

1. Which of the following sayings best reflects the concept of opportunity cost?

- a. "You can't teach an old dog new tricks."
- b. "Time is money."
- c. "I have a baker's dozen."
- d. "There's no business like show business."

ANSWER: b

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost

TOPICS: What Shall We Give Up?

KEYWORDS: Bloom's: Knowledge

OTHER: Suggested Quiz

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2. Suppose the price of an airline ticket from Dallas to Boston costs \$600. A bus ticket costs \$150. Traveling by plane takes 6 hours compared with 51 hours by bus. Other things constant, an individual would gain by choosing air travel if, and only if, his time were valued at more than

- a. \$6 per hour.
- b. \$8 per hour.
- c. \$10 per hour.
- d. \$15 per hour.

ANSWER: c

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost

TOPICS: What Shall We Give Up?

KEYWORDS: Bloom's: Comprehension

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3. The opportunity cost of an option

- a. measures the undesirable aspects of the option.
- b. includes only the monetary cost of the option.
- c. is the highest-valued alternative that must be given up as the result of choosing the option.
- d. is objective, and it will be the same for all individuals.

ANSWER: c

POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Scarcity, tradeoffs, and opportunity cost
TOPICS: What Shall We Give Up?
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4. Which of the following will most likely occur under a system of clearly defined and enforced private property rights?
- Resource owners will fail to conserve vital resources, even if they expect their supply to be highly limited in the future.
 - Resource owners will ignore the wishes of others, including others who would like to use the resource that is privately owned.
 - Resource owners will fail to consider the wishes of potential future buyers when they decide how to employ privately owned resources.
 - Resource owners will gain by discovering and employing their resources in ways that are highly valued by others.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: The role of government
TOPICS: The Importance of Property Rights
KEYWORDS: Bloom's: Comprehension
OTHER: Suggested Quiz
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5. If an economy is operating at a point inside the production possibilities curve,
- its resources are not being used efficiently.
 - the curve will begin to shift inward.
 - the curve will begin to shift outward.
 - This is a trick question because an economy cannot produce at a point inside the curve.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Scarcity, tradeoffs, and opportunity cost
TOPICS: Production Possibilities Curve
KEYWORDS: Bloom's: Knowledge
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6. The primary benefit that results when a nation employs its resources in accordance with the principle of comparative advantage is

- a. an expansion in investment resulting from a reallocation of resources away from consumption.
- b. a larger output resulting from a more efficient use of resources.
- c. greater equality of income resulting from an increase in the number of workers.
- d. an increase in the profitability of business enterprises resulting from an increase in investment.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Gains from trade, specialization and trade
TOPICS: Trade, Output, and Living Standards
KEYWORDS: Bloom's: Comprehension
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7. "Now that Terrance paints the broad surfaces and I do the trim work, we can paint a house in three-fourths the time that it took for each of us to do both." This statement most clearly reflects

- a. the importance of secondary effects.
- b. the fallacy of composition.
- c. the law of comparative advantage.
- d. behavior inconsistent with economizing.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Gains from trade, specialization and trade
TOPICS: Trade, Output, and Living Standards
KEYWORDS: Bloom's: Comprehension
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8. With voluntary exchange,
- both the buyer and seller will be made better off.
 - the buyer will be made better off, while the seller will be made worse off.
 - the seller will be made better off, while the buyer will be made worse off.
 - both the buyer and the seller will be made worse off.

ANSWER: a

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade

TOPICS: Human Ingenuity and the Creation of Wealth

KEYWORDS: Bloom's: Knowledge

OTHER: Suggested Quiz

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9. Three basic decisions must be made by all economies. What are they?
- how much will be produced, when it will be produced, and how much it will cost
 - what the price of each good will be, who will produce each good, and who will consume each good
 - what will be produced, how goods will be produced, and for whom goods will be produced
 - how the opportunity cost principle will be applied, if and how the law of comparative advantage will be utilized, and whether the production possibilities constraint will apply

ANSWER: c

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic

STATE STANDARDS: United States - AK - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade

TOPICS: Economic Organization

KEYWORDS: Bloom's: Knowledge

OTHER: Suggested Quiz

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10. If a firm or a nation desires to maximize its output, each productive assignment should be carried out by those persons who
- have the highest opportunity cost.
 - have a comparative advantage in the productive activity.
 - can complete the productive activity most rapidly.

d. least enjoy performing the productive activity.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
NATIONAL STANDARDS: United States - BUSPROG: Analytic - BUSPROG: Analytic
STATE STANDARDS: United States - AK - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade
TOPICS: Trade, Output, and Living Standards
KEYWORDS: Bloom's: Comprehension
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