***Microeconomics, 7e* (Perloff)**

**Chapter 1 Introduction**

1.1 Microeconomics: The Allocation of Scarce Resources

1) Microeconomics studies the allocation of

A) decision makers.

B) scarce resources.

C) models.

D) unlimited resources.

Answer: B

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

2) Microeconomics is often called

A) price theory.

B) decision science.

C) scarcity.

D) resource theory.

Answer: A

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

3) Most microeconomic models assume that decision makers wish to

A) make themselves as well off as possible.

B) act selfishly.

C) make others as well off as possible.

D) None of the above.

Answer: A

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

4) Society faces trade-offs because of

A) government regulations.

B) profit motive.

C) faceless bureaucrats.

D) scarcity.

Answer: D

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

5) A market

A) always involves the personal exchange of goods for money.

B) allows interactions between consumers and firms.

C) always takes place at a physical location.

D) has no influence on prices.

Answer: B

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

6) What links the decisions of consumers and firms in a market?

A) the government

B) prices

C) coordination officials

D) microeconomics

Answer: B

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

7) The price of a good is

A) always equal to the cost of producing the good.

B) never affected by the number of buyers and sellers.

C) usually determined in a market.

D) None of the above.

Answer: C

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

8) Who or what is responsible for bringing together scarce resources to produce most of the goods and services in the U.S.?

A) the U.S. government

B) the United Nations

C) the Federal Reserve Bank

D) markets and prices

Answer: D

Section: The Allocation of Scarce Resources

Question Status: Revised

AACSB: Analytic thinking

9) Which of the following is a fundamental topic addressed by microeconomics?

A) whether to extend unemployment insurance

B) determining how many new iPhones the Apple company should produce

C) the level of inflation in the country

D) the impact of interest rates on savings in the economy

Answer: B

Section: The Allocation of Scarce Resources

Question Status: Revised

AACSB: Analytic thinking

10) A "twinkie tax" on fatty foods would aim to

A) reduce the consumption of fatty foods.

B) reduce the production of fatty foods.

C) raise tax revenues for other uses.

D) All of the above.

Answer: D

Section: The Allocation of Scarce Resources

Question Status: Old

AACSB: Analytic thinking

11) Which choice below illustrates the tradeoff faced by surfboard manufacturers after Clark foam shut down in 2005, eliminating 80% of the world's foam blanks used to shape surfboards? The firms decide to

A) substitute foam blanks for balsa wood blanks as used in the 1940s.

B) advertise their new surfboard wax.

C) offer surf classes.

D) B and C

Answer: A

Section: The Allocation of Scarce Resources

Question Status: New

AACSB: Application of knowledge

12) In the Soviet Union, which boasted about giving every worker a job, some workers were given the task of digging holes and filling them again. What function of microeconomic analysis did this policy address?

A) What goods/services to produce

B) How to produce the goods and services

C) Who gets the goods and services

D) A and B

Answer: D

Section: The Allocation of Scarce Resources

Question Status: New

AACSB: Analytic thinking