

c2

Student: _____

1. To say that an individual possesses an absolute advantage in the production of software means that he
 - A.
 - B.
 - C.
 - D.
 - E.
2. If Leslie can produce two pairs of pants in an hour while Eva can make one pair in an hour, then
 - A.
 - B.
 - C.
 - D.
 - E.
3. If a nation can produce a good more quickly than any other nation, that nation has a(n)
 - A.
 - B.
 - C.
 - D.
 - E.
4. To say some person has a comparative advantage in the writing of an economics textbook means that
 - A.
 - B.
 - C.
 - D.
 - E.

5. If a person has the lowest opportunity cost of producing a particular good, that person has a(n)

- A.
- B.
- C.
- D.
- E.

6. Which of the following statements is always true?

- A.
- B.
- C.
- D.
- E.

7. If Jane can produce 3 pairs of shoes hourly, while Bob can produce 2, then one can infer that the _____ advantage belongs to _____.

- A.
- B.
- C.
- D.
- E.

8. If everyone had the same opportunity cost of producing a particular good, then

- A.
- B.
- C.
- D.
- E.

	<u>Shoes per hour</u>	<u>Pants per hour</u>
Jenny	3	2
Sam	4	3

9. According to data, Jenny has an absolute advantage in
- A.
 - B.
 - C.
 - D.
 - E.
10. Sam possesses an absolute advantage in
- A.
 - B.
 - C.
 - D.
 - E.
11. Jenny's opportunity cost of producing an extra pair of pants is
- A.
 - B.
 - C.
 - D.
 - E.
12. Jenny's opportunity cost of producing an extra pair of shoes is
- A.
 - B.
 - C.
 - D.
 - E.
13. Sam's opportunity cost of producing an extra pair of pants is
- A.
 - B.
 - C.
 - D.
 - E.

14. Sam's opportunity cost of producing an extra pair of shoes is
- A.
 - B.
 - C.
 - D.
 - E.
15. The comparative advantage for shoes belongs to _____ and the comparative advantage for pants belongs to _____.
- A.
 - B.
 - C.
 - D.
 - E.
16. Based on their comparative advantages, Sam should specialize in producing _____ while Jenny should specialize in producing _____.
- A.
 - B.
 - C.
 - D.
 - E.
17. Application of the Principle of Comparative Advantage leads to
- A.
 - B.
 - C.
 - D.
 - E.

18. In general, individuals should specialize in producing those goods for which they have a(n)
- A.
 - B.
 - C.
 - D.
 - E.
19. In general, individuals should specialize in producing those goods for which they
- A.
 - B.
 - C.
 - D.
 - E.
20. Under certain assumptions, the model of comparative advantage predicts that maximum output can be achieved if each person produces goods or services where
- A.
 - B.
 - C.
 - D.
 - E.
21. The reason a family doctor would send one of his patients to a surgeon to remove a tumour is because the surgeon has
- A.
 - B.
 - C.
 - D.
 - E.

<u>Employee</u>	<u>Electric Guitars</u>	<u>Acoustic Guitars</u>
	<u>Per Hour</u>	<u>Per Hour</u>
Mark	16	1
Glenn	8	8
Dennis	2	14

22. The absolute advantage for electric guitars belongs to _____; for acoustic guitars, it belongs to _____.

- A.
- B.
- C.
- D.
- E.

23. The opportunity cost of an extra acoustic guitar for Mark is

- A.
- B.
- C.
- D.
- E.

24. The opportunity cost of an extra acoustic guitar for Glenn is

- A.
- B.
- C.
- D.
- E.

25. Jane can produce 50 pizzas or 100 hamburgers per day, while Sam can produce 30 pizzas or 90 hamburgers per day. Jane has an absolute advantage in the production of

- A.
- B.
- C.
- D.
- E.

26. When each individual concentrates on performing the tasks and producing the goods for which she or he has the lowest opportunity cost, they are producing in accordance with the Principle of

- A.
- B.
- C.
- D.
- E.

27. Having a comparative advantage in a particular task means that you

- A.
- B.
- C.
- D.
- E.

Lou and Alex live together and share household chores. They like to cook some meals ahead and eat leftovers. Suppose that in one hour Lou and Alex can do the following:

	Alex	Lou
Whole Hour Cleaning	3 rooms	5 rooms
Whole Hour Cooking	3 meals	4 meals
½ hour, Each Activity	1.5 rooms; 1.5 meals	2.5 rooms;

28. Which of the following is true?

- A.
- B.
- C.
- D.
- E.

29. Alex and Lou have worked out an efficient arrangement. Under that arrangement,

- A.
- B.
- C.
- D.
- E.

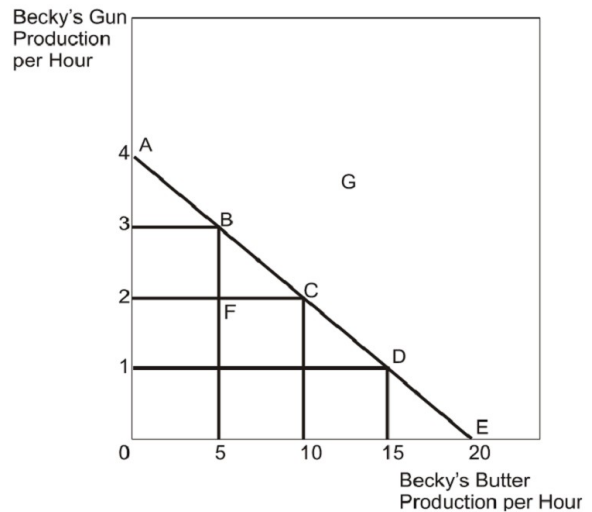
30. For Alex, the opportunity cost of cleaning one room is _____ meal(s); for Lou the opportunity cost of cleaning one room is _____ meal(s).
- A.
B.
C.
D.
E.
31. Yolanda can produce 2 dresses or 4 shirts in 8 hours of work, while Sandra can produce 3 dresses or 7 shirts in the same amount of time. Yolanda has a(n):
- A.
B.
C.
D.
E.
32. A graph that illustrates the maximum amount of one good that can be produced for every possible level of production of the other good is termed a(n)
- A.
B.
C.
D.
E.
33. The production possibilities curve shows
- A.
B.
C.
D.
E.

34. The slope of the production possibilities curve must be

- A.
- B.
- C.
- D.
- E.

35. The slope of any production possibilities curve is _____ because _____.

- A.
- B.
- C.
- D.
- E.



36. Becky's maximum production of guns per hour is represented by point

- A.
- B.
- C.
- D.
- E.

37. Becky's maximum production of butter per hour is represented by point
- A.
 - B.
 - C.
 - D.
 - E.
38. Point G is a(n) _____ point in relation to the production possibilities curve.
- A.
 - B.
 - C.
 - D.
 - E.
39. Of the labelled points, _____ are attainable.
- A.
 - B.
 - C.
 - D.
 - E.
40. Of the labelled points, _____ are efficient.
- A.
 - B.
 - C.
 - D.
 - E.
41. Point F is _____ while point G is _____.
- A.
 - B.
 - C.
 - D.
 - E.

42. Becky's opportunity cost of producing one gun is
- A.
 - B.
 - C.
 - D.
 - E.
43. As Becky produces more and more butter, she finds that
- A.
 - B.
 - C.
 - D.
 - E.
44. Which of the following statements best describes the given production possibilities curve?
- A.
 - B.
 - C.
 - D.
 - E.
45. Which of the following statements best describe the given production possibilities curve?
- A.
 - B.
 - C.
 - D.
 - E.
46. The opportunity cost to Becky of producing 20 units of butter is
- A.
 - B.
 - C.
 - D.
 - E.

47. Which of the following statements is **true**?

- A.
- B.
- C.
- D.
- E.

48. Any combination of goods that can be produced with currently available resources defines a(n)

- A.
- B.
- C.
- D.
- E.

49. An inefficient point is

- A.
- B.
- C.
- D.
- E.

The following table describes Buffy's abilities to produce either weapons or food each hour.

Weapons Per Hour	Food Units Per Hour
6	0
4	6
2	12
0	18

50. If weapons were on the vertical axis and food on the horizontal, the y-intercept would be _____ and the x-intercept would be _____.

- A.
- B.
- C.
- D.
- E.

51. The data indicate that it takes Buffy _____ minutes to produce a weapon and _____ minutes to produce a unit of food.
- A.
B.
C.
D.
E.
52. The opportunity cost of an extra unit of food is
- A.
B.
C.
D.
E.
53. The absolute value of the slope of Buffy's production possibilities curve (with weapons on the vertical axis) is
- A.
B.
C.
D.
E.
54. Buffy's production possibilities curve has a _____ slope because producing 6 extra units of food means _____ weapons can be produced.
- A.
B.
C.
D.
E.

55. The fundamental reason that a production possibilities curve has a negative slope is that

- A.
- B.
- C.
- D.
- E.

56. The equation for Cartman's production possibilities curve is $A = 13 - 0.5B$, where A and B are the only two goods he can produce. The opportunity cost to Cartman of producing an extra unit of B is

- A.
- B.
- C.
- D.
- E.

57. The equation for Cartman's production possibilities curve is $A = 13 - 0.5B$, where A and B are the only two goods he can produce. The slope of Cartman's production possibilities curve is _____ and quantifies _____.

- A.
- B.
- C.
- D.
- E.

Smith and Jones comprise a two-person economy. Their hourly rates of production are shown below.

<u>Good</u>	<u>Smith</u>	<u>Jones</u>
Computers	10	6
Calculators	100	120

58. The opportunity cost of an extra calculator for Smith is _____ and for Jones it is _____.
- A.
B.
C.
D.
E.
59. Based on the data, Smith has a(n) _____ advantage in _____ while Jones has a(n) _____ advantage in _____.
- A.
B.
C.
D.
E.
60. By coordinating their production decisions, the maximum number of computers Smith and Jones can produce is _____.
- A.
B.
C.
D.
E.
61. Suppose Smith and Jones begin at the point of producing 16 computers and 0 calculators in one hour. If they wish to produce 14 computers and 40 calculators in one hour, then Smith will spend _____ and Jones will spend _____.
- A.
B.
C.
D.
E.

62. Suppose Smith and Jones begin at the point of producing 0 computers and 220 calculators in one hour. If they wish to produce 2 computers and 200 calculators in one hour, then Smith will spend _____ and Jones will spend _____.
- A.
B.
C.
D.
E.
63. For any efficient point with at least 10 computers and less than 120 calculators, Smith will _____ and Jones will _____.
- A.
B.
C.
D.
E.
64. For any efficient point with less than 10 computers and more than 120 calculators, Smith will _____ and Jones will _____.
- A.
B.
C.
D.
E.
65. In a two-person, two-good economy, the benefits of labour specialization will be larger when
- A.
B.
C.
D.
E.

66. Suppose that Penn's opportunity cost of producing an extra Pepsi is 3 cheeseburgers while Teller's opportunity cost is 0.14 cheeseburgers. One could predict that
- A.
 - B.
 - C.
 - D.
 - E.
67. Joe has an absolute advantage in producing goods X and Y compared to Ted. Moreover, they have the same opportunity costs. One can predict that the gains from coordinating production and specialization is
- A.
 - B.
 - C.
 - D.
 - E.
68. The production possibilities curve is
- A.
 - B.
 - C.
 - D.
 - E.
69. Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The maximum quantity of M that Teddy can produce is
- A.
 - B.
 - C.
 - D.
 - E.

70. Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The maximum quantity of N that Teddy can produce is
- A.
 - B.
 - C.
 - D.
 - E.
71. Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The slope of Teddy's production possibilities curve, when M is on the vertical axis, is
- A.
 - B.
 - C.
 - D.
 - E.
72. Joan can produce a maximum of 14 units of good Y and a maximum of 21 units of good X. If Y is on the vertical axis, the equation for her production possibilities curve is
- A.
 - B.
 - C.
 - D.
 - E.

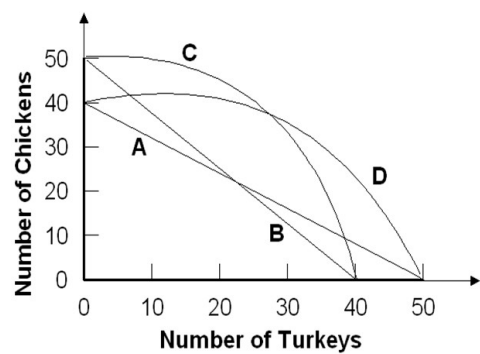
73. Jerry's production possibilities curve for goods W and Z is $W = 20 - 2Z$, where W is the quantity of good W produced and Z is the quantity of good Z produced. The combination of W and Z (14, 3) is a(n) _____ point.
- A.
 - B.
 - C.
 - D.
 - E.
74. Jerry's production possibilities curve for goods W and Z is $W = 20 - 2Z$, where W is the quantity of good W produced and Z is the quantity of good Z produced. The combination of W and Z (11, 5) is a(n) _____ point.
- A.
 - B.
 - C.
 - D.
 - E.
75. If a given production combination is known to be attainable, then it must be
- A.
 - B.
 - C.
 - D.
 - E.
76. If a given production combination is efficient, then it must be
- A.
 - B.
 - C.
 - D.
 - E.

77. In one hour, Juan can produce 8 chairs or 2 tables. If chairs are on the vertical axis, the slope of his production possibilities curve is
- -
 -
 -
 -
78. In one 8-hour workday, Hector can produce 25 court appeals or 5 new lawsuits. If appeals are on the vertical axis, the slope of his production possibilities curve is
- -
 -
 -
 -
79. Joe's opportunity cost of producing body piercings is 3 tattoos, while Sam's is 0.75 tattoos. The Principle of Increasing Opportunity Cost would indicate that, to produce more and more body piercings,
- -
 -
 -
 -
- | | Jugs of Moonshine
Per Hour | Bales of Hemp
Per Hour |
|----------|-------------------------------|---------------------------|
| Bobby Jo | 9 | 3 |
| Mary Lou | 2 | 7 |
80. Bobby Jo's opportunity cost of an extra bale of hemp is _____ and Mary Lou's is _____.
- -
 -
 -
 -

81. Because Bobby Jo and Mary Lou have _____ opportunity costs, they can experience _____ from specialization.
- A.
 - B.
 - C.
 - D.
 - E.
82. Production possibilities curves are downward sloping, reflecting the principle of
- A.
 - B.
 - C.
 - D.
 - E.
83. Maria can produce 100 pounds of tomatoes or 25 pounds of squash in her garden each summer, while Tonya can produce 50 pounds of tomatoes or 25 pounds of squash. If the production possibilities curves are drawn with tomatoes on the vertical axis and squash on the horizontal axis, then the absolute values of the slope of Maria's and Tonya's production possibilities curves, respectively, are
- A.
 - B.
 - C.
 - D.
 - E.
84. A point on Joseph's production possibilities curve represents 6 music CDs and 2 videos produced in a week. A combination of 4 music CDs and 2 videos is an
- A.
 - B.
 - C.
 - D.
 - E.

85. The slope of an individual's production possibilities curve
- A.
 - B.
 - C.
 - D.
 - E.
86. Point A on a production possibilities curve, where bicycles are on the vertical axis and tricycles on the horizontal axis, represents a combination of 10 bicycles and 4 tricycles, and point B represents 6 bicycles and 6 tricycles. The absolute value of the slope of the production possibilities curve between points A and B equals
- A.
 - B.
 - C.
 - D.
 - E.
87. When individuals or groups specialize in producing those goods for which they have a comparative advantage and exchange those goods with one another,
- A.
 - B.
 - C.
 - D.
 - E.

88. Refer to the diagram below. Suppose that the opportunity cost of producing 8 chickens is always 10 turkeys. Given this, the relevant production possibility curve must be



- A.
- B.
- C.
- D.
- E.

89. If you move from a point on the production possibilities curve to a point inside the production possibilities curve, it follows that

- A.
- B.
- C.
- D.
- E.

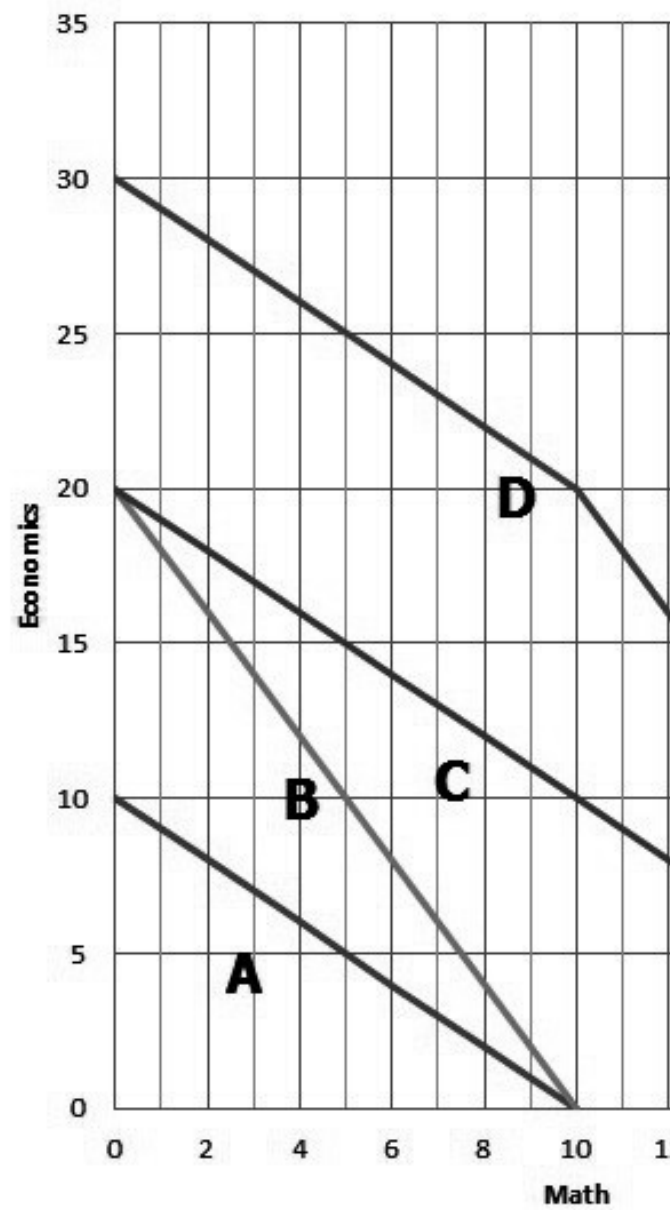
90. Given the production possibility tables for First and Second Bakeries presented below, what must be true?

First Bakery		Second Bakery	
Cookies	Pies	Cookies	Pies
0	30	0	20
10	24	10	16
20	18	20	12
30	12	30	8
40	6	40	4
50	0	50	0

- A.
- B.
- C.
- D.
- E.

91.

Refer to the graph below. Given Mary and Paul's production possibilities tables for answering economics and math problems, which curve represents their combined production possibilities curve if they take advantage of their comparative advantages?

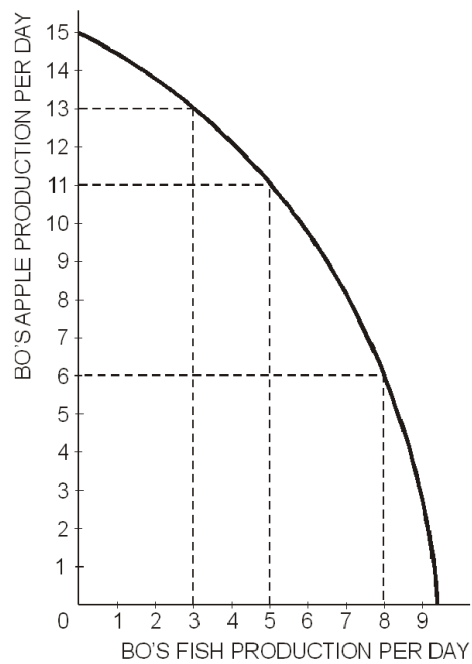


Mary		Paul	
Economics	Math	Economics	Math
10	0	20	0
8	2	16	2
6	4	12	4
4	6	8	6
2	8	4	8
0	10	0	10

- A.
- B.
- C.
- D.
- E.

92. When productive activity is organized according to comparative advantage,

- A.
- B.
- C.
- D.
- E.



93. As Bo increases her production of apples from 6 units to 12 units, she finds that

- A.
- B.
- C.
- D.
- E.

94. Which of the following statement is most appropriate for the given production possibilities curve?
- A.
 - B.
 - C.
 - D.
 - E.
95. Which of the following statements is the most appropriate?
- A.
 - B.
 - C.
 - D.
 - E.
96. The Principle of Increasing Opportunity Cost indicates that the proper sequence of resource usage to expand production is to
- A.
 - B.
 - C.
 - D.
 - E.
97. A country's production possibilities curve is concave to the origin (i.e., bowed out from the origin) because
- A.
 - B.
 - C.
 - D.
 - E.

98. As one progresses from a one-person economy to a large, multi-person economy, the shape of production possibilities curve changes from

- A.
- B.
- C.
- D.
- E.

99. A concave (bowed out from the origin) production possibilities curve would indicate

- A.
- B.
- C.
- D.
- E.

	Electric Guitars	Acoustic Guitars
<u>Employee</u>	<u>Per Hour</u>	<u>Per Hour</u>
Mark	16	1
Glenn	8	8
Dennis	2	14

100. Suppose the guitar store received a rush order for 26 electric guitars. The efficient allocation of labour resources would be to have _____ work on electric guitars.

- A.
- B.
- C.
- D.
- E.

101. If all three employees were initially working on electric guitars, but one acoustic guitar needed to be built, _____ should be assigned the task.

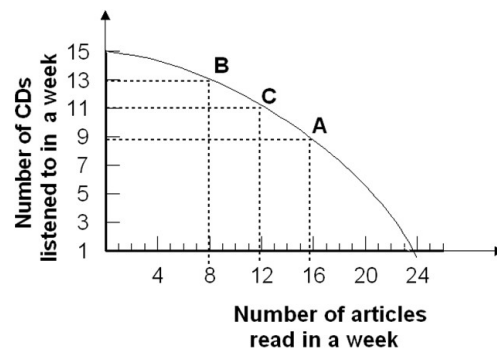
- A.
- B.
- C.
- D.
- E.

102. As the store moves from producing only electric guitars to only acoustic guitars, the sequence of workers will be _____ first, then _____ and finally _____.

- A.
- B.
- C.
- D.
- E.

103. If the production possibilities curve is smoothly bowed out (concave to the origin), the underlying economy is probably a

- A.
- B.
- C.
- D.
- E.

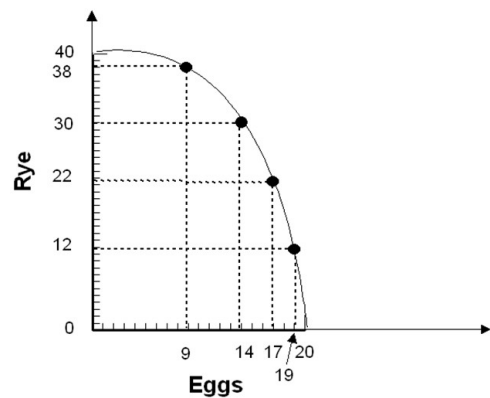


104. Refer to the graph above. Given Vineetstan's production possibility curve of listening to CDs or reading magazine articles in one week, when moving from point A to point B, the opportunity cost of listening to each CD in terms of reading articles is

- A.
- B.
- C.
- D.
- E.

105. Refer to the graph above. Given Vineetstan's production possibility curve, when moving from point B to point C the opportunity cost of reading articles in terms of listening to CDs is
- A.
 - B.
 - C.
 - D.
 - E.

106. In a two-person economy, Little Joe can trap a maximum of 6 rabbits or catch 10 fish a week, while his father can trap 12 rabbits or catch 15 fish per week. If their family wants to consume 20 fish per week while maximizing their joint production,
- A.
 - B.
 - C.
 - D.
 - E.



107. Refer to the graph above. The graph indicates that, as more eggs are produced, the opportunity cost of producing eggs is
- A.
 - B.
 - C.
 - D.
 - E.

108. Refer to the graph above. The graph indicates that, as more rye is produced, the opportunity cost of producing rye
- A.
 - B.
 - C.
 - D.
 - E.
109. If there were decreasing opportunity costs, then the slope of the production possibilities curve would be
- A.
 - B.
 - C.
 - D.
 - E.
110. If an economy takes advantage of the comparative advantage of some resources over others, the slope of its production possibilities curve is likely to be
- A.
 - B.
 - C.
 - D.
 - E.
111. The principle of comparative advantage states that specialization increases productivity, but the principle of increasing opportunity costs states that when you increase production of a single good you must use increasingly costly resources. These two principles
- A.
 - B.
 - C.
 - D.
 - E.

112. An existing comparative advantage can be increased by specialization because
- A.
 - B.
 - C.
 - D.
 - E.
113. Which of the following statements is **NOT** true about specialization?
- A.
 - B.
 - C.
 - D.
 - E.
114. In general, it is true that
- A.
 - B.
 - C.
 - D.
 - E.
115. The major cost, or penalty, imposed by increasing specialization is
- A.
 - B.
 - C.
 - D.
 - E.
116. While there exists the potential for specialization to go too far, it is equally true that
- A.
 - B.
 - C.
 - D.
 - E.

117. The psychological cost of specialization is likely to affect
- A.
 - B.
 - C.
 - D.
 - E.
118. For a nation that finds it has a comparative advantage in producing good Z, it is likely that the size of the comparative advantage will
- A.
 - B.
 - C.
 - D.
 - E.
119. At the most basic level, the benefit of specialization is
- A.
 - B.
 - C.
 - D.
 - E.
120. Suppose that a further increase in specialization allows a country to increase total output by 10% but, afterward, it was discovered that work absenteeism increased by 30%. This is likely an example of
- A.
 - B.
 - C.
 - D.
 - E.

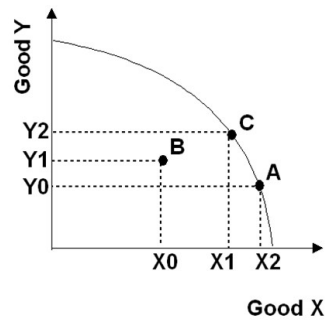
121. Specialization of labour not only results in the ability to produce a larger quantity of goods due to innate differences in people's skills, but also in

- A.
- B.
- C.
- D.
- E.

122. Increased specialization in the production of goods

- A.
- B.
- C.
- D.
- E.

123. Refer to the graph below. As you move from point B to point A,



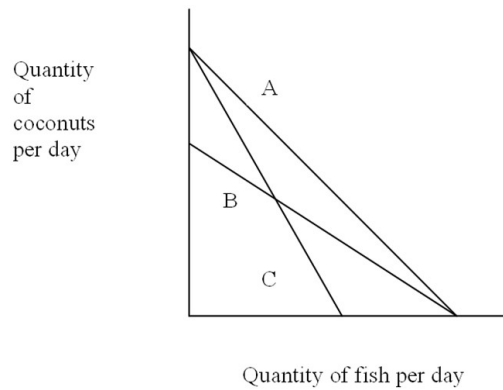
- A.
- B.
- C.
- D.
- E.

124. Which of the following factors will **NOT** cause a production possibilities curve to shift away from the origin?

- A.
- B.
- C.
- D.
- E.

125. Which of the following factors will cause the production possibilities curve to shift away from the origin?
- A.
 - B.
 - C.
 - D.
 - E.

Jon is currently stranded, alone, on a desert island; he is a one-person economy. His principle food-gathering activities are collecting coconuts and catching fish. Depending on the circumstances, he may be functioning on the production possibilities curve A, B or C in the following diagram.



126. If Jon is functioning on production possibilities curve A, but then he loses the piece of metal he has fashioned into a fishing hook, his production possibilities curve would
- A.
 - B.
 - C.
 - D.
 - E.

127. If Jon is functioning on production possibilities curve A, but then he breaks the long pole he has been using to knock the coconuts out of the palm trees, his production possibilities curve would
- A.
 - B.
 - C.
 - D.
 - E.
128. If Jon is functioning on production possibilities curve C, then he finds a fishing rod washed up on the beach, it is likely his production possibilities curve would
- A.
 - B.
 - C.
 - D.
 - E.
129. If Jon is functioning on production possibilities curve B, then a storm passes over the island, blowing all the coconuts out of the palm trees, it is likely that his production possibilities curve would
- A.
 - B.
 - C.
 - D.
 - E.
130. A reduction in the length of the workday would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.

131. Good W is on the vertical axis and good Z is on the horizontal axis of a production possibilities curve. A technological innovation that improved labour's productivity for W but had zero effect on labour's productivity for Z would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.
132. Good W is on the vertical axis and good Z is on the horizontal axis of a production possibilities curve. An increase in the amount of training received only by workers producing good Z would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.
133. An influx of immigrants would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.
134. The introduction of compulsory retirement for all workers at age 60 would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.

135. An increase in the amount spent on new factories and equipment would cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.
136. The introduction of new and more productive technology into the workplace will generally cause the production possibilities curve to
- A.
 - B.
 - C.
 - D.
 - E.
137. Specialization of labour leads to
- A.
 - B.
 - C.
 - D.
 - E.
138. An isolated economy has _____ possibilities for specialization when compared to the possibilities available to an easily accessible economy.
- A.
 - B.
 - C.
 - D.
 - E.

139. An isolated economy
- A.
 - B.
 - C.
 - D.
 - E.
140. Economic growth can generally be represented by _____ the production possibilities curve.
- A.
 - B.
 - C.
 - D.
 - E.
141. When it is impossible to reorganize economic resources so that at least one person is better off while nobody is worse off, we have attained
- A.
 - B.
 - C.
 - D.
 - E.
142. When an economy is operating on its production possibilities curve, it is always
- A.
 - B.
 - C.
 - D.
 - E.
143. Every point on the production possibilities curve is
- A.
 - B.
 - C.
 - D.
 - E.

144. In terms of the production possibilities curve, productive efficiency is represented by
- A.
 - B.
 - C.
 - D.
 - E.
145. A circular flow diagram of an economy shows that
- A.
 - B.
 - C.
 - D.
 - E.
146. Which of the following statements illustrates that the idea of comparative advantage is embedded in the circular flow diagram?
- A.
 - B.
 - C.
 - D.
 - E.
147. One of the major characteristics of the circular flow in our economy is
- A.
 - B.
 - C.
 - D.
 - E.

c2 Key

1.
(p. 32)

To say that an individual possesses an absolute advantage in the production of software means that he

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #1

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Word Problem

2.
(p. 32)

If Leslie can produce two pairs of pants in an hour while Eva can make one pair in an hour, then

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #2

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Word Problem

3.
(p. 32)

If a nation can produce a good more quickly than any other nation, that nation has a(n)

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #3

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Word Problem

4.
(p. 32)

To say some person has a comparative advantage in the writing of an economics textbook means that

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #4

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

5.
(p. 32)

If a person has the lowest opportunity cost of producing a particular good, that person has a(n)

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #5

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

6.
(p. 32)

Which of the following statements is always true?

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #6

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Comprehension

Type: Word Problem

7.
(p. 32)

If Jane can produce 3 pairs of shoes hourly, while Bob can produce 2, then one can infer that the _____ advantage belongs to _____.

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #7
Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage
Level of Learning: Application
Type: Word Problem

8.
(p. 32)

If everyone had the same opportunity cost of producing a particular good, then

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #8
Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Word Problem

	<u>Shoes per hour</u>	<u>Pants per hour</u>
Jenny	3	2
Sam	4	3

Chapter - Chapter 02

9.
(p. 32)

According to data, Jenny has an absolute advantage in

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #9
Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage
Level of Learning: Application
Type: Data Analysis

10.
(p. 32)

Sam possesses an absolute advantage in

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #10

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Data Analysis

11.
(p. 32)

Jenny's opportunity cost of producing an extra pair of pants is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #11

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

12.
(p. 32)

Jenny's opportunity cost of producing an extra pair of shoes is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #12

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

13.
(p. 32)

Sam's opportunity cost of producing an extra pair of pants is

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #13

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

14.
(p. 32)

Sam's opportunity cost of producing an extra pair of shoes is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #14

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

15.
(p. 32)

The comparative advantage for shoes belongs to _____ and the comparative advantage for pants belongs to _____.

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #15

Difficulty: Difficult

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Data Analysis

16.
(p. 32)

Based on their comparative advantages, Sam should specialize in producing _____ while Jenny should specialize in producing _____.

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #16

Difficulty: Difficult

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Data Analysis

17.
(p. 32)

Application of the Principle of Comparative Advantage leads to

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #17

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Comprehension

Type: Word Problem

18.
(p. 32)

In general, individuals should specialize in producing those goods for which they have a(n)

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #18

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Comprehension

Type: Word Problem

19.
(p. 32)

In general, individuals should specialize in producing those goods for which they

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #19

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

20.
(p. 32)

Under certain assumptions, the model of comparative advantage predicts that maximum output can be achieved if each person produces goods or services where

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #20

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

21.
(p. 32)

The reason a family doctor would send one of his patients to a surgeon to remove a tumour is because the surgeon has

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #21

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Word Problem

Employee	Electric Guitars	Acoustic Guitars
	Per Hour	Per Hour
Mark	16	1
Glenn	8	8
Dennis	2	14

Chapter - Chapter 02

22.
(p. 32)

The absolute advantage for electric guitars belongs to _____; for acoustic guitars, it belongs to _____.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #22

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Calculation

23.
(p. 32)

The opportunity cost of an extra acoustic guitar for Mark is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #23

Difficulty: Difficult

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Calculation

24.
(p. 32)

The opportunity cost of an extra acoustic guitar for Glenn is

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #24

Difficulty: Difficult

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Calculation

25.
(p. 32)

Jane can produce 50 pizzas or 100 hamburgers per day, while Sam can produce 30 pizzas or 90 hamburgers per day. Jane has an absolute advantage in the production of

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #25

Difficulty: Difficult

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Calculation

26.
(p. 32)

When each individual concentrates on performing the tasks and producing the goods for which she or he has the lowest opportunity cost, they are producing in accordance with the Principle of

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #26

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

27.
(p. 32)

Having a comparative advantage in a particular task means that you

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #27

Difficulty: Medium

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Comprehension

Type: Word Problem

Lou and Alex live together and share household chores. They like to cook some meals ahead and eat leftovers. Suppose that in one hour Lou and Alex can do the following:

	Alex	Lou
Whole Hour Cleaning	3 rooms	5 rooms
Whole Hour Cooking	3 meals	4 meals
½ hour, Each Activity	1.5 rooms; 1.5 meals	2.5 rooms;

Chapter - Chapter 02

28.
(p. 32)

Which of the following is true?

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #28

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Data Analysis

29.
(p. 32)

Alex and Lou have worked out an efficient arrangement. Under that arrangement,

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #29

Difficulty: Easy

Learning Objective: 02-01 Explain the principle of comparative advantage

Level of Learning: Application

Type: Data Analysis

30.
(p. 32)

For Alex, the opportunity cost of cleaning one room is _____ meal(s); for Lou the opportunity cost of cleaning one room is _____ meal(s).

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #30

Difficulty: Easy

31.
(p. 32)

Yolanda can produce 2 dresses or 4 shirts in 8 hours of work, while Sandra can produce 3 dresses or 7 shirts in the same amount of time. Yolanda has a(n):

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #31
Difficulty: Difficult
Learning Objective: 02-01 Explain the principle of comparative advantage
Level of Learning: Application
Type: Data Analysis

32.
(p. 32)

A graph that illustrates the maximum amount of one good that can be produced for every possible level of production of the other good is termed a(n)

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #32
Difficulty: Medium
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Knowledge
Type: Word Problem

33.
(p. 32)

The production possibilities curve shows

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #33
Difficulty: Easy
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Knowledge
Type: Word Problem

34.
(p. 32)

The slope of the production possibilities curve must be

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #34

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

35.
(p. 32)

The slope of any production possibilities curve is _____ because _____.

- A.
- B.**
- C.
- D.
- E.

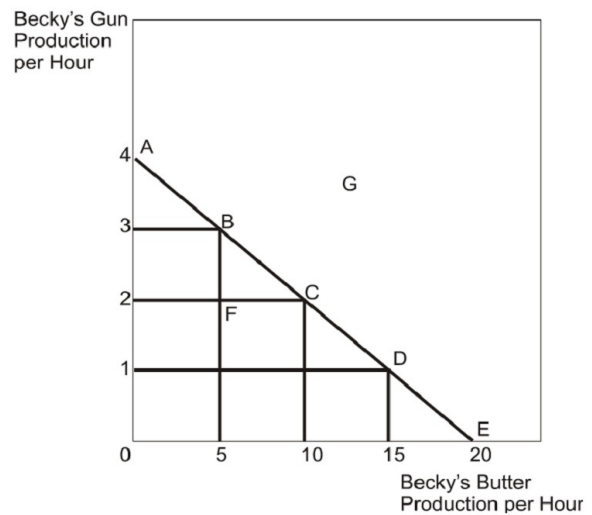
Chapter - Chapter 02 #35

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem



Chapter - Chapter 02

36.
(p. 32)

Becky's maximum production of guns per hour is represented by point

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #36

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

37.
(p. 32)

Becky's maximum production of butter per hour is represented by point

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #37

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

38.
(p. 32)

Point G is a(n) _____ point in relation to the production possibilities curve.

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #38

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

39.
(p. 32)

Of the labelled points, _____ are attainable.

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #39

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

40.
(p. 32)

Of the labelled points, _____ are efficient.

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #40

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

41.
(p. 32)

Point F is _____ while point G is _____.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #41

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

42.
(p. 32)

Becky's opportunity cost of producing one gun is

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #42

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Graphical

43.
(p. 32)

As Becky produces more and more butter, she finds that

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #43

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Graphical

44.
(p. 32)

Which of the following statements best describes the given production possibilities curve?

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #44

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Graphical

45.
(p. 32)

Which of the following statements best describe the given production possibilities curve?

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #45

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Graphical

46.
(p. 32)

The opportunity cost to Becky of producing 20 units of butter is

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #46

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Graphical

47.
(p. 32)

Which of the following statements is **true**?

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #47

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

48.
(p. 32)

Any combination of goods that can be produced with currently available resources defines a(n)

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #48

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Knowledge

Type: Word Problem

49.
(p. 32)

An inefficient point is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #49

Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

The following table describes Buffy's abilities to produce either weapons or food each hour.

Weapons Per Hour	Food Units Per Hour
6	0
4	6
2	12
0	18

Chapter - Chapter 02

50.
(p. 32)

If weapons were on the vertical axis and food on the horizontal, the y-intercept would be _____ and the x-intercept would be _____.

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #50

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

51.
(p. 32)

The data indicate that it takes Buffy _____
minutes to produce a weapon and _____
minutes to produce a unit of food.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #51

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

52.
(p. 32)

The opportunity cost of an extra unit of food is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #52

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

53.
(p. 32)

The absolute value of the slope of Buffy's
production possibilities curve (with weapons on
the vertical axis) is

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #53

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

54.
(p. 32)

Buffy's production possibilities curve has a _____ slope because producing 6 extra units of food means _____ weapons can be produced.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #54

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

55.
(p. 32)

The fundamental reason that a production possibilities curve has a negative slope is that

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #55

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Comprehension

Type: Word Problem

56.
(p. 32)

The equation for Cartman's production possibilities curve is $A = 13 - 0.5B$, where A and B are the only two goods he can produce. The opportunity cost to Cartman of producing an extra unit of B is

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #56

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

57.
(p. 32)

The equation for Cartman's production possibilities curve is $A = 13 - 0.5B$, where A and B are the only two goods he can produce. The slope of Cartman's production possibilities curve is _____ and quantifies _____.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #57

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

Smith and Jones comprise a two-person economy. Their hourly rates of production are shown below.

Good	Smith	Jones
Computers	10	6
Calculators	100	120

Chapter - Chapter 02

58.
(p. 32)

The opportunity cost of an extra calculator for Smith is _____ and for Jones it is _____.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #58

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

59.
(p. 32)

Based on the data, Smith has a(n) _____ advantage in _____ while Jones has a(n) _____ advantage in _____.

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #59

Difficulty: Difficult

60.
(p. 32)

By coordinating their production decisions, the maximum number of computers Smith and Jones can produce is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #60
Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

61.
(p. 32)

Suppose Smith and Jones begin at the point of producing 16 computers and 0 calculators in one hour. If they wish to produce 14 computers and 40 calculators in one hour, then Smith will spend _____ and Jones will spend _____.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #61
Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

62.
(p. 32)

Suppose Smith and Jones begin at the point of producing 0 computers and 220 calculators in one hour. If they wish to produce 2 computers and 200 calculators in one hour, then Smith will spend _____ and Jones will spend _____.

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #62
Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

63.
(p. 32)

For any efficient point with at least 10 computers and less than 120 calculators, Smith will _____ and Jones will _____.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #63

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

64.
(p. 32)

For any efficient point with less than 10 computers and more than 120 calculators, Smith will _____ and Jones will _____.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #64

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

65.
(p. 32)

In a two-person, two-good economy, the benefits of labour specialization will be larger when

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #65

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

66.
(p. 32)

Suppose that Penn's opportunity cost of producing an extra Pepsi is 3 cheeseburgers while Teller's opportunity cost is 0.14 cheeseburgers. One could predict that

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #66

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Data Analysis

67.
(p. 32)

Joe has an absolute advantage in producing goods X and Y compared to Ted. Moreover, they have the same opportunity costs. One can predict that the gains from coordinating production and specialization is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #67

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

68.
(p. 32)

The production possibilities curve is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #68

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Knowledge

Type: Word Problem

69.
(p. 32)

Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The maximum quantity of M that Teddy can produce is

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #69

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

70.
(p. 32)

Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The maximum quantity of N that Teddy can produce is

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #70

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

71.
(p. 32)

Teddy's production possibilities curve for goods M and N is described by the following equation: $M = 21 - 3N$, where M is the quantity of good M produced and N is the quantity of good N produced. The slope of Teddy's production possibilities curve, when M is on the vertical axis, is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #71

72.
(p. 32)

Joan can produce a maximum of 14 units of good Y and a maximum of 21 units of good X. If Y is on the vertical axis, the equation for her production possibilities curve is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #72
Difficulty: Difficult
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

73.
(p. 32)

Jerry's production possibilities curve for goods W and Z is $W = 20 - 2Z$, where W is the quantity of good W produced and Z is the quantity of good Z produced. The combination of W and Z (14, 3) is a(n) _____ point.

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #73
Difficulty: Difficult
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

74.
(p. 32)

Jerry's production possibilities curve for goods W and Z is $W = 20 - 2Z$, where W is the quantity of good W produced and Z is the quantity of good Z produced. The combination of W and Z (11, 5) is a(n) _____ point.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #74
Difficulty: Difficult
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

75.
(p. 32)

If a given production combination is known to be attainable, then it must be

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #75
Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Comprehension
Type: Word Problem

76.
(p. 32)

If a given production combination is efficient, then it must be

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #76
Difficulty: Easy

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Comprehension
Type: Word Problem

77.
(p. 32)

In one hour, Juan can produce 8 chairs or 2 tables. If chairs are on the vertical axis, the slope of his production possibilities curve is

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #77
Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

78.
(p. 32)

In one 8-hour workday, Hector can produce 25 court appeals or 5 new lawsuits. If appeals are on the vertical axis, the slope of his production possibilities curve is

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #78

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

79.
(p. 32)

Joe's opportunity cost of producing body piercings is 3 tattoos, while Sam's is 0.75 tattoos. The Principle of Increasing Opportunity Cost would indicate that, to produce more and more body piercings,

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #79

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Data Analysis

	Jugs of Moonshine Per Hour	Bales of Hemp Per Hour
Bobby Jo	9	3
Mary Lou	2	7

Chapter - Chapter 02

80.
(p. 32)

Bobby Jo's opportunity cost of an extra bale of hemp is _____ and Mary Lou's is _____.

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #80

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

81.
(p. 32)

Because Bobby Jo and Mary Lou have _____ opportunity costs, they can experience _____ from specialization.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #81
Difficulty: Difficult
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

82.
(p. 32)

Production possibilities curves are downward sloping, reflecting the principle of

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #82
Difficulty: Easy
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Comprehension
Type: Word Problem

83.
(p. 32)

Maria can produce 100 pounds of tomatoes or 25 pounds of squash in her garden each summer, while Tonya can produce 50 pounds of tomatoes or 25 pounds of squash. If the production possibilities curves are drawn with tomatoes on the vertical axis and squash on the horizontal axis, then the absolute values of the slope of Maria's and Tonya's production possibilities curves, respectively, are

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #83
Difficulty: Difficult
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage
Level of Learning: Application
Type: Calculation

84.
(p. 32)

A point on Joseph's production possibilities curve represents 6 music CDs and 2 videos produced in a week. A combination of 4 music CDs and 2 videos is an

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #84

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Data Analysis

85.
(p. 32)

The slope of an individual's production possibilities curve

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #85

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

86.
(p. 32)

Point A on a production possibilities curve, where bicycles are on the vertical axis and tricycles on the horizontal axis, represents a combination of 10 bicycles and 4 tricycles, and point B represents 6 bicycles and 6 tricycles. The absolute value of the slope of the production possibilities curve between points A and B equals

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #86

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Calculation

87.
(p. 32)

When individuals or groups specialize in producing those goods for which they have a comparative advantage and exchange those goods with one another,

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #87

Difficulty: Difficult

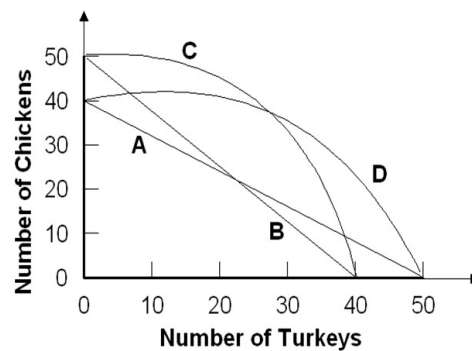
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

88.
(p. 32)

Refer to the diagram below. Suppose that the opportunity cost of producing 8 chickens is always 10 turkeys. Given this, the relevant production possibility curve must be



- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #88

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

89.
(p. 32)

If you move from a point on the production possibilities curve to a point inside the production possibilities curve, it follows that

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #89

Difficulty: Medium

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Word Problem

90.
(p. 32)

Given the production possibility tables for First and Second Bakeries presented below, what must be true?

First Bakery		Second Bakery	
Cookies	Pies	Cookies	Pies
0	30	0	20
10	24	10	16
20	18	20	12
30	12	30	8
40	6	40	4
50	0	50	0

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #90

Difficulty: Difficult

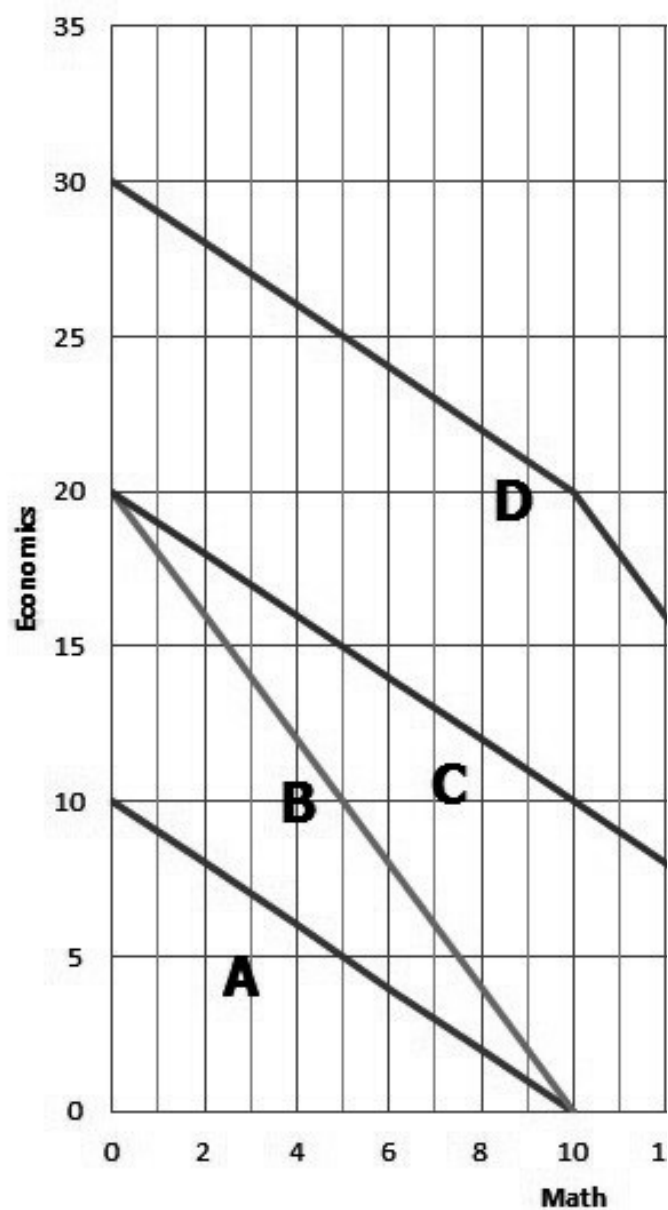
Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Data Analysis

91.
(p. 32)

Refer to the graph below. Given Mary and Paul's production possibilities tables for answering economics and math problems, which curve represents their combined production possibilities curve if they take advantage of their comparative advantages?



Mary		Paul	
Economics	Math	Economics	Math
10	0	20	0
8	2	16	2
6	4	12	4
4	6	8	6
2	8	4	8
0	10	0	10

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #91

Difficulty: Difficult

Learning Objective: 02-02 Demonstrate the relationship between opportunity cost and comparative advantage

Level of Learning: Application

Type: Graphical

92.
(p. 40)

When productive activity is organized according to comparative advantage,

- A.
- B.**
- C.
- D.
- E.

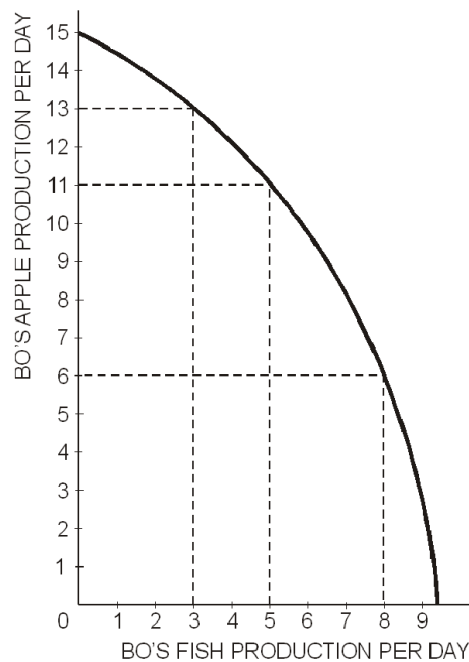
Chapter - Chapter 02 #92

Difficulty: Medium

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Application

Type: Word Problem



Chapter - Chapter 02

93.
(p. 40)

As Bo increases her production of apples from 6 units to 12 units, she finds that

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #93

Difficulty: Medium

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Comprehension

Type: Graphical

94.
(p. 40)

Which of the following statement is most appropriate for the given production possibilities curve?

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #94

Difficulty: Difficult

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Comprehension

Type: Graphical

95.
(p. 40)

Which of the following statements is the most appropriate?

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #95

Difficulty: Difficult

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Comprehension

Type: Graphical

96.
(p. 40)

The Principle of Increasing Opportunity Cost indicates that the proper sequence of resource usage to expand production is to

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #96

Difficulty: Difficult

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Application

Type: Word Problem

97.
(p. 40)

A country's production possibilities curve is concave to the origin (i.e., bowed out from the origin) because

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #97

Difficulty: Difficult

Learning Objective: 02-03 Explain the principle of increasing opportunity costs

Level of Learning: Application

Type: Word Problem

98.
(p. 41)

As one progresses from a one-person economy to a large, multi-person economy, the shape of production possibilities curve changes from

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #98

Difficulty: Easy

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Word Problem

99.
(p. 41)

A concave (bowed out from the origin) production possibilities curve would indicate

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #99

Difficulty: Easy

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Comprehension

Type: Word Problem

Employee	Electric Guitars	Acoustic Guitars
	Per Hour	Per Hour
Mark	16	1
Glenn	8	8
Dennis	2	14

Chapter - Chapter 02

100.
(p. 41)

Suppose the guitar store received a rush order for 26 electric guitars. The efficient allocation of labour resources would be to have _____ work on electric guitars.

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #100

Difficulty: Medium

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Calculation

101.
(p. 41)

If all three employees were initially working on electric guitars, but one acoustic guitar needed to be built, _____ should be assigned the task.

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #101

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Calculation

102.
(p. 41)

As the store moves from producing only electric guitars to only acoustic guitars, the sequence of workers will be _____ first, then _____ and finally _____.

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #102

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Calculation

103.
(p. 41)

If the production possibilities curve is smoothly bowed out (concave to the origin), the underlying economy is probably a

- A.
- B.
- C.
- D.
- E.**

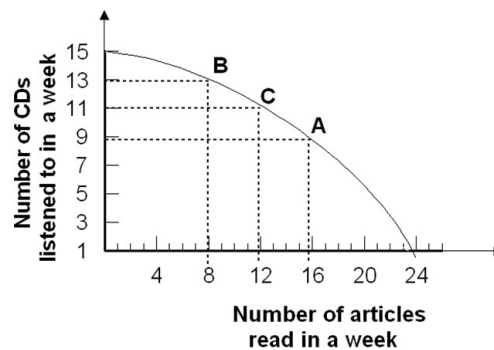
Chapter - Chapter 02 #103

Difficulty: Easy

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Comprehension

Type: Word Problem



Chapter - Chapter 02

104.
(p. 41)

Refer to the graph above. Given Vineetstan's production possibility curve of listening to CDs or reading magazine articles in one week, when moving from point A to point B, the opportunity cost of listening to each CD in terms of reading articles is

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #104

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Graphical

105.
(p. 41)

Refer to the graph above. Given Vineetstan's production possibility curve, when moving from point B to point C the opportunity cost of reading articles in terms of listening to CDs is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #105

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Graphical

106.
(p. 41)

In a two-person economy, Little Joe can trap a maximum of 6 rabbits or catch 10 fish a week, while his father can trap 12 rabbits or catch 15 fish per week. If their family wants to consume 20 fish per week while maximizing their joint production,

- A.
- B.**
- C.
- D.
- E.

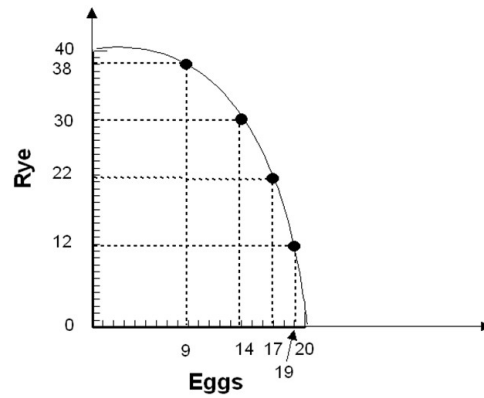
Chapter - Chapter 02 #106

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Calculation



Chapter - Chapter 02

107.
(p. 41)

Refer to the graph above. The graph indicates that, as more eggs are produced, the opportunity cost of producing eggs is

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #107

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Graphical

108.
(p. 41)

Refer to the graph above. The graph indicates that, as more rye is produced, the opportunity cost of producing rye

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #108

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Graphical

109.
(p. 41)

If there were decreasing opportunity costs, then the slope of the production possibilities curve would be

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #109

Difficulty: Difficult

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Word Problem

110.
(p. 41)

If an economy takes advantage of the comparative advantage of some resources over others, the slope of its production possibilities curve is likely to be

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #110

Difficulty: Medium

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Application

Type: Word Problem

111.
(p. 41)

The principle of comparative advantage states that specialization increases productivity, but the principle of increasing opportunity costs states that when you increase production of a single good you must use increasingly costly resources. These two principles

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #111

Difficulty: Medium

Learning Objective: 02-04 Explain how the menu of goods and services produced by an economy is determined

Level of Learning: Comprehension

Type: Word Problem

112.
(p. 42)

An existing comparative advantage can be increased by specialization because

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #112

Difficulty: Easy

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

113.
(p. 42)

Which of the following statements is **NOT** true about specialization?

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #113

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

114.
(p. 42)

In general, it is true that

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #114

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

115.
(p. 42)

The major cost, or penalty, imposed by increasing specialization is

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #115

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

116.
(p. 42)

While there exists the potential for specialization to go too far, it is equally true that

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #116

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

117.
(p. 42)

The psychological cost of specialization is likely to affect

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #117

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

118.
(p. 42)

For a nation that finds it has a comparative advantage in producing good Z, it is likely that the size of the comparative advantage will

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #118

Difficulty: Easy

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

119.
(p. 42)

At the most basic level, the benefit of specialization is

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #119

Difficulty: Easy

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

120.
(p. 42)

Suppose that a further increase in specialization allows a country to increase total output by 10% but, afterward, it was discovered that work absenteeism increased by 30%. This is likely an example of

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #120

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

121.
(p. 42)

Specialization of labour not only results in the ability to produce a larger quantity of goods due to innate differences in people's skills, but also in

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #121

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

122.
(p. 42)

Increased specialization in the production of goods

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #122

Difficulty: Easy

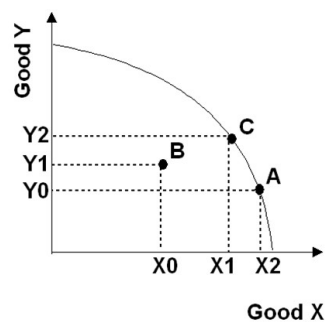
Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

123.
(p. 42)

Refer to the graph below. As you move from point B to point A,



- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #123

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

124.
(p. 42)

Which of the following factors will **NOT** cause a production possibilities curve to shift away from the origin?

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #124

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

125.
(p. 42)

Which of the following factors will cause the production possibilities curve to shift away from the origin?

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #125

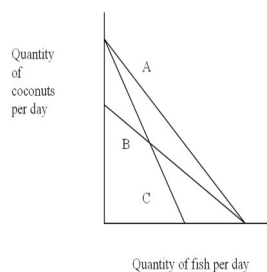
Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Word Problem

Jon is currently stranded, alone, on a desert island; he is a one-person economy. His principle food-gathering activities are collecting coconuts and catching fish. Depending on the circumstances, he may be functioning on the production possibilities curve A, B or C in the following diagram.



Chapter - Chapter 02

126.
(p. 42)

If Jon is functioning on production possibilities curve A, but then he loses the piece of metal he has fashioned into a fishing hook, his production possibilities curve would

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #126

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Graphical

127.
(p. 42)

If Jon is functioning on production possibilities curve A, but then he breaks the long pole he has been using to knock the coconuts out of the palm trees, his production possibilities curve would

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #127

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Graphical

128.
(p. 42)

If Jon is functioning on production possibilities curve C, then he finds a fishing rod washed up on the beach, it is likely his production possibilities curve would

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #128

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Graphical

129.
(p. 42)

If Jon is functioning on production possibilities curve B, then a storm passes over the island, blowing all the coconuts out of the palm trees, it is likely that his production possibilities curve would

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #129

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Comprehension

Type: Graphical

130.
(p. 42)

A reduction in the length of the workday would cause the production possibilities curve to

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #130

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

131.
(p. 42)

Good W is on the vertical axis and good Z is on the horizontal axis of a production possibilities curve. A technological innovation that improved labour's productivity for W but had zero effect on labour's productivity for Z would cause the production possibilities curve to

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #131

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

132.
(p. 42)

Good W is on the vertical axis and good Z is on the horizontal axis of a production possibilities curve. An increase in the amount of training received only by workers producing good Z would cause the production possibilities curve to

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #132

Difficulty: Difficult

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

133.
(p. 42)

An influx of immigrants would cause the production possibilities curve to

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #133

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

134.
(p. 42)

The introduction of compulsory retirement for all workers at age 60 would cause the production possibilities curve to

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #134

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

135.
(p. 42)

An increase in the amount spent on new factories and equipment would cause the production possibilities curve to

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #135

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

136.
(p. 42)

The introduction of new and more productive technology into the workplace will generally cause the production possibilities curve to

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #136

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

137.
(p. 42)

Specialization of labour leads to

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #137

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

138.
(p. 42)

An isolated economy has _____ possibilities for specialization when compared to the possibilities available to an easily accessible economy.

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #138

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

139.
(p. 42)

An isolated economy

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #139

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

140.
(p. 42)

Economic growth can generally be represented by _____ the production possibilities curve.

- A.
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #140

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Application

Type: Word Problem

141.
(p. 42)

When it is impossible to reorganize economic resources so that at least one person is better off while nobody is worse off, we have attained

- A.**
- B.
- C.
- D.
- E.

Chapter - Chapter 02 #141

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Knowledge

Type: Word Problem

142.
(p. 42)

When an economy is operating on its production possibilities curve, it is always

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #142

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Knowledge

Type: Word Problem

143.
(p. 42)

Every point on the production possibilities curve is

- A.
- B.**
- C.
- D.
- E.

Chapter - Chapter 02 #143

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Knowledge

Type: Word Problem

144.
(p. 42)

In terms of the production possibilities curve, productive efficiency is represented by

- A.
- B.
- C.**
- D.
- E.

Chapter - Chapter 02 #144

Difficulty: Medium

Learning Objective: 02-05 Identify factors that change an economy's menu of goods and services

Level of Learning: Knowledge

Type: Word Problem

145.
(p. 45)

A circular flow diagram of an economy shows that

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #145

Difficulty: Difficult

Learning Objective: 02-06 Describe transactions of goods and services as a circular flow of income and expenditures in an economy

Level of Learning: Comprehension

Type: Word Problem

146.
(p. 45)

Which of the following statements illustrates that the idea of comparative advantage is embedded in the circular flow diagram?

- A.
- B.
- C.
- D.
- E.**

Chapter - Chapter 02 #146

Difficulty: Difficult

Learning Objective: 02-06 Describe transactions of goods and services as a circular flow of income and expenditures in an economy

Level of Learning: Comprehension

Type: Word Problem

147.
(p. 45)

One of the major characteristics of the circular flow in our economy is

- A.
- B.
- C.
- D.**
- E.

Chapter - Chapter 02 #147

Difficulty: Medium

Learning Objective: 02-06 Describe transactions of goods and services as a circular flow of income and expenditures in an economy

Level of Learning: Comprehension

Type: Word Problem

c2 Summary