Chapter 1

Student: ____

1. The economic concept that serves as the basis for the study of economics is:

A.
B.
C.
D.

2. As a consequence of the condition of scarcity:

A.
B.
C.
D.

3. In every economic system, choices must be made because resources are:

A.
B.
C.
D.

4. Opportunity cost is best defined as:

A.
B.
C.
D.

5. Tammie makes $150 a day as a bank clerk. She takes off two days of work without pay to fly to another city to attend the concert of her favourite music group. The cost of transportation for the trip is $250. The cost of the concert ticket is $50. The opportunity cost of Tammie's trip to the concert is:

A.
B.
C.
D.

6. When a provincial government chooses to build more roads, the required resources are no longer available for spending on public education. This dilemma illustrates the concept of:

A.
B.
C.
D.

7. Specialization and trade are beneficial to society because:

A.
B.
C.
D.

8. When economists describe "a market," they mean:

A.
B.
C.
D.

9. The institution that coordinates actions of consumers and producers to establish prices for goods and services is known as:

A.
B.
C.
D.

10. A major argument for economic growth is that it:

A.
B.
C.
D.

11. One of the basic economic defences of economic growth rests on the conclusion that:

A.
B.
C.
D.

12. Concern about the general level of prices in an economy is primarily a concern about the economic goal of:

A.
B.
C.
D.

13. Assume that a tradeoff exists in the short run between inflation and unemployment. This relationship means that:

A.
B.
C.
D.

14. The study of economics is primarily concerned with:

A.
B.
C.
D.

15. The assertion that "There is no free lunch" means:

A.
B.
C.
D.

16. The study of economics exists because:

A.
B.
C.
D.

17. Economics may best be defined as:

A.
B.
C.
D.

18. Purposeful behaviour suggests that:

A.
B.
C.
D.

19. Consumers spend their incomes to get the maximum benefit or satisfaction from the goods and services they purchase. This is a reflection of:

A.
B.
C.
D.

20. The "economic perspective" refers to:

A.
B.
C.
D.

21. The "economic perspective" entails:

A.
B.
C.
D.

22. The economic perspective used in customer decision making at fast-food restaurants is reflected in:

A.
B.
C.
D.

23. How is the economic perspective reflected in lines for fast food?

A.
B.
C.
D.

24. From an economic perspective, when consumers leave a fast-food restaurant because the lines to be served are too long, they have concluded that the:

A.
B.
C.
D.

25. Consumers might leave a fast-food restaurant without being served because:

A.
B.
C.
D.

26. At fast-food restaurants:

A.
B.
C.
D.

27. Economics involves "marginal analysis" because:

A.
B.
C.
D.

28. You should decide to go to a movie:

A.
B.
C.
D.

29. Marginal costs exist because:

A.
B.
C.
D.

30. Even though local newspapers are very inexpensive, people rarely buy more than one of them each day. This fact:

A.
B.
C.
D.

31. The process of developing hypotheses, testing them against facts, and using the results to construct theories is called:

A.
B.
C.
D.

32. A "hypothesis" is:

A.
B.
C.
D.

33. From the perspective of economists, which term provides the highest degree of confidence for explaining economic behaviour?

A.
B.
C.
D.

34. In constructing models, economists:

A.
B.
C.
D.

35. Economic models:

A.
B.
C.
D.

36. An economic model is:

A.
B.
C.
D.

37. The term "ceteris paribus" means:

A.
B.
C.
D.

38. Suppose an economist says that "Other things equal, the lower the price of bananas, the greater the amount of bananas purchased." This statement indicates that:

A.
B.
C.
D.

39. The term "other things equal" means that:

A.
B.
C.
D.

40. The basic purpose of the "other things equal" assumption is to:

A.
B.
C.
D.

41. Microeconomics is concerned with:

A.
B.
C.
D.

42. Microeconomics:

A.
B.
C.
D.

43. Which of the following is a microeconomic statement?

A.
B.
C.
D.

44. Macroeconomics approaches the study of economics from the viewpoint of:

A.
B.
C.
D.

45. Which of the following is associated with macroeconomics?

A.
B.
C.
D.

46. The problems of aggregate inflation and unemployment are:

A.
B.
C.
D.

47. Which of the following statements pertains to macroeconomics?

A.
B.
C.
D.

48. Macroeconomics can best be described as the:

A.
B.
C.
D.

49. Which of the following is a macroeconomic statement?

A.
B.
C.
D.

50. A positive statement is one which is:

A.
B.
C.
D.

51. Which of the following is a positive statement?

A.
B.
C.
D.

52. A positive statement is concerned with:

A.
B.
C.
D.

53. A normative statement is one which:

A.
B.
C.
D.

54. Which of the following is a normative statement?

A.
B.
C.
D.

55. Normative statements are concerned with:

A.
B.
C.
D.

56. Most of the disagreement among economists involves:

A.
B.
C.
D.

57. Economics is concerned with using scarce productive resources efficiently in attempting to satisfy society's material wants. This statement is:

A.
B.
C.
D.

58. Ben says that "An increase in the tax on beer will raise its price." Holly argues that "Taxes should be increased on beer because college students drink too much." We can conclude that:

A.
B.
C.
D.

59. The global financial crisis that spread to Canada in late 2008 has been dubbed:

A.
B.
C.
D.

60. The individuals and society both face an economic problem. This problem arises from the fact that:

A.
B.
C.
D.

61. The individual's limited income problem:

A.
B.
C.
D.

62. When an economist says that material wants are insatiable, this means that:

A.
B.
C.
D.

63. As used in economics, the notion of scarce resources means that:

A.
B.
C.
D.

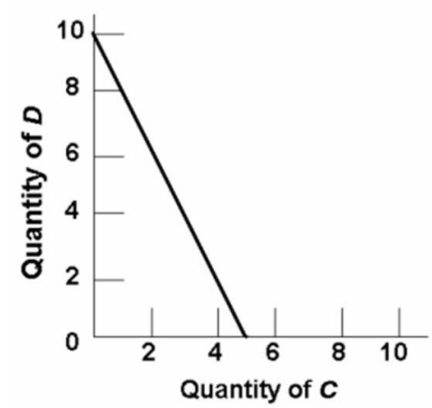
64. The budget line shows:

A.
B.
C.
D.

65. The price ratio of the two products is the:

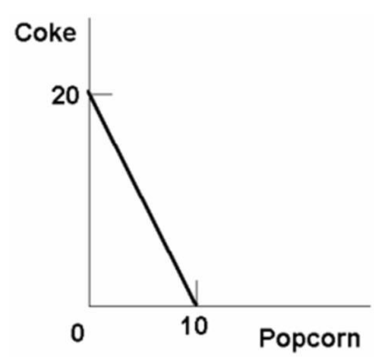
A.
B.
C.
D.

66. Refer to the budget line shown in the diagram below. If the consumer's money income is $20, the:



A.
B.
C.
D.

67. Refer to the diagram below, suppose you have a money income of $10 all of which you spend on Coke and boxes of popcorn. The prices of Coke and popcorn respectively are:



A.
B.
C.
D.

68. In moving along a given budget line:

A.
B.
C.
D.

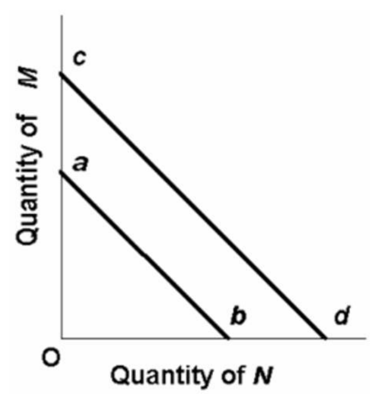
69. In drawing a budget line it is assumed that:

A.
B.
C.
D.

70. Any combination of goods lying outside of the budget line:

A.
B.
C.
D.

71. The budget line shift from cd to ab in the below figure is consistent with:



A.
B.
C.
D.

72. A leftward shift of a consumer's budget line to a position parallel with the original one could indicate that the:

A.
B.
C.
D.

73. Which of the following statements is not correct?

A.
B.
C.
D.

74. The society must also make choices under conditions of scarcity. This problem arises from the fact that:

A.
B.
C.
D.

75. The fundamental problem of economics is:

A.
B.
C.
D.

76. Economic resources are also called:

A.
B.
C.
D.

77. Money is not considered to be an economic resource because:

A.
B.
C.
D.

78. Which of the following is real capital?

A.
B.
C.
D.

79. The main function of the entrepreneur is to:

A.
B.
C.
D.

80. The following production possibilities table represents an economy which is producing two products, tanks and autos. Refer to the table, in moving from possibility C to D, the cost of a tank in terms of autos is:

Product	**A**	**B**	**C**
Tanks	0	1	2
Autos	1000	950	850

A.
B.
C.
D.

(The following economy produces two products.)

Production Possibilities Table

Product	A	B	C	[illegible]
Steel	0	1	2	
Wheat	100	90	75	5

81. Refer to the above table. A change from possibility C to B means that:

A.
B.
C.
D.

82. Refer to the above table. In moving from possibility C to D, the cost of a unit of steel in terms of a unit of wheat is:

A.
B.
C.
D.

83. Refer to the above table. A change from possibility B to C means that:

A.
B.
C.
D.

84. The production possibilities curve represents which of the following?

A.
B.
C.
D.

85. The production possibilities curve represents:

A.
B.
C.
D.

86. The construction of a production possibilities curve assumes:

A.
B.
C.
D.

87. Assume an economy is operating at some point on its production possibilities curve which shows civilian and military goods. If the output of military goods is increased, the output of civilian goods:

A.
B.
C.
D.

88. The production possibilities curve shows:

A.
B.
C.
D.

89. The negative slope of the production possibilities curve is a graphical way of indicating that:

A.
B.
C.
D.

90. If an economy is operating on its production possibilities curve for consumer goods and capital goods, this means that:

A.
B.
C.
D.

91. In drawing a production possibilities curve we hold constant:

A.
B.
C.
D.

92. The production possibilities curve tells us:

A.
B.
C.
D.

93. When an economy is operating with maximum efficiency, the production of more of commodity A will mean the production of less of commodity B because:

A.
B.
C.
D.

94. The production possibilities curve:

A.
B.
C.
D.

95. The production possibilities curve illustrates the basic principle that:

A.
B.
C.
D.

96. A production possibilities curve illustrates:

A.
B.
C.
D.

97. A production possibilities curve shows:

A.
B.
C.
D.

98. In drawing the production possibilities curve we assume that:

A.
B.
C.
D.

99. Which of the following is assumed in constructing a typical production possibilities curve?

A.
B.
C.
D.

100. Which of the following is not correct? A typical production possibilities curve:

A.
B.
C.
D.

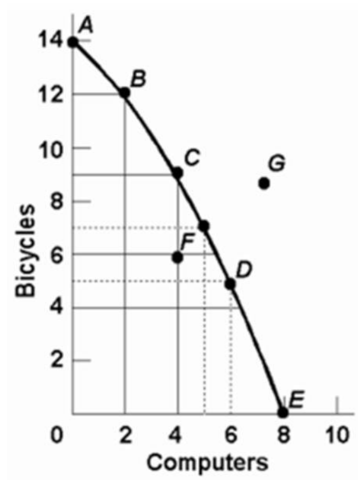
101. Which one of the following statements is correct?

A.
B.
C.
D.

102. The typical production possibilities curve is:

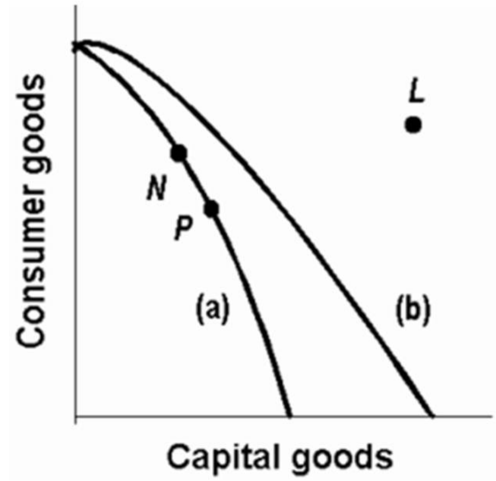
A.
B.
C.
D.

103. Refer to the diagram below. Points A, B, C, D, and E show:



A.
B.
C.
D.

104. Refer to the following production possibilities curves. Curve (a) is the current curve for the economy. Given production possibilities curve (a), the combination of capital and consumer goods indicated by point L:



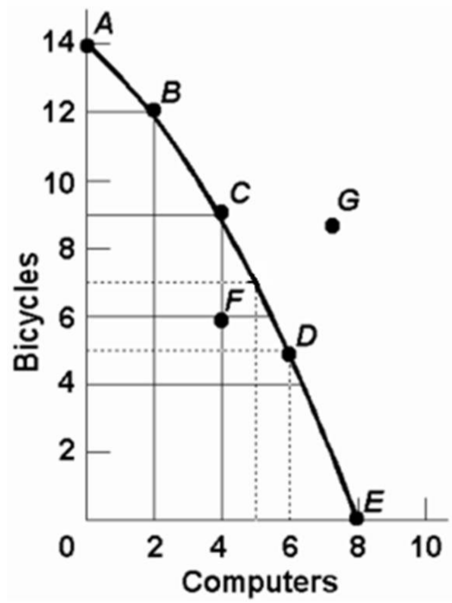
A.
B.
C.
D.

105. A point on the frontier of the production possibilities curve is:

A.
B.
C.
D.

106. A point inside the production possibilities curve is:

A.
B.
C.
D.



107. Refer to the above diagram. The combination of computers and bicycles shown by point G is:

A.
B.
C.
D.

108. Refer to the above diagram. The combination of computers and bicycles shown by point F:

A.
B.
C.
D.

109. Refer to the above diagram. If society is currently producing the combination of bicycles and computers shown by point D, the production of 2 more units of bicycles:

A.
B.
C.
D.

110. Refer to the above diagram. The movement down the production possibilities curve from point A to point E suggests that the production of:

A.
B.
C.
D.

111. The slope of the typical production possibilities curve:

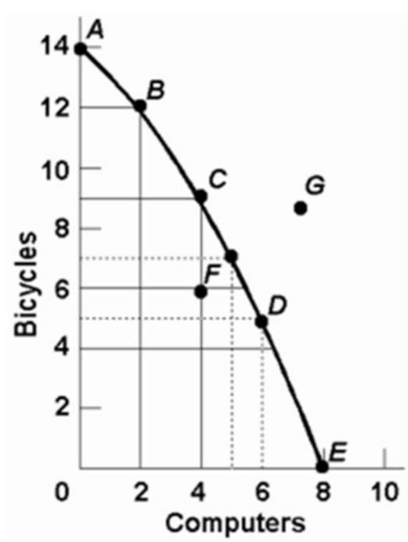
A.
B.
C.
D.

112. The production possibilities curve has:

A.
B.
C.
D.

113. The law of increasing opportunity costs states that:

A.
B.
C.
D.



114. Refer to the above diagram. This production possibilities curve is:

A.
B.
C.
D.

115. Refer to the above diagram. If society is currently producing 9 units of bicycles and 4 units of computers and it now decides to increase computer output to 6, the cost:

A.
B.
C.
D.

116. The concept of opportunity cost:

A.
B.
C.
D.

117. Which of the following is not an illustration of the idea of opportunity cost?

A.
B.
C.
D.

118. Opportunity cost is best defined as:

A.
B.
C.
D.

Production possibilities tables for two countries, North Cantina and South Cantina:

North Cantina
Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	10	18

South Cantina
Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	8	15

119. Refer to the above tables. If South Cantina is producing at production alternative D, the opportunity cost of the third unit of capital goods is:

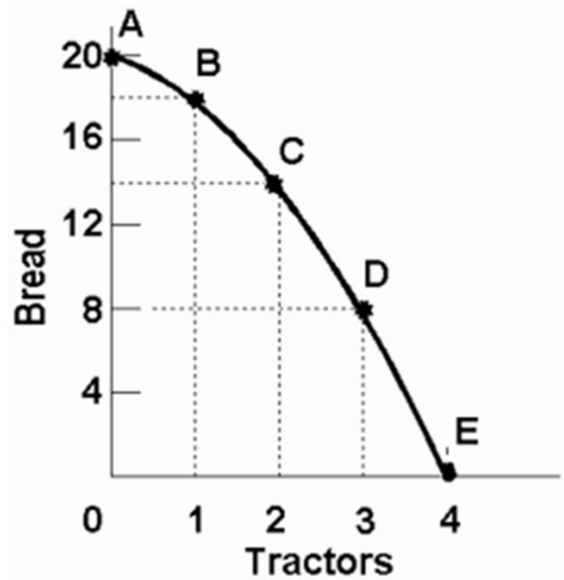
A.
B.
C.
D.

120. Refer to the above tables. If North Cantina is producing at production alternative B, the opportunity cost of the eleventh unit of consumer goods will be:

A.
B.
C.
D.

121. Refer to the above tables. The opportunity cost of the fifth unit of capital goods:

A.
B.
C.
D.



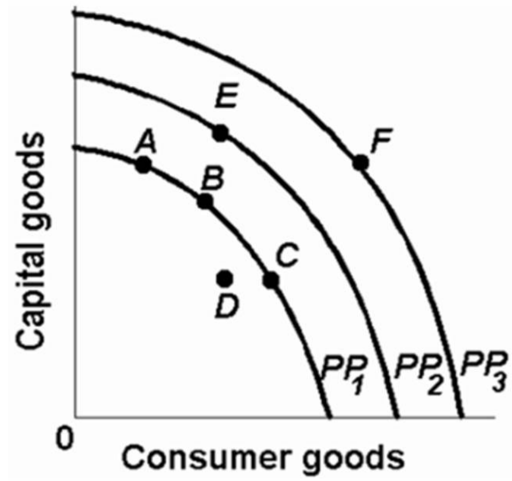
122. Refer to the above diagram. Starting at point A, the opportunity cost of producing each successive unit of tractors is:

A.
B.
C.
D.

123. Refer to the above diagram. Starting at point E, the production of successive units of bread will cost:

A.
B.
C.
D.

124. Refer to the diagram below. The concept of opportunity cost is best represented by the:



A.
B.
C.
D.

125. The fact that the slope of the production possibilities curve becomes steeper as we move down along the curve indicates that:

A.
B.
C.
D.

Production possibilities (alternatives)

	A	B	C	[illegible]
Capital goods	5	4	3	[illegible]
Consumer goods	0	5	9	[illegible]

126. Refer to the above table. If the economy is producing at production alternative C, the opportunity cost of the tenth unit of consumer goods will be:

A.
B.
C.
D.

127. Refer to the above table. For these data the law of increasing opportunity costs is reflected in the fact that:

A.
B.
C.
D.

128. Refer to the table below. In moving from possibility A to F, the cost of a unit of steel in terms of a unit of wheat:

(The following economy produces two products.)
Production Possibilities

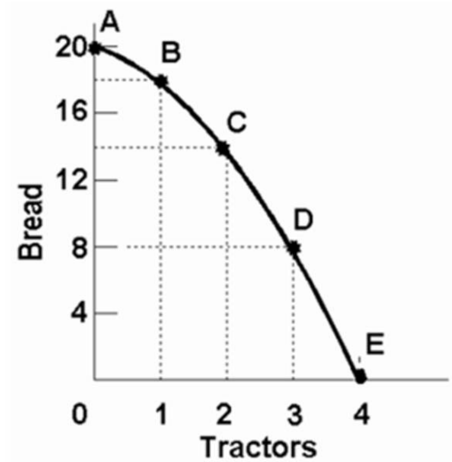
Product	A	B	C
Steel	0	1	2
Wheat	100	90	75

A.
B.
C.
D.

129. A typical concave production possibilities curve implies:

A.
B.
C.
D.

130. Refer to the diagram below. This production possibilities curve is constructed such that:



A.
B.
C.
D.

131. The law of increasing opportunity costs exists because:

A.
B.
C.
D.

132. The law of increasing opportunity costs is reflected in a production possibilities curve which is:

A.
B.
C.
D.

The production possibilities curve below shows the hypothetical relationship between the production of capital goods and consumer goods in an economy.

	Production Alt		
Products	A	B	C
Capital goods	0	1	2
Consumer goods	22	18	13

133. Refer to the above table. What is the opportunity cost of producing the third unit of capital goods?

A.
B.
C.
D.

134. Refer to the above table. What is the total opportunity cost of producing two units of capital goods?

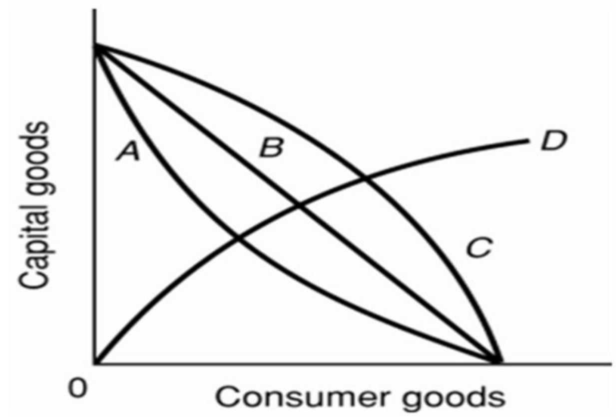
A.
B.
C.
D.

135. Refer to the above table. What is the opportunity cost of producing the fourth unit of capital goods?

A.
B.
C.
D.

136. Refer to the above table. What is the total opportunity cost of producing three units of capital goods?

A.
B.
C.
D.



137. Refer to the above diagram. As it relates to production possibilities analysis, the law of increasing opportunity cost is reflected in curve:

A.
B.
C.
D.

138. Refer to the above diagram. Curve B is a:

A.
B.
C.
D.

139. If the production possibilities curve is a straight line:

A.
B.
C.
D.

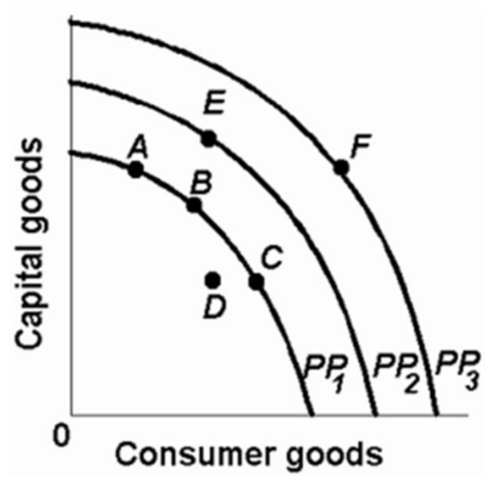
140. A nation's production possibilities curve is "bowed out" from the origin because:

A.
B.
C.
D.

141. If the production possibilities curve were a straight downsloping line, this would suggest that:

A.
B.
C.
D.

142. Refer to the diagram below. The concave shape of each production possibilities curve indicates that:



A.
B.
C.
D.

143. The marginal benefit curve is:

A.
B.
C.
D.

144. The marginal cost curve is:

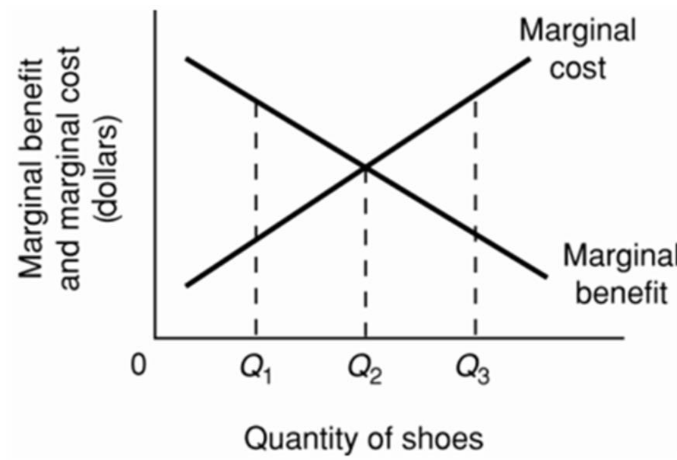
A.
B.
C.
D.

145. The output of blu ray players should be:

A.
B.
C.
D.

146. If the output of product X is such that marginal benefit equals marginal cost:

A.
B.
C.
D.



147. Refer to the above diagram for athletic shoes. The optimal output of shoes:

A.
B.
C.
D.

148. Refer to the above diagram for athletic shoes. If the current output of shoes is Q_1, then:

A.
B.
C.
D.

149. Refer to the above diagram for athletic shoes. If the current output of shoes is Q_3, then:

A.
B.
C.
D.

150. Recessions are typically characterised by points:

A.
B.
C.
D.

Production possibilities (alternatives)

	A	B	C	D
Capital goods	5	4	3	2
Consumer goods	0	5	9	1

151. Refer to the above table. As compared to production alternative D, the choice of alternative C would:

A.
B.
C.
D.

152. Refer to the above table. A total output of 3 units of capital goods and 4 units of consumer goods:

A.
B.
C.
D.

153. Refer to the above table. For this economy to produce a total output of 3 units of capital goods and 13 units of consumer goods it must:

A.
B.
C.
D.

Production possibilities tables for two countries, North Cantina and South Cantina:

North Cantina Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	10	18

South Cantina Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	8	15

154. Refer to the above tables. Suppose that North Cantina is producing 2 units of capital goods and 17 units of consumer goods while South Cantina is producing 2 units of capital goods and 21 units of consumer goods. We can conclude that:

A.
B.
C.
D.

155. Refer to the above tables. Suppose that resources in North Cantina and South Cantina are identical in quantity and quality. We can conclude that:

A.
B.
C.
D.

156. Refer to the table below. According to the production possibilities schedule for the economy which produces two products, a combination of four tanks and 650 autos is: Production Possibilities

Product	A	B	C	[illegible]
Tanks	0	1	2	[illegible]
Autos	1000	950	850	[illegible]

A.
B.
C.
D.

157. Assume that a change in government policy results in the increased production of both consumer goods and investment goods. It can be concluded that:

A.
B.
C.
D.

158. Refer to the diagram. This economy will experience unemployment if it produces at point:

A.
B.
C.
D.

159. Refer to the above production possibilities curve. At the onset of World War II Canada had large amounts of idle human and property resources. Its economic adjustment from peacetime to wartime can best be described by the movement from point:

A.
B.
C.
D.

160. Refer to the above production possibilities curve. At the onset of World War II the Soviet Union's economy was already at full employment. Its economic adjustment from peacetime to wartime can best be described by the movement from point:

A.
B.
C.
D.

161. Any point inside the production possibilities curve indicates:

A.
B.
C.
D.

162. Unemployment and/or productive inefficiencies:

A.
B.
C.
D.

163. A point inside a production possibilities curve may indicate:

A.
B.
C.
D.

164. Assume an economy is incurring unemployment and failing to realize least-cost production. The immediate effect of resolving these problems will be to:

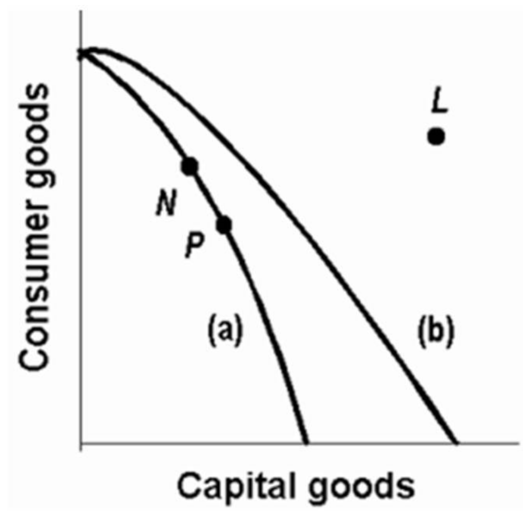
A.
B.
C.
D.

165. If an economy is operating inside its production possibilities curve for consumer goods and capital goods, this means that it:

A.
B.
C.
D.

166. Which of the following will not require an outward shift of the production possibilities curve?

A.
B.
C.
D.



167. Refer to the above production possibilities curves. Curve (a) is the current curve for the economy. The movement from curve (a) to curve (b) suggests:

A.
B.
C.
D.

168. Refer to the above production possibilities curves. Curve (a) is the current curve for the economy. Other things being equal, society's current choice of point P on curve (a) will:

A.
B.
C.
D.

169. The basic difference between consumer goods and capital goods is that:

A.
B.
C.
D.

170. Which of the following would be most likely to shift the production possibilities curve to the right?

A.
B.
C.
D.

171. Which of the following will not shift a nation's production possibilities curve?

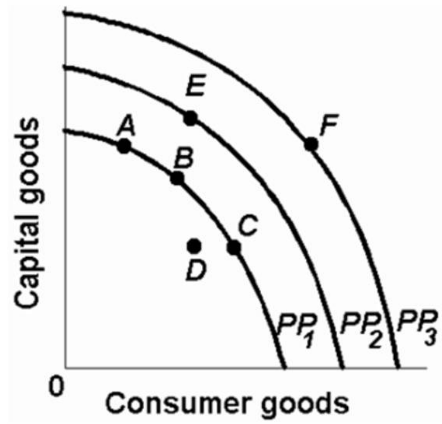
A.
B.
C.
D.

172. Which of the following will shift the production possibilities curve to the right?

A.
B.
C.
D.

173. Other things equal, which of the following would shift an economy's production possibilities curve to the left?

A.
B.
C.
D.



174. Refer to the above diagram. An improvement in technology will:

A.
B.
C.
D.

175. Refer to the above diagram. Which one of the following would shift the production possibilities curve from PP_1 to PP_2

A.
B.
C.
D.

176. Which situation would most likely shift the production possibilities curve for a nation in an outward direction?

A.
B.
C.
D.

177. Which situation would most likely cause a nation's production possibilities curve to shift inward?

A.
B.
C.
D.

178. All of the following could immediately or eventually lead to an inward shift of a nation's production possibilities curve, except:

A.
B.
C.
D.

179. Some agricultural sub-Saharan nations of Africa have over-farmed and overgrazed their land to the extent that significant portions of it have turned into desert. This suggests that:

A.
B.
C.
D.

180. Which of the following statements, if any, is correct for a nation which is producing only consumption and capital goods?

A.
B.
C.
D.

181. If country A has been investing a larger proportion of its domestic output than Canada has, then, we would expect:

A.
B.
C.
D.

182. Deltonia produces both consumer and capital goods. If it reduces the percentage of its output devoted to capital goods, then:

A.
B.
C.
D.

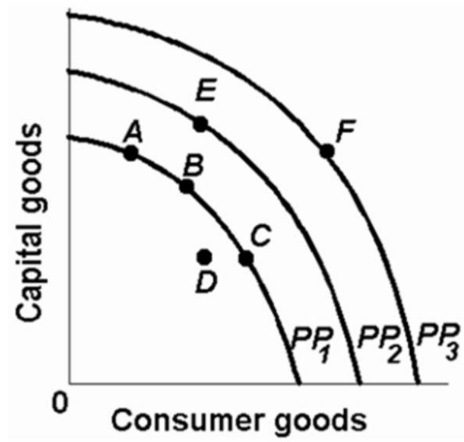
183. Refer to the diagram below. Other things equal, this economy will achieve the most rapid rate of growth if:

A.
B.
C.
D.

184. The future location of the economy's production possibilities curve will be affected by:

A.
B.
C.
D.

185. Refer to the diagram below. Which of the following positions relative to PP_1 would be the most likely to result in a future production possibilities curve of PP_3, rather than PP_2?



A.
B.
C.
D.

186. Through specialization and international trade a nation:

A.
B.
C.
D.

187. A country can achieve some combination of goods outside its production possibilities curve by:

A.
B.
C.
D.

188. International specialization and trade:

A.
B.
C.
D.

189. Economists:

A.
B.
C.
D.

190. If we say that two variables are directly related, this means that:

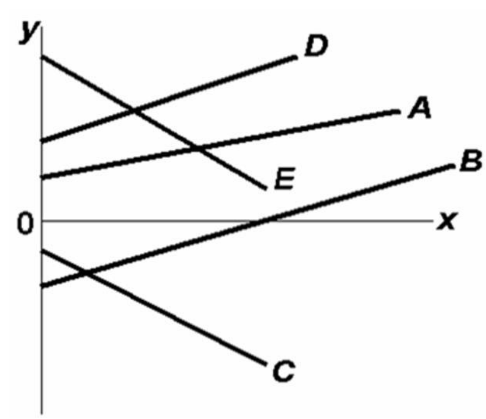
A.
B.
C.
D.

191. If we say that two variables are inversely related, this means that:

A.
B.
C.
D.

192. Which of the following statements is correct?

A.
B.
C.
D.



193. Refer to the above diagram. Which line(s) show(s) a positive relationship between x and y?

A.
B.
C.
D.

194. Refer to the above diagram. Which line(s) show(s) a negative relationship between x and y?

A.
B.
C.
D.

195. Refer to the above diagram. Which line(s) show(s) a positive vertical intercept?

A.
B.
C.
D.

196. Refer to the above diagram. Which line(s) show(s) a negative vertical intercept?

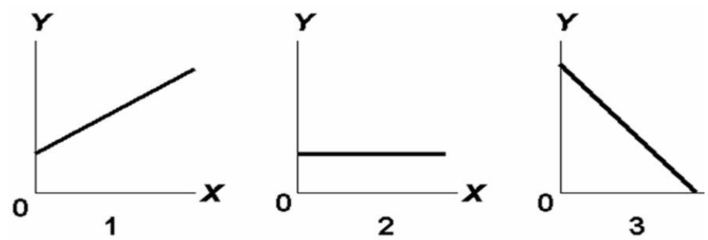
A.
B.
C.
D.

197. If two variables are inversely related, then as the value of one variable:

A.
B.
C.
D.

198. If a positive relationship exists between x and y:

A.
B.
C.
D.



199. Answer on the basis of the relationships shown in the above four figures. The amount of Y is directly related to the amount of X in:

A.
B.
C.
D.

200. Answer on the basis of the relationships shown in the above four figures. The amount of Y is inversely related to the amount of X in:

A.
B.
C.
D.

201. Answer on the basis of the relationships shown in the above four figures. The amount of Y is unrelated to the amount of X in:

A.
B.
C.
D.

202. If price (P) and quantity (Q) are directly related, this means that:

A.
B.
C.
D.

Assume that if the interest rate that businesses must pay to borrow funds were 20 percent, it would be unprofitable for businesses to invest in new machinery and equipment so that investment would be zero. But if the interest rate were 16 percent, businesses would find it profitable to invest $10 billion. If the interest rate were 12 percent, $20 billion would be invested. Assume that total investment continues to increase by $10 billion for each successive 4 percentage point decline in the interest rate.

203. Refer to the above information. Which of the following is an accurate verbal statement of the described relationship?

A.
B.
C.
D.

204. Refer to the above information. Using i and I to indicate the interest rate and investment (in billions of dollars) respectively, which of the following is the correct tabular presentation of the described relationship?

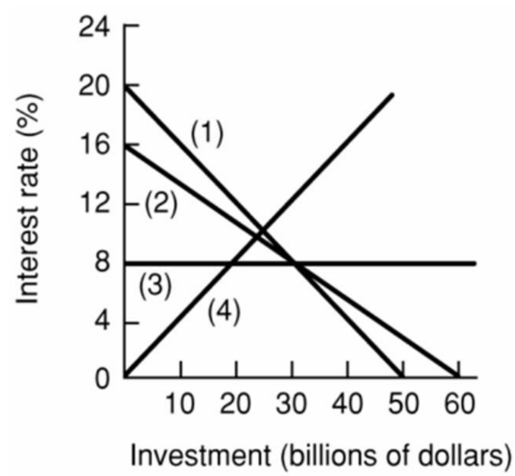
	(A)		(B)		(C)
i	I	i	I	i	I
20	$50	24	$10	20	$0
16	40	20	20	16	10
12	30	16	30	12	20
8	20	12	40	8	30
4	10	8	50	4	40
0	0	4	60	0	50

A.
B.
C.
D.

205. Refer to the above information. Which of the following correctly expresses the indicated relationship as an equation?

A.
B.
C.
D.

206. Refer to the above information. Which of the following is the correct graphical presentation of the indicated relationship?



A.
B.
C.
D.

After-tax income	Consumption
$1000	$900
2000	1800
3000	2700
4000	3600
5000	4500

207. The above data suggest that:

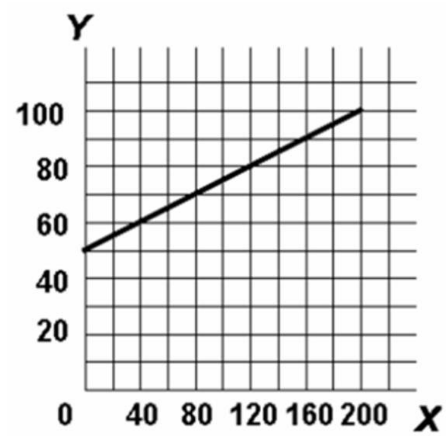
A.
B.
C.
D.

208. The above data indicates that:

A.
B.
C.
D.

209. The above data suggest that:

A.
B.
C.
D.



210. Refer to the above diagram. The variables X and Y are:

A.
B.
C.
D.

211. Refer to the above diagram. The vertical intercept:

A.
B.
C.
D.

212. Refer to the above diagram. The slope of the line:

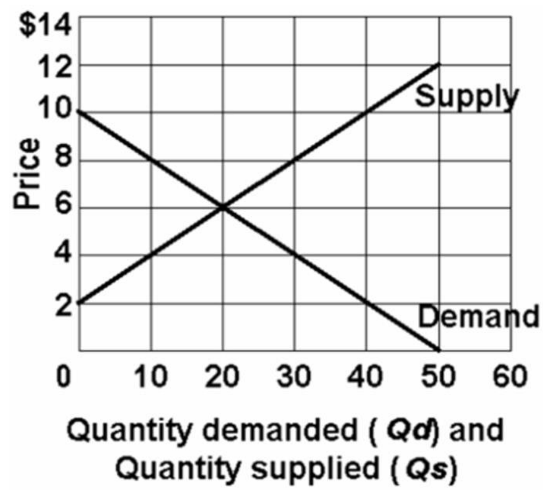
A.
B.
C.
D.

213. Refer to the above diagram. The equation which shows the relationship between Y and X is:

A.
B.
C.
D.

214. The slope of a straight line can be determined by:

A.
B.
C.
D.



215. Refer to the above graph. Which of the following statements is correct?

A.
B.
C.
D.

216. Refer to the above graph. Which of the following schedules correctly reflects "demand"?

	(A)		(B)		(C)
P	Qd	P	Qd	P	Qc
$12	0	$14	0	$14	60
10	0	12	0	12	50
8	10	10	20	10	40
6	20	8	40	8	30
4	30	6	60	6	20
2	40	4	80	4	10

A.
B.
C.
D.

217. Refer to the above graph. Which of the following schedules correctly reflects "supply"?

	(A)		(B)		(C)
P	Qs	P	Qs	P	Qs
$12	50	$14	50	$12	50
10	30	12	40	10	40
8	10	10	30	8	30
6	0	8	20	6	20
4	0	6	10	4	10
2	0	4	0	2	0

A.
B.
C.
D.

218.

Refer to the above graph. Using Q_d for quantity demanded and P for price, which of the following equations correctly states the demand for this product?

A.
B.
C.
D.

219.

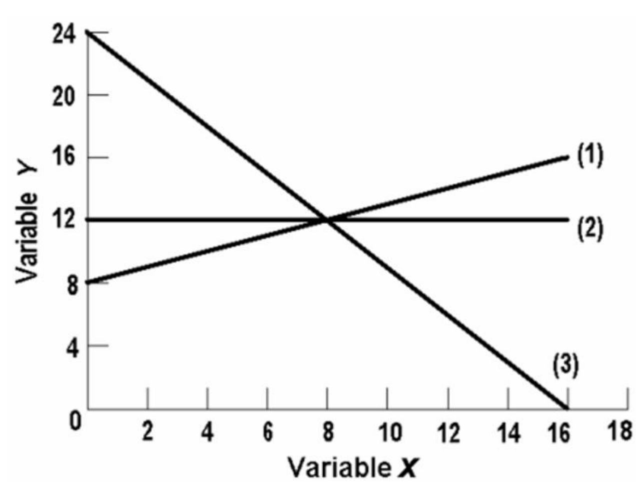
Refer to the above graph. Using Q_s for quantity supplied and P for price, which of the following equations correctly states the supply of this product?

A.
B.
C.
D.

220.

Assume a household would consume $100 worth of goods and services per week if its weekly income were zero and would spend an additional $80 per week for each $100 of additional income. Letting C represent consumption and Y represent income, the equation which summarizes this relationship is:

A.
B.
C.
D.



221. In line (1) on the above graph, the variables x and y are:

A.
B.
C.
D.

222. In line (3) on the above graph, variables x and y are:

A.
B.
C.
D.

223. The linear equation for line (1) on the above graph is:

A.
B.
C.
D.

224. The slope of line (2) on the above graph is:

A.
B.
C.
D.

225. The linear equation for line (3) on the above graph is:

A.
B.
C.
D.

226. The vertical intercept of line (2) on the above graph is:

A.
B.
C.
D.

227. If the equation $y = 5 + 6x$ was graphed, the:

A.
B.
C.
D.

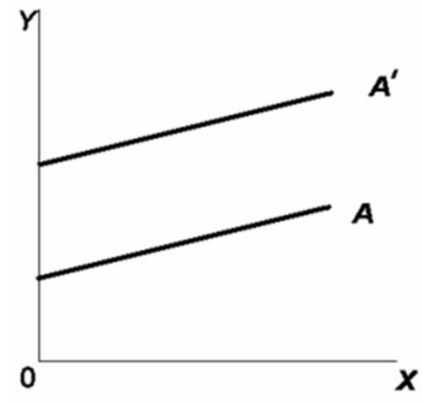
228. If the equation $y = 15 - 4x$ was plotted, the:

A.
B.
C.
D.

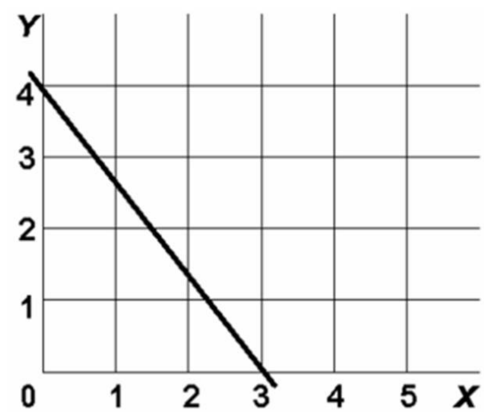
229. If the equation $y = -10 + 2.5x$ was plotted

A.
B.
C.
D.

230. Refer to the graph. The movement from line A to line A' represents a change in:



A.
B.
C.
D.



231. In the above diagram variables x and y are:

A.
B.
C.
D.

232. In the above diagram the vertical intercept and slope are:

A.
B.
C.
D.

233. In the above diagram the equation for this line is:

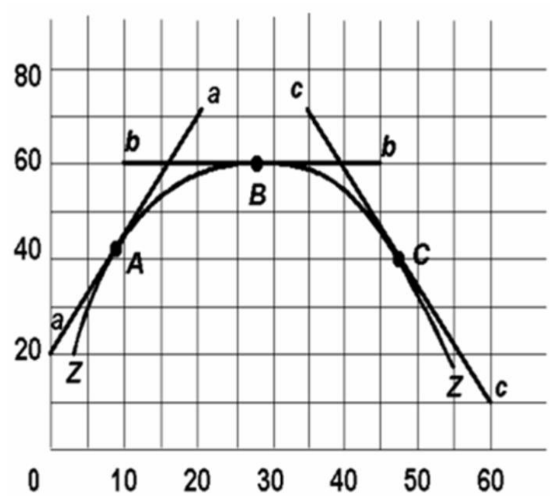
A.
B.
C.
D.

234. If we are considering the relationship between two variables and release the "other things equal" assumption, we would expect:

A.
B.
C.
D.

235. The amount of pizzas that consumers want to buy per week is reflected in the equation P = 15 - .02Q_d, where Q_d is the amount of pizzas purchased per week and P is the price of pizzas. On the basis of this information we can say that:

A.
B.
C.
D.



236. Refer to the above diagram. The slope of curve ZZ at point B is:

A.
B.
C.
D.

237. The slope of a line parallel to the vertical axis is:

A.
B.
C.
D.

238. The slope of a line parallel to the horizontal axis is:

A.
B.
C.
D.

239. The measured slope of a line:

A.
B.
C.
D.

240. Slope of lines are especially important in economics because:

A.
B.
C.
D.

241. In a linear equation relating income and consumption, you know that the intercept is $1,000 and the slope of the line is .4. If income is $20,000, then consumption is:

A.
B.
C.
D.

242. Purposeful behaviour implies that everyone will make identical choices.

True False

243. Rational individuals may make different choices because their information and circumstances differ.

True False

244. Certain inherently desirable products such as education and health care should be produced so long as resources are available.

True False

245. Marginal analysis means that decision-makers compare the extra benefits with the extra costs of a specific choice.

True False

246. Choices entail marginal costs because resources are scarce.

True False

247. If economic theories are solidly based on relevant facts, then there can be no question as to the character of appropriate economic policy.

True False

248. The fact that economic generalizations are abstract renders them impractical and useless.

True False

249. Macroeconomics explains the behaviour of individual households and business firms; microeconomics is concerned with the behaviour of aggregates or the economy as a whole.

True False

250. Positive statements are expressions of value judgments.

True False

251. Normative statements are expressions of facts.

True False

252. Individuals face an economic problem but not the society.

True False

253. The entrepreneur's sole function is to combine other resources (land, labour, and capital) in the production of some good or service.

True False

254. Products and services are scarce because resources are scarce.

True False

255. The process by which capital goods are accumulated is known as investment.

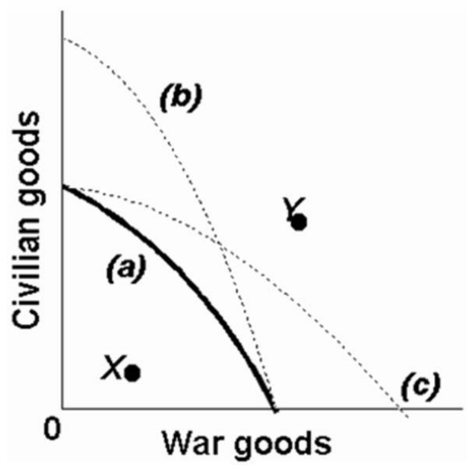
True False

256. The production possibilities curve shows various combinations of two products which an economy can produce when achieving full employment and productive efficiency.

True False

257. An economy will always operate at some point on its production possibilities curve.

True False



258. Refer to the above production possibilities curves. Given production possibilities curve (a), point Y indicates that society is failing to use available resources efficiently.

True False

259. Refer to the above production possibilities curves. The movement from curve (a) to curve (b) implies an increase in the quantity and/or quality of society's productive resources.

True False

260. Refer to the above production possibilities curves. Given production possibilities curve (a), the combination of civilian and war goods indicated by point X is unattainable to this economy.

True False

261. An economy cannot produce at a point outside of its production possibilities curve because human material wants are insatiable.

True False

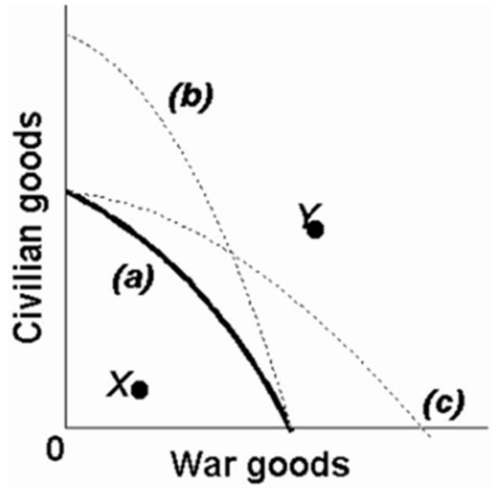
262. Although sleeping in on a work day or school day has an opportunity cost, sleeping late on the weekend does not.

True False

263. Recessions are characterised by points that are not attainable on the production possibilities curve.

True False

264. Refer to the production possibilities curves. The movement from curve (a) to curve (c) indicates an improvement in civilian goods technology but not in war goods technology.



True False

265. The present choice of position on the production possibilities curve will not influence the future location of the curve.

True False

Chapter 1 Key

1. The economic concept that serves as the basis for the study of economics is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-01 List the ten key concepts to retain for a lifetime.
McConnell - Chapter 01 #1
Topic: 01-01 Ten Key Concepts to Retain for a Lifetime
Type: Application

2. As a consequence of the condition of scarcity:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #2
Topic: 01-06 Scarcity and Choice
Type: Application

3. In every economic system, choices must be made because resources are:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #3
Topic: 01-06 Scarcity and Choice
Type: Application

4. Opportunity cost is best defined as:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-01 List the ten key concepts to retain for a lifetime.
McConnell - Chapter 01 #4
Topic: 01-02 The Individual
Type: Application

5. Tammie makes $150 a day as a bank clerk. She takes off two days of work without pay to fly to another city to attend the concert of her favourite music group. The cost of transportation for the trip is $250. The cost of the concert ticket is $50. The opportunity cost of Tammie's trip to the concert is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #5
Topic: 01-07 Purposeful Behaviour
Type: Calculation

6. When a provincial government chooses to build more roads, the required resources are no longer available for spending on public education. This dilemma illustrates the concept of:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #6
Topic: 01-07 Purposeful Behaviour
Type: Application

7. Specialization and trade are beneficial to society because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-01 List the ten key concepts to retain for a lifetime.
McConnell - Chapter 01 #7
Topic: 01-03 Interaction Among Individuals
Type: Application

8. When economists describe "a market," they mean:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-01 List the ten key concepts to retain for a lifetime.
McConnell - Chapter 01 #8
Topic: 01-03 Interaction Among Individuals
Type: Definition

9. The institution that coordinates actions of consumers and producers to establish prices for goods and services is known as:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-01 List the ten key concepts to retain for a lifetime.
McConnell - Chapter 01 #9
Topic: 01-03 Interaction Among Individuals
Type: Definition

10. A major argument for economic growth is that it:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #10
Topic: 01-12 Macroeconomics
Type: Application

11. One of the basic economic defences of economic growth rests on the conclusion that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #11
Topic: 01-14 The Individuals Economic Problem
Type: Application

12. Concern about the general level of prices in an economy is primarily a concern about the economic goal of:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #12
Topic: 01-12 Macroeconomics
Type: Application

13. Assume that a tradeoff exists in the short run between inflation and unemployment. This relationship means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #13
Topic: 01-12 Macroeconomics
Type: Application

14. The study of economics is primarily concerned with:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #14
Topic: 01-12 Macroeconomics
Type: Definition

15. The assertion that "There is no free lunch" means:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #15
Topic: 01-06 Scarcity and Choice
Type: Definition

16. The study of economics exists because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #16
Topic: 01-06 Scarcity and Choice
Type: Application

17. Economics may best be defined as:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #17
Topic: 01-05 The Economic Way of Thinking

Type: Definition

18. Purposeful behaviour suggests that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #18
Topic: 01-07 Purposeful Behaviour
Type: Definition

19. Consumers spend their incomes to get the maximum benefit or satisfaction from the goods and services they purchase. This is a reflection of:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #19
Topic: 01-07 Purposeful Behaviour
Type: Application

20. The "economic perspective" refers to:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #20
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Definition

21. The "economic perspective" entails:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #21
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

22. The economic perspective used in customer decision making at fast-food restaurants is reflected in:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #22
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

23. How is the economic perspective reflected in lines for fast food?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #23
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

24. From an economic perspective, when consumers leave a fast-food restaurant because the lines to be served are too long, they have concluded that the:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #24
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

25. Consumers might leave a fast-food restaurant without being served because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #25
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

26. At fast-food restaurants:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #26
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

27. Economics involves "marginal analysis" because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #27
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

28. You should decide to go to a movie:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #28
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

29. Marginal costs exist because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #29
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

30. Even though local newspapers are very inexpensive, people rarely buy more than one of them each day. This fact:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #30
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Application

31. The process of developing hypotheses, testing them against facts, and using the results to construct theories is called:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #31
Topic: 01-09 Theories, Principles, and Models
Type: Definition

32. A "hypothesis" is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #32
Topic: 01-09 Theories, Principles, and Models
Type: Definition

33. From the perspective of economists, which term provides the highest degree of confidence for explaining economic behaviour?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #33
Topic: 01-09 Theories, Principles, and Models
Type: Definition

34. In constructing models, economists:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #34
Topic: 01-09 Theories, Principles, and Models
Type: Definition

35. Economic models:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #35
Topic: 01-09 Theories, Principles, and Models
Type: Definition

36. An economic model is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #36
Topic: 01-09 Theories, Principles, and Models
Type: Application

37. The term "ceteris paribus" means:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #37
Topic: 01-09 Theories, Principles, and Models
Type: Definition

38. Suppose an economist says that "Other things equal, the lower the price of bananas, the greater the amount of bananas purchased." This statement indicates that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #38
Topic: 01-09 Theories, Principles, and Models
Type: Application

39. The term "other things equal" means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #39

Topic: 01-09 Theories, Principles, and Models
Type: Definition

40. The basic purpose of the "other things equal" assumption is to:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #40
Topic: 01-09 Theories, Principles, and Models
Type: Definition

41. Microeconomics is concerned with:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #41
Topic: 01-11 Microeconomics
Type: Definition

42. Microeconomics:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #42
Topic: 01-11 Microeconomics
Type: Definition

43. Which of the following is a microeconomic statement?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium

Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #43
Topic: 01-11 Microeconomics
Type: Application

44. Macroeconomics approaches the study of economics from the viewpoint of:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #44
Topic: 01-12 Macroeconomics
Type: Definition

45. Which of the following is associated with macroeconomics?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #45
Topic: 01-12 Macroeconomics
Type: Application

46. The problems of aggregate inflation and unemployment are:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #46
Topic: 01-12 Macroeconomics
Type: Application

47. Which of the following statements pertains to macroeconomics?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #47
Topic: 01-12 Macroeconomics
Type: Application

48. Macroeconomics can best be described as the:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #48
Topic: 01-12 Macroeconomics
Type: Definition

49. Which of the following is a macroeconomic statement?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #49
Topic: 01-12 Macroeconomics
Type: Application

50. A positive statement is one which is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #50
Topic: 01-13 Positive and Normative Economics

Type: Definition

51. Which of the following is a positive statement?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #51
Topic: 01-13 Positive and Normative Economics
Type: Application

52. A positive statement is concerned with:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #52
Topic: 01-13 Positive and Normative Economics
Type: Definition

53. A normative statement is one which:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #53
Topic: 01-13 Positive and Normative Economics
Type: Definition

54. Which of the following is a normative statement?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #54
Topic: 01-13 Positive and Normative Economics
Type: Application

55. Normative statements are concerned with:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #55
Topic: 01-13 Positive and Normative Economics
Type: Definition

56. Most of the disagreement among economists involves:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #56
Topic: 01-13 Positive and Normative Economics
Type: Application

57. Economics is concerned with using scarce productive resources efficiently in attempting to satisfy society's material wants. This statement is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #57
Topic: 01-13 Positive and Normative Economics
Type: Application

58. Ben says that "An increase in the tax on beer will raise its price." Holly argues that "Taxes should be increased on beer because college students drink too much." We can conclude that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #58
Topic: 01-13 Positive and Normative Economics
Type: Application

59. The global financial crisis that spread to Canada in late 2008 has been dubbed:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #59
Topic: 01-12 Macroeconomics
Type: Definition

60. The individuals and society both face an economic problem. This problem arises from the fact that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #60
Topic: 01-14 The Individuals Economic Problem
Type: Application

61. The individual's limited income problem:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #61
Topic: 01-15 Limited Income
Type: Application

62. When an economist says that material wants are insatiable, this means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #62
Topic: 01-14 The Individuals Economic Problem
Type: Definition

63. As used in economics, the notion of scarce resources means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #63
Topic: 01-14 The Individuals Economic Problem
Type: Definition

64. The budget line shows:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

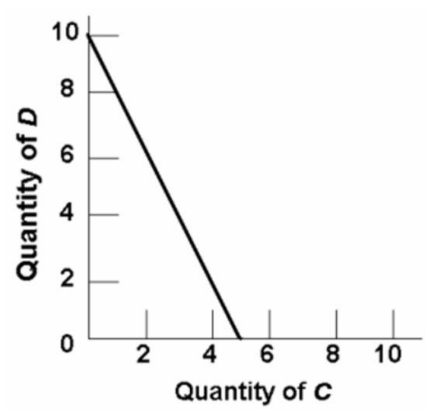
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #64
Topic: 01-17 The Budget Line
Type: Definition

65. The price ratio of the two products is the:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #65
Topic: 01-17 The Budget Line
Type: Definition

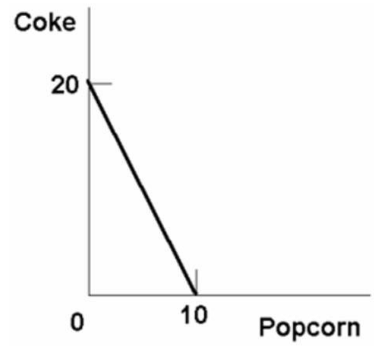
66. Refer to the budget line shown in the diagram below. If the consumer's money income is $20, the:



A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #66
Topic: 01-17 The Budget Line
Type: Graphic

67. Refer to the diagram below, suppose you have a money income of $10 all of which you spend on Coke and boxes of popcorn. The prices of Coke and popcorn respectively are:



A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #67
Topic: 01-17 The Budget Line
Type: Graphic

68. In moving along a given budget line:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #68
Topic: 01-17 The Budget Line
Type: Application

69. In drawing a budget line it is assumed that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #69
Topic: 01-17 The Budget Line

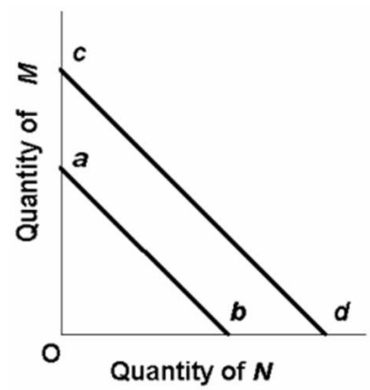
Type: Application

70. Any combination of goods lying outside of the budget line:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #70
Topic: 01-17 The Budget Line
Type: Application

71. The budget line shift from cd to ab in the below figure is consistent with:



A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #71
Topic: 01-17 The Budget Line
Type: Graphic

72. A leftward shift of a consumer's budget line to a position parallel with the original one could indicate that the:

A.
B.
C.
D.

Accessibility: Keyboard Navigation

Difficulty: Medium
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #72
Topic: 01-17 The Budget Line
Type: Application

73. Which of the following statements is not correct?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-05 Explain the individuals economic problem and how trade-offs; opportunity costs; and attainable combinations can be illustrated with budget lines.
McConnell - Chapter 01 #73
Topic: 01-17 The Budget Line
Type: Application

74. The society must also make choices under conditions of scarcity. This problem arises from the fact that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #74
Topic: 01-19 Scarce Resources
Type: Application

75. The fundamental problem of economics is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #75
Topic: 01-19 Scarce Resources
Type: Application

76. Economic resources are also called:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #76
Topic: 01-20 Resource Categories
Type: Definition

77. Money is not considered to be an economic resource because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #77
Topic: 01-20 Resource Categories
Type: Application

78. Which of the following is real capital?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #78
Topic: 01-20 Resource Categories
Type: Definition

79. The main function of the entrepreneur is to:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #79
Topic: 01-20 Resource Categories
Type: Definition

80. The following production possibilities table represents an economy which is producing two products, tanks and autos. Refer to the table, in moving from possibility C to D, the cost of a tank in terms of autos is:

Product	**A**	**B**	**C**
Tanks	0	1	2
Autos	1000	950	850

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #80
Topic: 01-22 Production Possibilities Table
Type: Calculation

(The following economy produces two products.)

Production Possibilities Table

Product	A	B	C	
Steel	0	1	2	
Wheat	100	90	75	5

McConnell - Chapter 01

81. Refer to the above table. A change from possibility C to B means that:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #81
Topic: 01-22 Production Possibilities Table
Type: Calculation

82. Refer to the above table. In moving from possibility C to D, the cost of a unit of steel in terms of a unit of wheat is:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #82
Topic: 01-22 Production Possibilities Table
Type: Calculation

83. Refer to the above table. A change from possibility B to C means that:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #83
Topic: 01-22 Production Possibilities Table
Type: Calculation

84. The production possibilities curve represents which of the following?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #84
Topic: 01-23 Production Possibilities Curve
Type: Definition

85. The production possibilities curve represents:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #85

Topic: 01-23 Production Possibilities Curve
Type: Definition

86. The construction of a production possibilities curve assumes:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #86
Topic: 01-23 Production Possibilities Curve
Type: Definition

87. Assume an economy is operating at some point on its production possibilities curve which shows civilian and military goods. If the output of military goods is increased, the output of civilian goods:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #87
Topic: 01-23 Production Possibilities Curve
Type: Application

88. The production possibilities curve shows:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #88
Topic: 01-23 Production Possibilities Curve
Type: Definition

89. The negative slope of the production possibilities curve is a graphical way of indicating that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #89
Topic: 01-23 Production Possibilities Curve
Type: Application

90. If an economy is operating on its production possibilities curve for consumer goods and capital goods, this means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #90
Topic: 01-23 Production Possibilities Curve
Type: Application

91. In drawing a production possibilities curve we hold constant:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #91
Topic: 01-23 Production Possibilities Curve
Type: Application

92. The production possibilities curve tells us:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #92
Topic: 01-23 Production Possibilities Curve
Type: Definition

93. When an economy is operating with maximum efficiency, the production of more of commodity A will mean the production of less of commodity B because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #93
Topic: 01-23 Production Possibilities Curve
Type: Application

94. The production possibilities curve:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #94
Topic: 01-23 Production Possibilities Curve
Type: Definition

95. The production possibilities curve illustrates the basic principle that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #95
Topic: 01-23 Production Possibilities Curve
Type: Application

96. A production possibilities curve illustrates:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #96
Topic: 01-23 Production Possibilities Curve
Type: Application

97. A production possibilities curve shows:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #97
Topic: 01-23 Production Possibilities Curve
Type: Definition

98. In drawing the production possibilities curve we assume that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #98
Topic: 01-23 Production Possibilities Curve
Type: Application

99. Which of the following is assumed in constructing a typical production possibilities curve?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #99
Topic: 01-23 Production Possibilities Curve

Type: Definition

100. Which of the following is not correct? A typical production possibilities curve:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #100
Topic: 01-23 Production Possibilities Curve
Type: Definition

101. Which one of the following statements is correct?

A.
B.
C.
D.

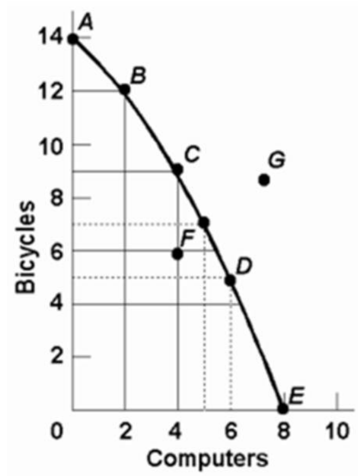
Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #101
Topic: 01-23 Production Possibilities Curve
Type: Application

102. The typical production possibilities curve is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #102
Topic: 01-23 Production Possibilities Curve
Type: Definition

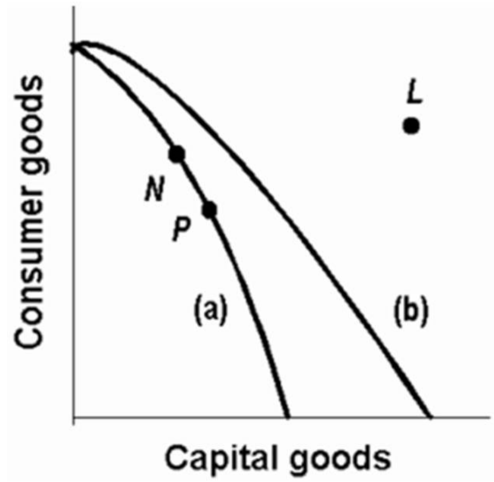
103. Refer to the diagram below. Points A, B, C, D, and E show:



A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #103
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

104. Refer to the following production possibilities curves. Curve (a) is the current curve for the economy. Given production possibilities curve (a), the combination of capital and consumer goods indicated by point L:



A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #104
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

105. A point on the frontier of the production possibilities curve is:

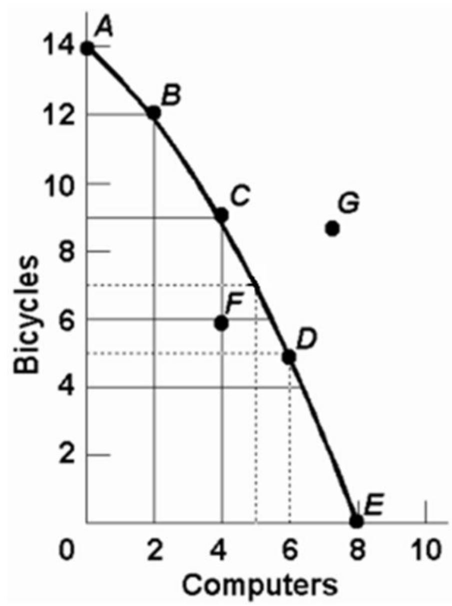
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #105
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Definition

106. A point inside the production possibilities curve is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #106
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application



McConnell - Chapter 01

107. Refer to the above diagram. The combination of computers and bicycles shown by point G is:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #107
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

108. Refer to the above diagram. The combination of computers and bicycles shown by point F:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #108
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

109. Refer to the above diagram. If society is currently producing the combination of bicycles and computers shown by point D, the production of 2 more units of bicycles:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #109
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation

110. Refer to the above diagram. The movement down the production possibilities curve from point A to point E suggests that the production of:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #110
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

111. The slope of the typical production possibilities curve:

A.
B.
C.
D.

Accessibility: Keyboard Navigation

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #111
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

112. The production possibilities curve has:

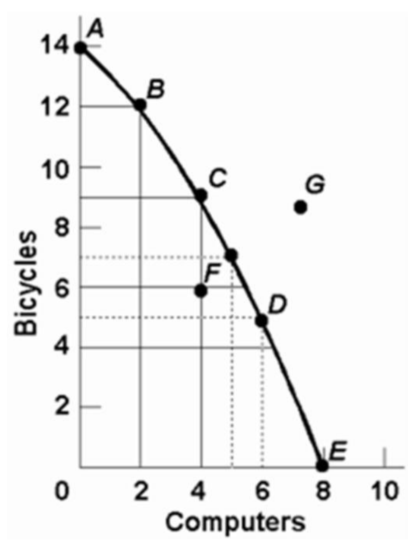
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #112
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

113. The law of increasing opportunity costs states that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #113
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Definition



114. Refer to the above diagram. This production possibilities curve is:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #114
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

115. Refer to the above diagram. If society is currently producing 9 units of bicycles and 4 units of computers and it now decides to increase computer output to 6, the cost:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #115
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

116. The concept of opportunity cost:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #116
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Definition

117. Which of the following is not an illustration of the idea of opportunity cost?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.

McConnell - Chapter 01 #117
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

118. Opportunity cost is best defined as:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #118
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Definition

Production possibilities tables for two countries, North Cantina and South Cantina:

North Cantina
Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	10	18

South Cantina
Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	8	15

McConnell - Chapter 01

119. Refer to the above tables. If South Cantina is producing at production alternative D, the opportunity cost of the third unit of capital goods is:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #119
Topic: 01-22 Production Possibilities Table
Type: Calculation

120. Refer to the above tables. If North Cantina is producing at production alternative B, the opportunity cost of the eleventh unit of consumer goods will be:

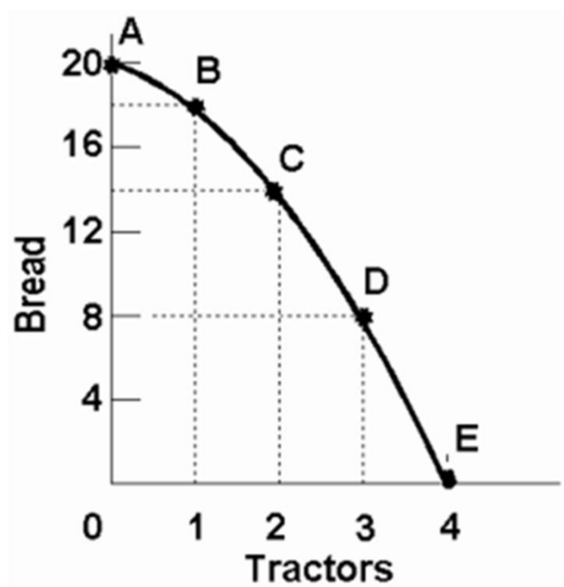
A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #120
Topic: 01-22 Production Possibilities Table
Type: Calculation

121. Refer to the above tables. The opportunity cost of the fifth unit of capital goods:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #121
Topic: 01-22 Production Possibilities Table
Type: Calculation



McConnell - Chapter 01

122. Refer to the above diagram. Starting at point A, the opportunity cost of producing each successive unit of tractors is:

A.
B.
C.
D.

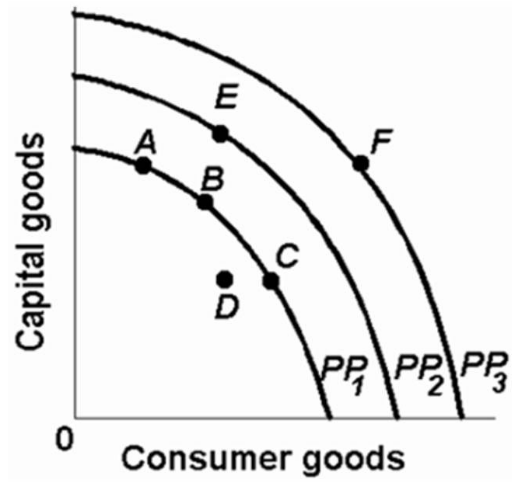
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #122
Topic: 01-23 Production Possibilities Curve
Type: Graphic

123. Refer to the above diagram. Starting at point E, the production of successive units of bread will cost:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #123
Topic: 01-23 Production Possibilities Curve
Type: Graphic

124. Refer to the diagram below. The concept of opportunity cost is best represented by the:



A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #124
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

125. The fact that the slope of the production possibilities curve becomes steeper as we move down along the curve indicates that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #125
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

Production possibilities (alternatives)

	A	B	C	I
Capital goods	5	4	3	[illegible]
Consumer goods	0	5	9	[illegible]

McConnell - Chapter 01

126. Refer to the above table. If the economy is producing at production alternative C, the opportunity cost of the tenth unit of consumer goods will be:

A.
B.
C.
D.

Difficulty: Medium
McConnell - Chapter 01 #126
Topic: 01-21 Production Possibilities Model
Type: Calculation

127. Refer to the above table. For these data the law of increasing opportunity costs is reflected in the fact that:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #127
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

128. Refer to the table below. In moving from possibility A to F, the cost of a unit of steel in terms of a unit of wheat:

(The following economy produces two products.)
Production Possibilities

Product	A	B	C
Steel	0	1	2
Wheat	100	90	75

A.
B.
C.
D.

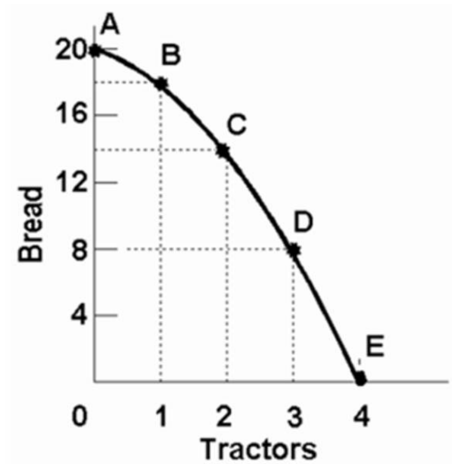
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #128
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation

129. A typical concave production possibilities curve implies:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
McConnell - Chapter 01 #129
Topic: 01-21 Production Possibilities Model
Type: Definition

130. Refer to the diagram below. This production possibilities curve is constructed such that:



A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #130
Topic: 01-23 Production Possibilities Curve
Type: Graphic

131. The law of increasing opportunity costs exists because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #131
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

132. The law of increasing opportunity costs is reflected in a production possibilities curve which is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #132
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

The production possibilities curve below shows the hypothetical relationship between the production of capital goods and consumer goods in an economy.

	Production Alt		
Products	A	B	C
Capital goods	0	1	2
Consumer goods	22	18	13

McConnell - Chapter 01

133. Refer to the above table. What is the opportunity cost of producing the third unit of capital goods?

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #133
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation

134. Refer to the above table. What is the total opportunity cost of producing two units of capital goods?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #134
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation

135. Refer to the above table. What is the opportunity cost of producing the fourth unit of capital goods?

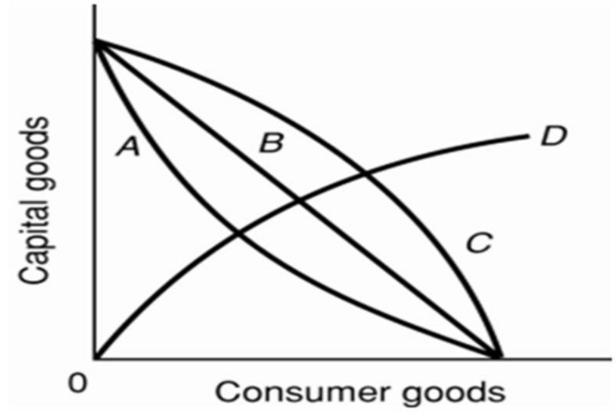
A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #135
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation

136. Refer to the above table. What is the total opportunity cost of producing three units of capital goods?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #136
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Calculation



McConnell - Chapter 01

137. Refer to the above diagram. As it relates to production possibilities analysis, the law of increasing opportunity cost is reflected in curve:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #137
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

138. Refer to the above diagram. Curve B is a:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #138
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

139. If the production possibilities curve is a straight line:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #139

Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

140. A nation's production possibilities curve is "bowed out" from the origin because:

A.
B.
C.
D.

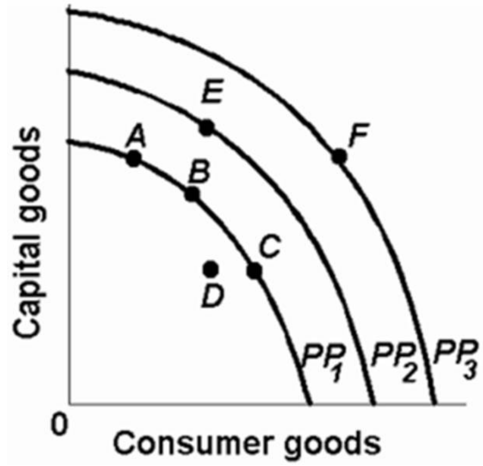
Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #140
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

141. If the production possibilities curve were a straight downsloping line, this would suggest that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #141
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Application

142. Refer to the diagram below. The concave shape of each production possibilities curve indicates that:



A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #142
Topic: 01-24 Law of Increasing Opportunity Costs
Type: Graphic

143. The marginal benefit curve is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #143
Topic: 01-25 Optimal Allocation
Type: Definition

144. The marginal cost curve is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #144
Topic: 01-25 Optimal Allocation
Type: Definition

145. The output of blu ray players should be:

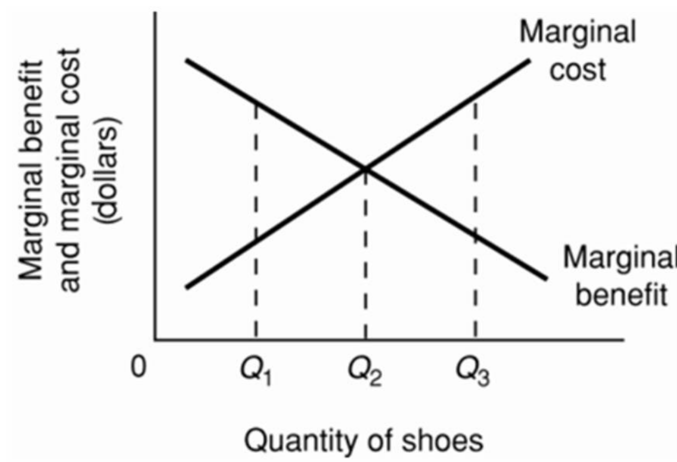
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #145
Topic: 01-25 Optimal Allocation
Type: Application

146. If the output of product X is such that marginal benefit equals marginal cost:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #146
Topic: 01-25 Optimal Allocation
Type: Definition



McConnell - Chapter 01

147. Refer to the above diagram for athletic shoes. The optimal output of shoes:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #147
Topic: 01-25 Optimal Allocation
Type: Graphic

148. Refer to the above diagram for athletic shoes. If the current output of shoes is Q_1, then:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #148
Topic: 01-25 Optimal Allocation
Type: Application

149. Refer to the above diagram for athletic shoes. If the current output of shoes is Q_3, then:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #149
Topic: 01-25 Optimal Allocation
Type: Application

150. Recessions are typically characterised by points:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #150
Topic: 01-26 Unemployment, Growth, and the Future
Type: Application

Production possibilities (alternatives)				
	A	B	C	I
Capital goods	5	4	3	2
Consumer goods	0	5	9	1

McConnell - Chapter 01

151. Refer to the above table. As compared to production alternative D, the choice of alternative C would:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #151
Topic: 01-27 A Growing Economy
Type: Application

152. Refer to the above table. A total output of 3 units of capital goods and 4 units of consumer goods:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #152
Topic: 01-27 A Growing Economy
Type: Application

153. Refer to the above table. For this economy to produce a total output of 3 units of capital goods and 13 units of consumer goods it must:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #153
Topic: 01-27 A Growing Economy
Type: Application

Production possibilities tables for two countries, North Cantina and South Cantina:

North Cantina Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	10	18

South Cantina Production possibilities (alternatives)

	A	B	C
Capital goods	5	4	3
Consumer goods	0	8	15

McConnell - Chapter 01

154. Refer to the above tables. Suppose that North Cantina is producing 2 units of capital goods and 17 units of consumer goods while South Cantina is producing 2 units of capital goods and 21 units of consumer goods. We can conclude that:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #154
Topic: 01-27 A Growing Economy
Type: Application

155. Refer to the above tables. Suppose that resources in North Cantina and South Cantina are identical in quantity and quality. We can conclude that:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #155
Topic: 01-27 A Growing Economy
Type: Application

156. Refer to the table below. According to the production possibilities schedule for the economy which produces two products, a combination of four tanks and 650 autos is: Production Possibilities

Product	A	B	C	I
Tanks	0	1	2	:
Autos	1000	950	850	(

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #156
Topic: 01-27 A Growing Economy
Type: Application

157. Assume that a change in government policy results in the increased production of both consumer goods and investment goods. It can be concluded that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #157
Topic: 01-27 A Growing Economy
Type: Application

158. Refer to the diagram. This economy will experience unemployment if it produces at point:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #158
Topic: 01-27 A Growing Economy
Type: Graphic

McConnell - Chapter 01

159. Refer to the above production possibilities curve. At the onset of World War II Canada had large amounts of idle human and property resources. Its economic adjustment from peacetime to wartime can best be described by the movement from point:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.

McConnell - Chapter 01 #159
Topic: 01-27 A Growing Economy
Type: Graphic

160. Refer to the above production possibilities curve. At the onset of World War II the Soviet Union's economy was already at full employment. Its economic adjustment from peacetime to wartime can best be described by the movement from point:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #160
Topic: 01-27 A Growing Economy
Type: Graphic

161. Any point inside the production possibilities curve indicates:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #161
Topic: 01-27 A Growing Economy
Type: Application

162. Unemployment and/or productive inefficiencies:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #162
Topic: 01-27 A Growing Economy
Type: Application

163. A point inside a production possibilities curve may indicate:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #163
Topic: 01-27 A Growing Economy
Type: Application

164. Assume an economy is incurring unemployment and failing to realize least-cost production. The immediate effect of resolving these problems will be to:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #164
Topic: 01-27 A Growing Economy
Type: Application

165. If an economy is operating inside its production possibilities curve for consumer goods and capital goods, this means that it:

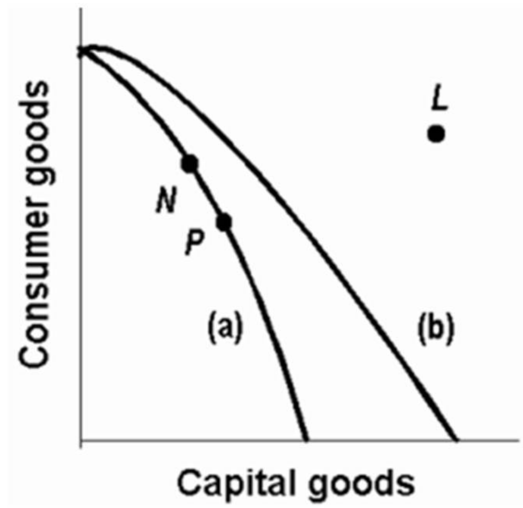
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #165
Topic: 01-27 A Growing Economy
Type: Application

166. Which of the following will not require an outward shift of the production possibilities curve?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #166
Topic: 01-27 A Growing Economy
Type: Application



McConnell - Chapter 01

167. Refer to the above production possibilities curves. Curve (a) is the current curve for the economy. The movement from curve (a) to curve (b) suggests:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #167
Topic: 01-27 A Growing Economy
Type: Application

168. Refer to the above production possibilities curves. Curve (a) is the current curve for the economy. Other things being equal, society's current choice of point P on curve (a) will:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #168
Topic: 01-27 A Growing Economy
Type: Application

169. The basic difference between consumer goods and capital goods is that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #169
Topic: 01-27 A Growing Economy
Type: Definition

170. Which of the following would be most likely to shift the production possibilities curve to the right?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #170
Topic: 01-27 A Growing Economy
Type: Application

171. Which of the following will not shift a nation's production possibilities curve?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #171
Topic: 01-27 A Growing Economy
Type: Application

172. Which of the following will shift the production possibilities curve to the right?

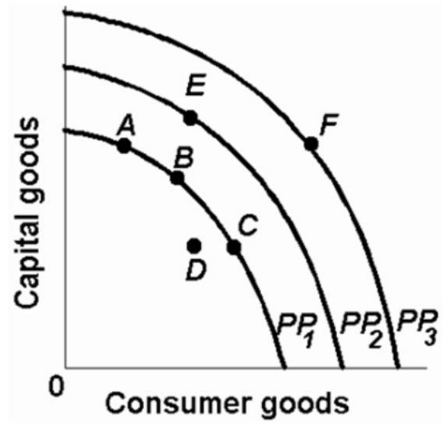
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #172
Topic: 01-27 A Growing Economy
Type: Application

173. Other things equal, which of the following would shift an economy's production possibilities curve to the left?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #173
Topic: 01-27 A Growing Economy
Type: Application



McConnell - Chapter 01

174. Refer to the above diagram. An improvement in technology will:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #174
Topic: 01-27 A Growing Economy
Type: Graphic

175. Refer to the above diagram. Which one of the following would shift the production possibilities curve from PP_1 to PP_2

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #175
Topic: 01-27 A Growing Economy
Type: Graphic

176. Which situation would most likely shift the production possibilities curve for a nation in an outward direction?

A.
B.
C.
D.

Accessibility: Keyboard Navigation

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #176
Topic: 01-27 A Growing Economy
Type: Application

177. Which situation would most likely cause a nation's production possibilities curve to shift inward?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #177
Topic: 01-27 A Growing Economy
Type: Application

178. All of the following could immediately or eventually lead to an inward shift of a nation's production possibilities curve, except:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #178
Topic: 01-27 A Growing Economy
Type: Application

179. Some agricultural sub-Saharan nations of Africa have over-farmed and overgrazed their land to the extent that significant portions of it have turned into desert. This suggests that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #179
Topic: 01-27 A Growing Economy
Type: Application

180. Which of the following statements, if any, is correct for a nation which is producing only consumption and capital goods?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #180
Topic: 01-28 Present Choices and Future Possibilities
Type: Application

181. If country A has been investing a larger proportion of its domestic output than Canada has, then, we would expect:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #181
Topic: 01-28 Present Choices and Future Possibilities
Type: Application

182. Deltonia produces both consumer and capital goods. If it reduces the percentage of its output devoted to capital goods, then:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #182
Topic: 01-28 Present Choices and Future Possibilities
Type: Application

183. Refer to the diagram below. Other things equal, this economy will achieve the most rapid rate of growth if:

A.
B.
C.
D.

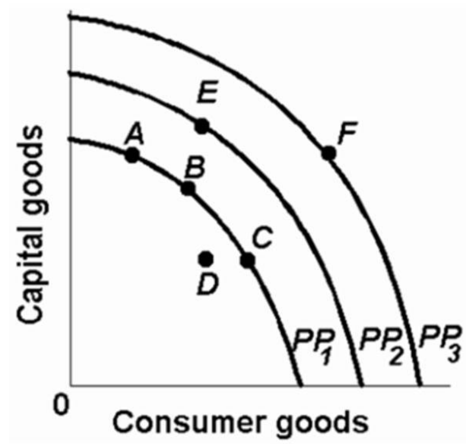
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #183
Topic: 01-28 Present Choices and Future Possibilities
Type: Graphic

184. The future location of the economy's production possibilities curve will be affected by:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #184
Topic: 01-28 Present Choices and Future Possibilities
Type: Application

185. Refer to the diagram below. Which of the following positions relative to PP_1 would be the most likely to result in a future production possibilities curve of PP_3, rather than PP_2?



A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #185
Topic: 01-28 Present Choices and Future Possibilities
Type: Graphic

186. Through specialization and international trade a nation:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #186
Topic: 01-29 A Qualification: International Trade
Type: Application

187. A country can achieve some combination of goods outside its production possibilities curve by:

A.
B.
C.
D.

Accessibility: Keyboard Navigation

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #187
Topic: 01-29 A Qualification: International Trade
Type: Application

188. International specialization and trade:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #188
Topic: 01-29 A Qualification: International Trade
Type: Application

189. Economists:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #189
Topic: 01-31 Construction of a Graph
Type: Definition

190. If we say that two variables are directly related, this means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #190
Topic: 01-32 Direct and Inverse Relationships
Type: Definition

191. If we say that two variables are inversely related, this means that:

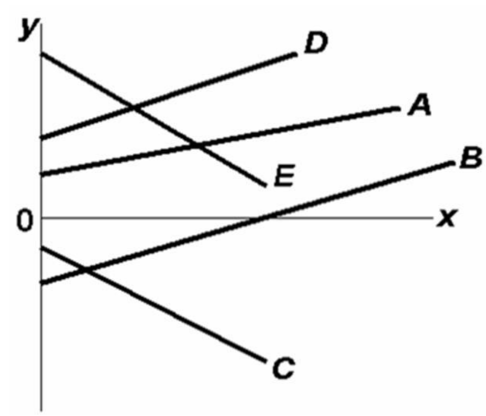
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #191
Topic: 01-32 Direct and Inverse Relationships
Type: Definition

192. Which of the following statements is correct?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #192
Topic: 01-33 Dependent and Independent Variables
Type: Definition



McConnell - Chapter 01

193. Refer to the above diagram. Which line(s) show(s) a positive relationship between x and y?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #193
Topic: 01-32 Direct and Inverse Relationships

Type: Graphic

194. Refer to the above diagram. Which line(s) show(s) a negative relationship between x and y?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #194
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

195. Refer to the above diagram. Which line(s) show(s) a positive vertical intercept?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #195
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

196. Refer to the above diagram. Which line(s) show(s) a negative vertical intercept?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #196
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

197. If two variables are inversely related, then as the value of one variable:

A.
B.
C.
D.

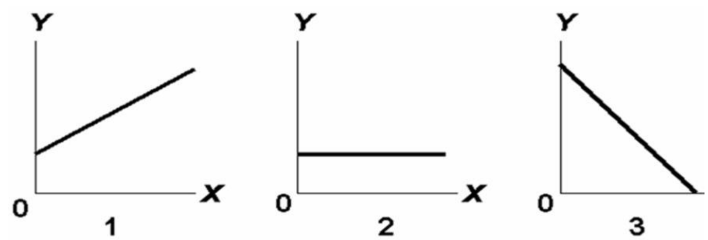
Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.

McConnell - Chapter 01 #197
Topic: 01-32 Direct and Inverse Relationships
Type: Definition

198. If a positive relationship exists between x and y:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #198
Topic: 01-32 Direct and Inverse Relationships
Type: Definition



McConnell - Chapter 01

199. Answer on the basis of the relationships shown in the above four figures. The amount of Y is directly related to the amount of X in:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #199
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

200. Answer on the basis of the relationships shown in the above four figures. The amount of Y is inversely related to the amount of X in:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #200
Topic: 01-32 Direct and Inverse Relationships

Type: Graphic

201. Answer on the basis of the relationships shown in the above four figures. The amount of Y is unrelated to the amount of X in:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #201
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

202. If price (P) and quantity (Q) are directly related, this means that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #202
Topic: 01-32 Direct and Inverse Relationships
Type: Definition

Assume that if the interest rate that businesses must pay to borrow funds were 20 percent, it would be unprofitable for businesses to invest in new machinery and equipment so that investment would be zero. But if the interest rate were 16 percent, businesses would find it profitable to invest $10 billion. If the interest rate were 12 percent, $20 billion would be invested. Assume that total investment continues to increase by $10 billion for each successive 4 percentage point decline in the interest rate.

McConnell - Chapter 01

203. Refer to the above information. Which of the following is an accurate verbal statement of the described relationship?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #203
Topic: 01-32 Direct and Inverse Relationships
Type: Application

204. Refer to the above information. Using i and I to indicate the interest rate and investment (in billions of dollars) respectively, which of the following is the correct tabular presentation of the described relationship?

(A)		(B)		(C)	
i	I	i	I	i	I
20	$50	24	$10	20	$0
16	40	20	20	16	10
12	30	16	30	12	20
8	20	12	40	8	30
4	10	8	50	4	40
0	0	4	60	0	50

A.
B.
C.
D.

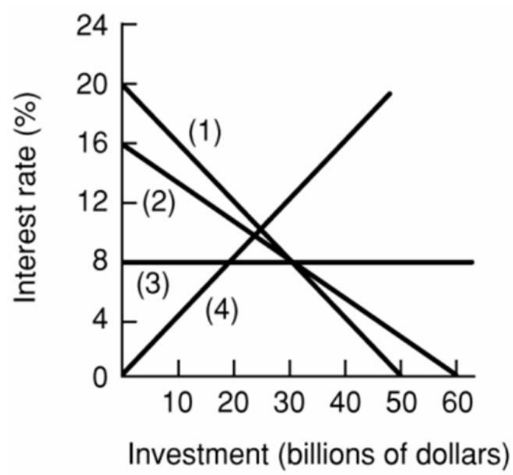
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #204
Topic: 01-32 Direct and Inverse Relationships
Type: Application

205. Refer to the above information. Which of the following correctly expresses the indicated relationship as an equation?

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #205
Topic: 01-32 Direct and Inverse Relationships
Type: Formula

206. Refer to the above information. Which of the following is the correct graphical presentation of the indicated relationship?



A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #206
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

After-tax income	Consumption
$1000	$900
2000	1800
3000	2700
4000	3600
5000	4500

McConnell - Chapter 01

207. The above data suggest that:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #207
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

208. The above data indicates that:

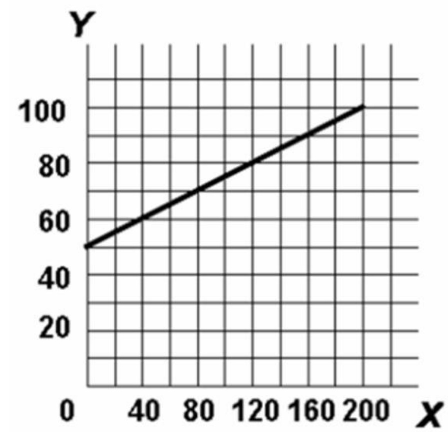
A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #208
Topic: 01-32 Direct and Inverse Relationships
Type: Calculation

209. The above data suggest that:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #209
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic



McConnell - Chapter 01

210. Refer to the above diagram. The variables X and Y are:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #210
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

211. Refer to the above diagram. The vertical intercept:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #211
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

212. Refer to the above diagram. The slope of the line:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #212

Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

213. Refer to the above diagram. The equation which shows the relationship between Y and X is:

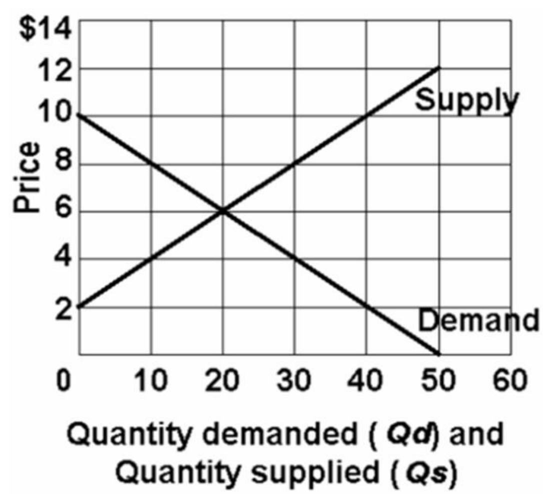
A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #213
Topic: 01-32 Direct and Inverse Relationships
Type: Formula

214. The slope of a straight line can be determined by:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #214
Topic: 01-35 Slope of a Line
Type: Definition



McConnell - Chapter 01

215. Refer to the above graph. Which of the following statements is correct?

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #215
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

216. Refer to the above graph. Which of the following schedules correctly reflects "demand"?

	(A)		(B)		(C)
P	Qd	P	Qd	P	Qc
$12	0	$14	0	$14	60
10	0	12	0	12	50
8	10	10	20	10	40
6	20	8	40	8	30
4	30	6	60	6	20
2	40	4	80	4	10

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #216
Topic: 01-31 Construction of a Graph
Type: Graphic

217. Refer to the above graph. Which of the following schedules correctly reflects "supply"?

(A)		(B)		(C)	
P	Qs	P	Qs	P	Qs
$12	50	$14	50	$12	50
10	30	12	40	10	40
8	10	10	30	8	30
6	0	8	20	6	20
4	0	6	10	4	10
2	0	4	0	2	0

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #217
Topic: 01-31 Construction of a Graph
Type: Graphic

218. Refer to the above graph. Using Q_d for quantity demanded and P for price, which of the following equations correctly states the demand for this product?

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #218
Topic: 01-30 Graphs and their Meanings
Type: Formula

219. Refer to the above graph. Using Q_s for quantity supplied and P for price, which of the following equations correctly states the supply of this product?

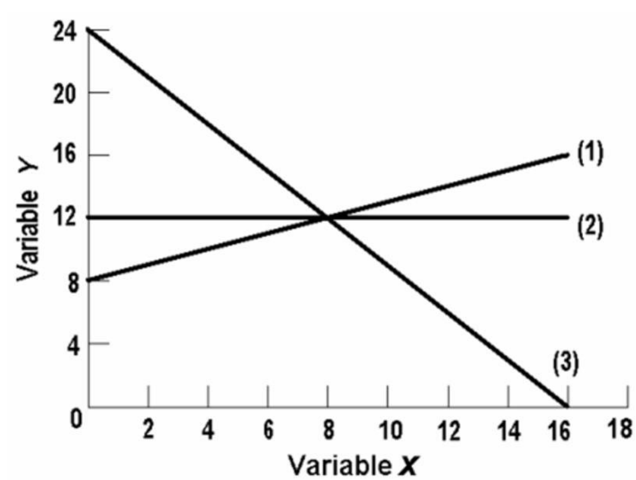
A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #219
Topic: 01-30 Graphs and their Meanings
Type: Formula

220. Assume a household would consume $100 worth of goods and services per week if its weekly income were zero and would spend an additional $80 per week for each $100 of additional income. Letting C represent consumption and Y represent income, the equation which summarizes this relationship is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #220
Topic: 01-30 Graphs and their Meanings
Type: Formula



221. In line (1) on the above graph, the variables x and y are:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #221
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

222. In line (3) on the above graph, variables x and y are:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #222
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

223. The linear equation for line (1) on the above graph is:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #223
Topic: 01-37 Equation of a Linear Relationship
Type: Formula

224. The slope of line (2) on the above graph is:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #224
Topic: 01-35 Slope of a Line
Type: Graphic

225. The linear equation for line (3) on the above graph is:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #225
Topic: 01-37 Equation of a Linear Relationship
Type: Formula

226. The vertical intercept of line (2) on the above graph is:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #226
Topic: 01-36 Vertical Intercept
Type: Graphic

227. If the equation $y = 5 + 6x$ was graphed, the:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #227
Topic: 01-37 Equation of a Linear Relationship
Type: Graphic

228. If the equation $y = 15 - 4x$ was plotted, the:

A.
B.
C.
D.

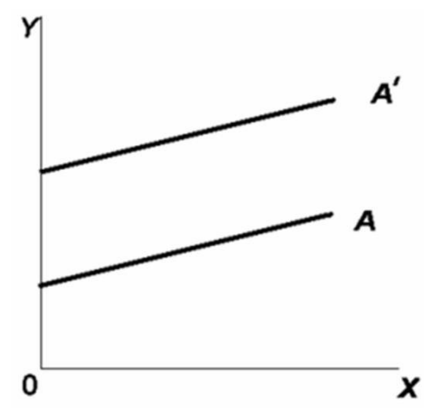
Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #228
Topic: 01-37 Equation of a Linear Relationship
Type: Graphic

229. If the equation y = -10 + 2.5x was plotted

A.
B.
C.
D.

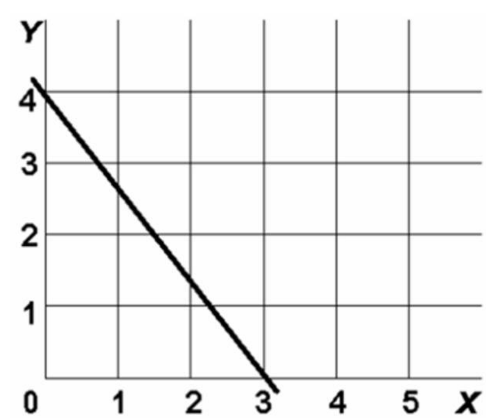
Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #229
Topic: 01-37 Equation of a Linear Relationship
Type: Graphic

230. Refer to the graph. The movement from line A to line A' represents a change in:



A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #230
Topic: 01-36 Vertical Intercept
Type: Graphic



McConnell - Chapter 01

231. In the above diagram variables x and y are:

A.
B.
C.
D.

Difficulty: Easy
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #231
Topic: 01-32 Direct and Inverse Relationships
Type: Graphic

232. In the above diagram the vertical intercept and slope are:

A.
B.
C.
D.

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #232
Topic: 01-35 Slope of a Line
Type: Graphic

233. In the above diagram the equation for this line is:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #233
Topic: 01-37 Equation of a Linear Relationship
Type: Formula

234. If we are considering the relationship between two variables and release the "other things equal" assumption, we would expect:

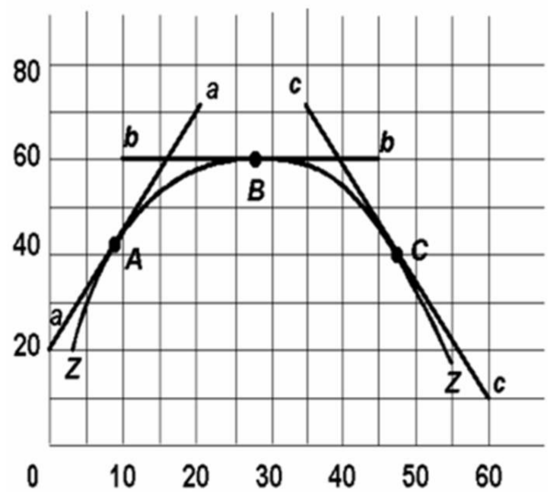
A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #234
Topic: 01-34 Other Things Equal
Type: Application

235. The amount of pizzas that consumers want to buy per week is reflected in the equation $P = 15 - .02Q_d$, where Q_d is the amount of pizzas purchased per week and P is the price of pizzas. On the basis of this information we can say that:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #235
Topic: 01-34 Other Things Equal
Type: Application



McConnell - Chapter 01

236. Refer to the above diagram. The slope of curve ZZ at point B is:

A.
B.
C.
D.

Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #236
Topic: 01-38 Slope of a Non-linear Curve
Type: Graphic

237. The slope of a line parallel to the vertical axis is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #237
Topic: 01-38 Slope of a Non-linear Curve
Type: Graphic

238. The slope of a line parallel to the horizontal axis is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #238
Topic: 01-38 Slope of a Non-linear Curve
Type: Graphic

239. The measured slope of a line:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #239
Topic: 01-38 Slope of a Non-linear Curve
Type: Application

240. Slope of lines are especially important in economics because:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #240
Topic: 01-38 Slope of a Non-linear Curve

Type: Application

241. In a linear equation relating income and consumption, you know that the intercept is $1,000 and the slope of the line is .4. If income is $20,000, then consumption is:

A.
B.
C.
D.

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #241
Topic: 01-37 Equation of a Linear Relationship
Type: Calculation

242. Purposeful behaviour implies that everyone will make identical choices.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #242
Topic: 01-07 Purposeful Behaviour
Type: Definition

243. Rational individuals may make different choices because their information and circumstances differ.

TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #243
Topic: 01-05 The Economic Way of Thinking
Type: Application

244. Certain inherently desirable products such as education and health care should be produced so long as resources are available.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #244
Topic: 01-07 Purposeful Behaviour
Type: Application

245. Marginal analysis means that decision-makers compare the extra benefits with the extra costs of a specific choice.

TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #245
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Definition

246. Choices entail marginal costs because resources are scarce.

TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-02 Define economics and the features of the economic way of thinking.
McConnell - Chapter 01 #246
Topic: 01-08 Marginal Analysis: Comparing Benefits and Costs
Type: Definition

247. If economic theories are solidly based on relevant facts, then there can be no question as to the character of appropriate economic policy.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #247
Topic: 01-09 Theories, Principles, and Models
Type: Definition

248. The fact that economic generalizations are abstract renders them impractical and useless.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-03 Describe the role of economic theory in economics.
McConnell - Chapter 01 #248
Topic: 01-09 Theories, Principles, and Models
Type: Application

249. Macroeconomics explains the behaviour of individual households and business firms; microeconomics is concerned with the behaviour of aggregates or the economy as a whole.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #249
Topic: 01-12 Macroeconomics
Type: Definition

250. Positive statements are expressions of value judgments.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #250
Topic: 01-13 Positive and Normative Economics
Type: Definition

251. Normative statements are expressions of facts.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #251
Topic: 01-13 Positive and Normative Economics
Type: Definition

252. Individuals face an economic problem but not the society.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-04 Distinguish between microeconomics and macroeconomics; and between positive economics and normative economics.
McConnell - Chapter 01 #252
Topic: 01-12 Macroeconomics
Type: Application

253. The entrepreneur's sole function is to combine other resources (land, labour, and capital) in the production of some good or service.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #253
Topic: 01-18 Societys Economic Problem
Type: Definition

254. Products and services are scarce because resources are scarce.

TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #254
Topic: 01-19 Scarce Resources
Type: Definition

255. The process by which capital goods are accumulated is known as investment.

TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-06 List the categories of scarce resources and delineate the economic problem.
McConnell - Chapter 01 #255
Topic: 01-18 Societys Economic Problem
Type: Definition

256. The production possibilities curve shows various combinations of two products which an economy can produce when achieving full employment and productive efficiency.

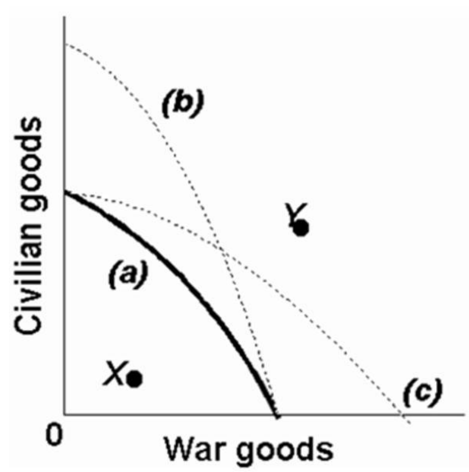
TRUE

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #256
Topic: 01-23 Production Possibilities Curve
Type: Definition

257. An economy will always operate at some point on its production possibilities curve.

FALSE

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #257
Topic: 01-23 Production Possibilities Curve
Type: Application



McConnell - Chapter 01

258. Refer to the above production possibilities curves. Given production possibilities curve (a), point Y indicates that society is failing to use available resources efficiently.

FALSE

Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #258
Topic: 01-23 Production Possibilities Curve
Type: Graphic

259. Refer to the above production possibilities curves. The movement from curve (a) to curve (b) implies an increase in the quantity and/or quality of society's productive resources.

TRUE

Difficulty: Hard
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #259
Topic: 01-23 Production Possibilities Curve
Type: Graphic

260. Refer to the above production possibilities curves. Given production possibilities curve (a), the combination of civilian and war goods indicated by point X is unattainable to this economy.

FALSE

Difficulty: Easy
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #260
Topic: 01-23 Production Possibilities Curve
Type: Graphic

261. An economy cannot produce at a point outside of its production possibilities curve because human material wants are insatiable.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #261
Topic: 01-23 Production Possibilities Curve
Type: Definition

262. Although sleeping in on a work day or school day has an opportunity cost, sleeping late on the weekend does not.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #262

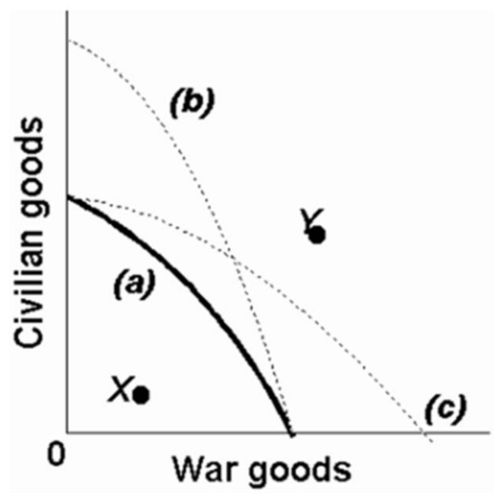
Topic: 01-23 Production Possibilities Curve
Type: Application

263. Recessions are characterised by points that are not attainable on the production possibilities curve.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-07 Apply the concepts of production possibilities analysis; increasing opportunity costs; and economic growth.
McConnell - Chapter 01 #263
Topic: 01-23 Production Possibilities Curve
Type: Application

264. Refer to the production possibilities curves. The movement from curve (a) to curve (c) indicates an improvement in civilian goods technology but not in war goods technology.



FALSE

Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #264
Topic: 01-27 A Growing Economy
Type: Graphic

265. The present choice of position on the production possibilities curve will not influence the future location of the curve.

FALSE

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 01-08 Explain how economic growth and international trade increase consumption possibilities.
McConnell - Chapter 01 #265
Topic: 01-27 A Growing Economy
Type: Definition

Chapter 1 Summary