https://selldocx.com/products/test-bank-macroeconomics-22e-flynn

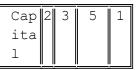
Stuc	dent name:						
1) of a	Which of the following is <i>not</i> a typical characteristic narket system?						
	A) use of moneyB) technological advanceC) specialization	D) freedom of choice E) government production planning					
2)	Private property						
	 A) encourages owners to maintain or improve their erty to preserve or enhance value. B) does everything indicated in the other choices. C) discourages cooperation because people don't to part with what they own. 	D) discourages innovation as people are often afraid to risk losing their own property.					
3) Fund	Which of the following is one of the Five damental Questions?						
	A) How will the system promote progress?B) How much should entrepreneurs be taxed?C) How will the system stop creative destruction?	D) How much should society save?					
by en	Answer the question based on the following rmation: Suppose 30 units of product A can be produced imploying just labor and capital in the four ways shown w. Assume the prices of labor and capital are \$4 and \$3, ectively.						

Version 1

	Production Techniques				
	I		ΙΙ	II I	IV
Lá	ab	4	3	2	5
or					

A) III

B) IV



Which technique is economically most efficient in producing A?

C) II

D) I

5) Answer the question based on the following information: Suppose 10 units of product X can be produced by employing just labor and capital in the three ways shown

	Resource	Producti	Producti	Producti
	price	on	on	on
		Techniqu	Techniqu	Techniqu
		e I	e II	e III
Labor	\$2	4	3	2
Capital	\$3	3	3	3

below. Assume the prices of labor and capital are as shown.

Which technique is the

most economically efficient?

- A) Technique I with total costs of \$18
- B) Technique II with total costs of \$15
- C) Technique I with total costs of \$17

D) Technique III with total costs of \$13

6) Answer the question based on the following information: Suppose 30 units of product A can be produced by employing just labor and capital in the four ways shown

Production
Techniques

I II II IV
I Dab 4 3 2 5
or 2 3 5 1
ita 5 5

below. Assume the prices of labor and capital are \$2 and \$3, respectively.

			_
1			
	11	 II	

Version 1 2

If the price of product A is \$1.00, and the firm is producing efficiently the firm will realize

- A) Economic profit of \$17.
- B) Economic profit of \$30.
- C) Economic profit of \$2.

- D) Economic profit of \$10.
- E) Economic loss of \$7.

- 7) [MISSING IMAGE: ,]
 Refer to the diagram. Flow 4 represents
 - A) land, labor, capital, and entrepreneurial ability.
 - B) goods and services.
 - C) wage, rent, interest, and profit income.

- D) consumer expenditures and business revenue.
- 8) Which of the following statements about self-interest in a market system is false?
- A) Self-interest applies to workers and businesses, not to consumers or the government.
- B) Self-interest of entrepreneurs implies seeking maximum profits or minimum losses.
 - C) In a market system, self-interest is the motivating
- force.
- D) Self-interest usually motivates an individual to deliver something of value to others.
- 9) If the total costs of producing 1,500 units of output is \$12,000 and this output sold to consumers for a total of \$15,000, then the firm would earn economic profits of
 - A) \$3,000.
 - B) \$27,000.

- C) \$12,000.
- D) \$18,000.
- E) \$15,000.

Version 1

- **10)** Which of the following is a characteristic of a
 - A) It is managed by a board of directors.
 - B) It is owned and managed by two or more people.
 - C) The owners bear no personal responsibility for the

partnership?

debts of the business.

D) It is owned and managed by one person.

Version 1 4

Answer Key

Bank - Algo

5

Test name: Macroeconomics Chapter 02 Test

- 1) E
- 2) A
- 3) A
- 4) C
- 5) D
- 6) A
- 7) D
- 8) A
- 9) A
- 10) B

Version 1