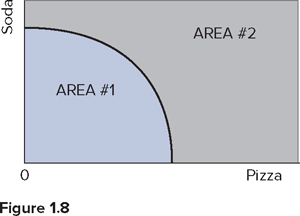
A) possible, but there would be unemployed resources.   
 B) possible, but only if all resources were fully employed.  
 C) impossible because we have the resources but do not have the technology.  
 D) impossible because we have the technology but do not have the resources.

**Question Details**AACSB : Analytical Thinking  
Learning Objective : 01-02 Distinguish between increasing and constant opportunity cost and understan  
Topic : Attributes of the Production Possibilities Frontier  
Bloom's : Evaluate  
Accessibility : Keyboard Navigation  
Gradable : automatic  
Difficulty : 3 Hard

**65)** Referring to Figure 1.8, if a point is attainable, it is in

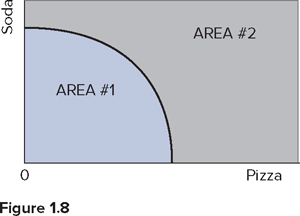
A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**66)** Referring to Figure 1.8, if a point is unattainable, it is in

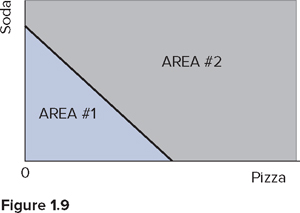
A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**67)** Referring to Figure 1.8, if a point represents unemployment, it is in

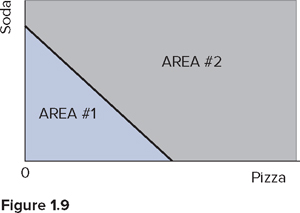
A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**68)** Referring to Figure 1.9, if a point is attainable, it is in

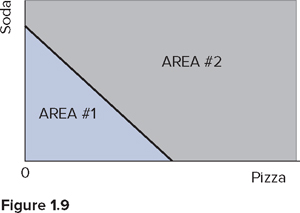
A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**69)** Referring to Figure 1.9, if a point is unattainable, it is in

A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**70)** Referring to Figure 1.9, if a point represents unemployment, it is in

A) AREA #1 but not on the curve.   
 B) AREA #1 or is on the curve.  
 C) AREA #2 but not on the curve.  
 D) AREA #2 or is on the curve.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Attributes of the Production Possibilities Frontier  
Accessibility : Keyboard Navigation  
Gradable : automatic

**71)** Chapter 1 entitled "Economics: The Study of Opportunity Cost" makes the point that we

A) can produce all we want of everything we want if we just work harder.   
 B) face tradeoffs because we have limited resources.  
 C) can avoid tradeoffs if we simply make the right decisions.  
 D) do not face tradeoffs because we have limited resources.

**Question Details**Learning Objective : 01-01 Define the key terms of economics and opportunity cost and understand how  
Difficulty : 1 Easy  
Topic : Modeling Opportunity Cost Using the Production Possibilities Frontier  
Bloom's : Apply  
AACSB : Knowledge Application  
Accessibility : Keyboard Navigation  
Gradable : automatic

**72)** Imagine an economist ordering pizza by the slice. When deciding how many slices to order, she would pick that number where the enjoyment of the \_\_\_\_\_\_\_\_ equals the enjoyment she could get from using the money on another good.

A) first slice   
 B) last slice  
 C) average slice  
 D) total number of slices

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**73)** When analyzing a problem, an economistwill compare the \_\_\_\_\_\_\_\_ and choose the outcome where they are equal.

A) average benefits to the average costs   
 B) marginal benefits to the marginal costs  
 C) total benefits to the total costs  
 D) fixed benefits to the fixed costs

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**74)** When analyzing a problem, an economistwill attempt to

A) maximize the net benefit of an action, and this occurs where the marginal benefit equals the marginal cost.   
 B) maximize the total benefit of an action.  
 C) minimize the total cost of an action.  
 D) maximize the net benefit of an action, and this occurs where the average benefit equals the average cost.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**75)** Economic incentives can come from

A) markets.   
 B) government programs.  
 C) taxes.  
 D) all of the options are correct.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**76)** The statement that "since a farmer will make more money if he has a bumper crop means that all farmers would make more money if they all had bumper crops" would be an example of which of the following?

A) the fallacy that correlation is the same as causation   
 B) the fallacy of composition  
 C) truth in an obvious form  
 D) the fallacy that correlation is the same as causation and the fallacy of composition

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**77)** Logging companies are always more profitable if they are able to harvest more (rather than less) lumber in a month. If you concluded from that fact that the logging industry is more profitable if all of the firms in the industry harvest more, then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because firms operate on jealousy.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**78)** Every worker is better off making more money and having better benefits. If you concluded from that fact that all workers would be better off if a law were passed requiring a 25% increase in wages and benefits, then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because workers operate on jealousy.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**79)** Many forms of seafood (lobster, crab legs, etc.) are consumed by dipping the meat in melted garlic butter. If someone suggested that it would therefore be equally appealing to drink melted butter after having eaten garlic and unseasoned seafood, you would know they had fallen victim to which of the following?

A) the fallacy that correlation is the same as causation   
 B) the fallacy of composition  
 C) a logical tautology  
 D) none of the options are correct

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**80)** Of course, all individual students are better off if they get better grades. If you were to conclude that all students would be better off if everyone received an "A", you would

A) have fallen victim to the fallacy of scarcity.   
 B) be right.  
 C) have fallen victim to the fallacy of composition.  
 D) be mistaking correlation with causation.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**81)** The fact that snow cones sales fall when snow accumulated from the sky suggests that snow cones sales and snow on the ground are

A) directly correlated.   
 B) inversely correlated.  
 C) neither directly correlated nor inversely correlated.  
 D) both directly correlated and inversely correlated.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**82)** If you were to conclude, after carefully examining data and using proper evaluation techniques, that a tax credit for attending college benefits the poor more than a tax deduction (of equal total cost to the government) would, you would have engaged in \_\_\_\_\_\_\_\_ analysis to reach that conclusion.

A) contra-indicative   
 B) positive  
 C) normative  
 D) creative

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**83)** When analyzing a problem, if an economist is attempting to understand why something happened without considering whether or not the action was fair or just, the economist is thinking

A) positively.   
 B) negatively.  
 C) normatively.  
 D) justifiably.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**84)** When analyzing a problem, if an economist is attempting to understand what caused something to happen without considering whether or not the action was fair or just, the economist is thinking

A) positively.   
 B) negatively.  
 C) normatively.  
 D) justifiably.

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**85)** When analyzing a problem, if an economist is attempting to understand whether or not an action was fair or just, the economist is thinking

A) positively.   
 B) negatively.  
 C) normatively.  
 D) justifiably.

**Question Details**Difficulty : 1 Easy  
Bloom's : Understand  
Topic : Thinking Economically  
AACSB : Ethics  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**86)** When analyzing a problem, if an economist is attempting to understand what the future implications of an action are without considering whether or not the action was fair or just, the economist is thinking

A) positively.   
 B) negatively.  
 C) normatively.  
 D) justifiably.

**Question Details**Difficulty : 1 Easy  
Bloom's : Understand  
Topic : Thinking Economically  
AACSB : Ethics  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**87)** Some suggest that when economists claim to be thinking \_\_\_\_\_\_\_\_, they are \_\_\_\_\_\_\_\_.

A) normatively; deluding themselves   
 B) positively; deluding themselves  
 C) normatively; really thinking positively  
 D) negatively; deluding themselves

**Question Details**Difficulty : 1 Easy  
Bloom's : Understand  
Topic : Thinking Economically  
AACSB : Ethics  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**88)** The fact that when the temperature rises, snow shovel sales fall, suggests the two are

A) directly correlated.   
 B) inversely correlated.  
 C) neither directly correlated nor inversely correlated.  
 D) both directly correlated and inversely correlated.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**89)** The fact that when temperature rises, snow cone sales rise, suggests the two are

A) directly correlated.   
 B) inversely correlated.  
 C) neither directly correlated nor inversely correlated.  
 D) both directly correlated and inversely correlated.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**90)** The fact that as snow accumulates, snow shovel sales rise, suggests the two are

A) directly correlated.   
 B) inversely correlated.  
 C) neither directly correlated nor inversely correlated.  
 D) both directly correlated and inversely correlated.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**91)** The statement that Congress passed a tax bill and two months later a recession began, so the bill must have been poor policy is an example of

A) the fallacy that correlation is the same as causation.   
 B) the fallacy of composition.  
 C) truth in an obvious form.  
 D) the fallacy that correlation is the same as causation and the fallacy of composition.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**92)** The statement that Congress passed a tax bill and two months later a recession ended, so the bill must have been good policy is an example of

A) the fallacy that correlation is the same as causation.   
 B) the fallacy of composition.  
 C) truth in an obvious form.  
 D) the fallacy that correlation is the same as causation and the fallacy of composition.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**93)** If you concluded from the fact that the last three recessions have occurred while Republicans were President that their fiscal policies create recessions then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because Democrats are much worse.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**94)** An example of an incentive designed to promote savings would be

A) a tax provision that reduces the effective interest rate garnered by savings.   
 B) an increase in the sales tax.  
 C) an increase in the capital gains tax rate.  
 D) a decrease in the exclusion from taxable income of the first $100 of dividends.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**95)** Each person is better off with a bigger tax return than with a small tax return. That means that everyone would be better off if all taxes were zero. A person saying that is

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because firms operate on jealousy.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**96)** Suppose you heard a person speaking about two graphs. You couldn’t make out quite what they were saying, but you saw that since 1920, the variable on the left graph showed a decreasing value, and the variable on the right graph showed an increasing value. If they asserted that the left graph variable’s decrease therefore caused the right variable’s increase, you would be

A) convinced of the soundness of their argument.   
 B) not yet convinced because you understand that causation and correlation are not the same.  
 C) not yet convinced because you understand the fallacy of composition.  
 D) correctly convinced that they were wrong.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**97)** Every worker is better off making more money and having better benefits. If you concluded from that fact that all workers would be better off if a law were passed requiring a 25% increase in wages and benefits, then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because workers operate on jealousy.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**98)** Logging companies are always more profitable if they are able to harvest more (rather than less) lumber in a month. If you concluded from that fact that the logging industry is more profitable if all of the firms in the industry harvest more, then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because firms operate on jealousy.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**99)** If you concluded from the fact that the last three recessions have occurred while Republicans were President that their fiscal policies create recessions, then you would be

A) right.   
 B) wrong because causation and correlation are not the same.  
 C) wrong and have fallen victim to the fallacy of composition.  
 D) wrong because Democrats are much worse.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**100)** The statement that "since a farmer will make more money if he has a bumper crop means that all farmers would make more money if they all had bumper crops" would be an example of which of the following?

A) the fallacy that correlation is the same as causation   
 B) the fallacy of composition  
 C) truth in an obvious form  
 D) none of the options are correct

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : Thinking Economically  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**101)** Any mechanism by which buyers and sellers negotiate an exchange is a

A) corporation.   
 B) market.  
 C) negotiable instrument.  
 D) brokerage.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**102)** A mechanism by which buyers and sellers of labor and financial capital negotiate an exchange is a

A) stock market.   
 B) bond market.  
 C) factor market.  
 D) brokerage.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**103)** A mechanism by which buyers and sellers of goods and services negotiate an exchange is a

A) goods and services market.   
 B) goods and services convention.  
 C) goods and services union.  
 D) factor market.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**104)** A mechanism by which buyers and sellers of the currencies of the various countries negotiate an exchange is a

A) foreign bank.   
 B) foreign stock market.  
 C) foreign exchange market.  
 D) foreign currency reserve.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**105)** Buyers and sellers in the foreign exchange market negotiate an exchange of

A) foreign stocks.   
 B) foreign banks.  
 C) foreign government bonds.  
 D) currencies of various countries.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**106)** Buyers and sellers in a factor market might be negotiating an exchange of

A) labor or financial capital.   
 B) goods for use by final consumers.  
 C) services provided to final consumers.  
 D) either goods for use by final consumers or services provided to final consumers.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**107)** Buyers and sellers in the market for goods and services might be negotiating an exchange of

A) labor or financial capital.   
 B) goods for use by final consumers.  
 C) services provided to final consumers.  
 D) either goods for use by final consumers or services provided to final consumers.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic

**108)** If the (steadily decreasing) marginal benefit of another day spent in the hospital exceeds the (steadily increasing) marginal cost of an additional day spent in the hospital, the rational consumer of hospital services would be predicted to

A) check out of the hospital immediately.   
 B) stay in the hospital for at least that additional day.  
 C) demand a refund from the hospital for the previous day’s stay.  
 D) complain about the hospital food.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**109)** If the (steadily increasing) marginal cost of another day spent in the hospital exceeds the (steadily decreasing) marginal benefit of an additional day spent in the hospital, the rational consumer of health care services would be predicted to

A) choose not to stay in the hospital for that additional day.   
 B) stay in the hospital for at least that additional day.  
 C) demand a private hospital room.  
 D) regret having ever entered that hospital.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**110)** If the (steadily decreasing) marginal benefit of another day spent in the hospital is larger than the (steadily increasing) marginal cost of an additional day spent in the hospital, the

A) net benefit from the hospital stay must be positive.   
 B) net benefit from the hospital stay must be decreasing.  
 C) net benefit from the hospital stay must be increasing.  
 D) net benefit from the hospital stay is maximized.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**111)** If the (steadily decreasing) marginal benefit of another day spent in the hospital is smaller than the (steadily increasing) marginal cost of an additional day spent in the hospital, the

A) net benefit from the hospital stay must be negative.   
 B) net benefit from the hospital stay must be decreasing.  
 C) net benefit from the hospital stay must be increasing.  
 D) net benefit from the hospital stay is maximized.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**112)** If the (steadily decreasing) marginal benefit of another day spent in the hospital is equal to the (steadily increasing) marginal cost of an additional day spent in the hospital, the

A) net benefit from the hospital stay must be positive.   
 B) net benefit from the hospital stay must be negative.  
 C) net benefit from the hospital stay must be increasing.  
 D) net benefit from the hospital stay is maximized.

**Question Details**AACSB : Analytical Thinking  
Bloom's : Evaluate  
Topic : The Big Picture  
Accessibility : Keyboard Navigation  
Learning Objective : 01-04 Analyze an argument by thinking economically, while recognizing and avoidi  
Gradable : automatic  
Difficulty : 3 Hard

**113)** Generalized growth is typically the result of an increase in the ability of resources to

A) produce all goods.   
 B) produce certain goods.  
 C) produce exported goods.  
 D) compete with imported goods.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**114)** Specialized growth is typically the result of an increase in the ability of resources to

A) produce all goods.   
 B) produce certain goods.  
 C) produce exported goods.  
 D) compete with imported goods.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**115)** The development of a new energy source that could be used to produce or transport any good would be a source of

A) generalized growth.   
 B) specialized growth.  
 C) concentrated growth.  
 D) import competing growth.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**116)** Large increases in the availability of labor would likely be a source of

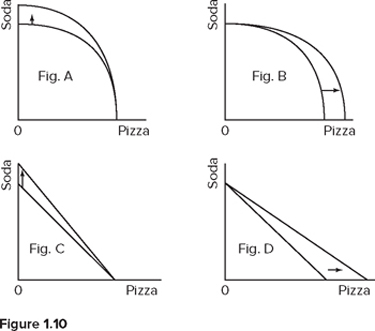
A) generalized growth.   
 B) specialized growth.  
 C) concentrated growth.  
 D) import competing growth.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**117)** Large increases in educational attainment would likely be a source of

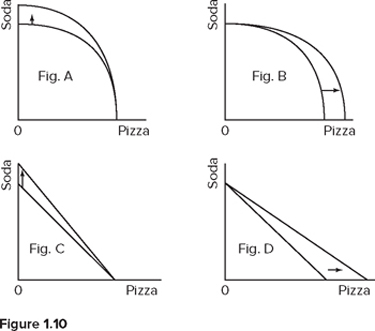
A) generalized growth.   
 B) specialized growth.  
 C) concentrated growth.  
 D) import competing growth.

**Question Details**AACSB : Analytical Thinking  
Difficulty : 1 Easy  
Bloom's : Understand  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**118)** Referring to the Production Possibilities Frontiers in Figure 1.10 A, B, C, and D, which depicts specialized growth in soda when there is increasing opportunity cost?

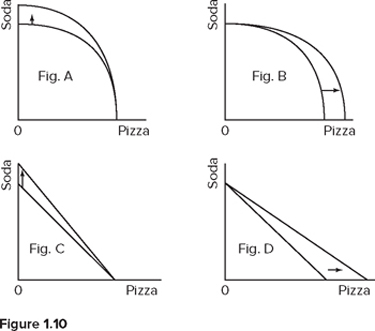
A) Fig. A   
 B) Fig. B  
 C) Fig. C  
 D) Fig. D

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**119)** Referring to the Production Possibilities Frontiers in Figure 1.10 A, B, C, and D, which depicts specialized growth in soda when there is constant opportunity cost.

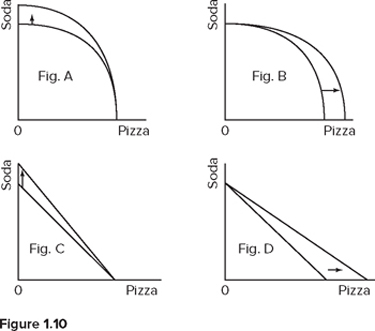
A) Fig. A   
 B) Fig. B  
 C) Fig. C  
 D) Fig. D

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**120)** Referring to the Production Possibilities Frontiers in Figure 1.10 A, B, C, and D, which depicts specialized growth in pizza when there is increasing opportunity cost?

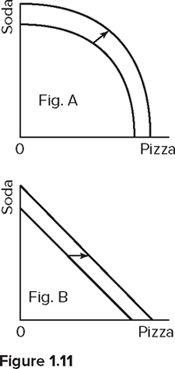
A) Fig. A   
 B) Fig. B  
 C) Fig. C  
 D) Fig. D

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**121)** Referring to the Production Possibilities Frontiers in Figure 1.10 A, B, C, and D, which depicts specialized growth in pizza when there is constant opportunity cost?

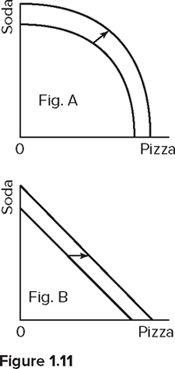
A) Fig. A   
 B) Fig. B  
 C) Fig. C  
 D) Fig. D

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**122)** Referring to the Production Possibilities Frontiers in Figure 1.11 A and B, which depicts generalized growth when there is increasing opportunity cost?

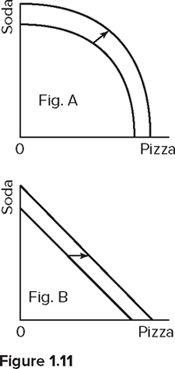
A) Fig. A   
 B) Fig. B  
 C) Either Fig. A or Fig. B  
 D) Neither Fig. A nor Fig. B

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**123)** Referring to the Production Possibilities Frontiers in Figure 1.11 A and B, which depicts generalized growth when there is constant opportunity cost?

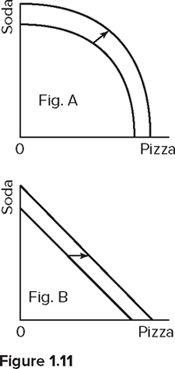
A) Fig. A   
 B) Fig. B  
 C) Either Fig. A or Fig. B  
 D) Neither Fig. A nor Fig. B

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**124)** Referring to the Production Possibilities Frontiers in Figure 1.11 A and B, which depicts generalized growth?

A) Fig. A   
 B) Fig. B  
 C) Either Fig. A or Fig. B  
 D) Neither Fig. A nor Fig. B

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Difficulty : 2 Medium  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**125)** Referring to the Production Possibilities Frontiers in Figure 1.11 A and B, which depicts specialized growth?

A) Fig. A   
 B) Fig. B  
 C) Either Fig. A or Fig. B  
 D) Neither Fig. A nor Fig. B

**Question Details**Bloom's : Apply  
AACSB : Knowledge Application  
Learning Objective : 01-03 Define economic growth and distinguish between specialized and generalized  
Topic : Economic Growth  
Accessibility : Keyboard Navigation  
Gradable : automatic

**Answer Key**Test name: Chapter 01

1) D

2) A

3) D

4) A

5) C

6) B

7) A

8) A

9) B

10) C

11) C

12) C

13) C

14) C

15) B

16) D

17) A

18) A

19) D

20) B

21) D

22) C

23) A

24) D

25) C

26) D

27) C

28) A

29) D

30) C

31) D

32) D

33) B

34) A

35) A

36) D

37) B

38) B

39) C

40) A

41) A

42) B

43) C

44) C

45) D

46) B

47) B

48) C

49) A

50) B

51) B

52) B

53) A

54) D

55) B

56) B

57) C

58) A

59) C

60) A

61) B

62) B

63) C

64) A

65) B

66) C

67) A

68) B

69) C

70) A

71) B

72) B

73) B

74) A

75) D

76) B

77) C

78) C

79) B

80) C

81) B

82) B

83) A

84) A

85) C

86) A

87) B

88) B

89) A

90) A

91) A

92) A

93) B

94) D

95) C

96) B

97) C

98) C

99) B

100) B

101) B

102) C

103) A

104) C

105) D

106) A

107) D

108) B

109) A

110) C

111) B

112) D

113) A

114) B

115) A

116) A

117) A

118) A

119) C

120) B

121) D

122) A

123) B

124) C

125) D