***Principles of Economics, 2e* (Asarta)**

**Chapter 1 Fundamentals**

1) Which of the following illustrates a macroeconomic question?

A) Should the salaries of financial executives be regulated by the government?

B) Are increasing wage demands by workers contributing to price inflation?

C) What is the least costly way to produce automobiles and trucks in the United States?

D) Will the introduction of a new computer chip change the demand for computers?

2) Which of the following exemplifies a microeconomic question?

A) What is the current national rate of unemployment?

B) Is the economy experiencing a decline in the rate of inflation?

C) Will a new type of electronic reader or tablet increase the number of buyers?

D) Is the aggregate output in the economy greater this year than last year?

3) Which question is an example of a macroeconomic question?

A) What is the level of industrial concentration in the US automobile industry?

B) What economic incentives can be used to reduce the cost of health care in the nation?

C) What policies would be recommended for stimulating national economic growth?

D) What market conditions are expected for milk in the nation this year?

4) Which question is an example of a microeconomic question?

A) What should the federal government do to reduce the trade deficit with Japan?

B) Will the merger of two airlines likely lead to higher cost of air travel in the economy?

C) What factors are contributing to the steep rise in the federal government's total debt?

D) Will the inflation rate remain relatively stable this year?

5) Which question is an illustration of a microeconomic question?

A) Is the volume of wine produced in 1 year dependent on the price of wine?

B) Does government spending influence interest rates in the economy?

C) Is the purchasing power of the dollar higher or lower today than it was in 2008?

D) Does a government deficit reduce national economic growth?

6) Which question is an illustration of a macroeconomic question?

A) Is a corporation unresponsive to the demands of its customers?

B) Is a consumer boycott an effective means of reducing a product's price?

C) How will the government's budget deficit be affected by public infrastructure projects?

D) Are oil companies ripping off consumers by charging exorbitantly high prices for gasoline?

7) Macroeconomics approaches the study of economics from the viewpoint of

A) the entire economy.

B) governmental units.

C) the operation of specific product and resource markets.

D) individual firms.

8) The problems of inflation and unemployment are

A) major topics of macroeconomics.

B) not relevant to the U.S. economy.

C) major topics of microeconomics.

D) only relevant to European economies.

9) Microeconomics is concerned with

A) the aggregate or total levels of income, employment, and output.

B) a detailed examination of specific economic units that make up the economic system.

C) how government debt affects aggregate economic activity.

D) the establishing of an overall view of the operation of the aggregate economic system.

10) Which of the following is a microeconomic statement?

A) The real domestic output increased by 2.3 percent last year.

B) Unemployment was 6.5 percent of the labor force last year.

C) The price of personal computers declined 4.7 percent last year.

D) The general price level increased by 3.1 percent last year.

11) One basic difference between "land" and "capital" resources is that land is

A) manufactured, while capital is a gift of nature.

B) unlimited, while capital is limited.

C) a gift of nature, while capital is manufactured.

D) limited, while capital is unlimited.

12) The role of the entrepreneur in society is to

A) provide capital to the firm which the management combines with labor.

B) bring the factors of production together and take the risks of producing.

C) control the land upon which all production takes place to get the most rent.

D) regulate what products are considered safe to market.

13) Which of the following is a labor resource?

A) a computer programmer

B) a computer

C) silicon (sand) used to make computer chips

D) a piece of software used by a firm

14) Which of the following is a capital resource?

A) a computer programmer

B) a corporate bond issued by a computer manufacturer

C) silicon (sand) used to make computer chips

D) a piece of software used by a firm

15) Which of the following is a land resource?

A) a farmer

B) an oil drilling rig

C) a machine for detecting earthquakes

D) natural gas

16) Which of the following lists includes only capital resources (and therefore no labor or land resources)?

A) an ice arena; a professional hockey player; hockey uniforms

B) the owner of a new startup firm; a chemistry lab; a researcher

C) a hydroelectric dam; water behind the dam; power lines

D) automobiles owned by a car rental firm; computers at the car rental agency; the vans that shuttle rental customers to and from the airport

17) Which of the following do economists consider to be capital?

A) a pair of stockings

B) a construction crane

C) a savings account

D) a share of IBM stock

18) The main function of the entrepreneur is to

A) make routine pricing decisions.

B) innovate.

C) purchase capital.

D) create market demand.

19) Which of the following is *not* a main function of the entrepreneur?

A) to make routine pricing decisions

B) to innovate

C) to assume the risk of economic losses

D) to make strategic business decisions

20) The four factors of production (or types of resources) are

A) land, labor, capital, and money.

B) land, labor, capital, and entrepreneurial ability.

C) labor, capital, technology, and entrepreneurial ability.

D) labor, capital, entrepreneurial ability, and money.

21) The assertion that "there is no free lunch" means that

A) there are always trade-offs between economic goals.

B) all production has an opportunity cost.

C) marginal analysis is used in economic reasoning.

D) rational choices do not involve excessive costs.

22) The basic truth that underlies the study of economics is the fact that we all face

A) death.

B) taxes.

C) risk.

D) scarcity.

23) A recurring theme in economics is that people

A) have unlimited resources but limited economic wants.

B) can increase resources by limiting their economic wants.

C) have limited economic wants and limited resources.

D) have unlimited economic wants but limited resources.

24) As a consequence of the problem of scarcity

A) there is never enough of anything.

B) individuals have to make choices from among alternatives.

C) only some people can "have it all."

D) things that are plentiful have relatively high prices.

25) What does "there is no such thing as a free lunch" mean in economics?

A) Scarce resources are used up to provide "freebies" and giveaways.

B) Sometimes people may take friends out to lunch and pay for them.

C) All items in the lunch menu have specific prices.

D) Products only have value because people are willing to pay for them.

26) When a state government chooses to build more roads, the resources used are no longer available for public education programs. This dilemma illustrates the concept of

A) production expenses.

B) unemployment issues.

C) unintended consequences.

D) scarcity.

27) The economizing problem is essentially one of deciding how to make the best use of

A) limited resources to satisfy limited economic wants.

B) unlimited resources to satisfy unlimited economic wants.

C) unlimited resources to satisfy limited economic wants.

D) limited resources to satisfy unlimited economic wants.

28) The economizing problem faced by a society is

A) to achieve a more equitable distribution of income in the society.

B) a consequence of the fact that productive resources are scarce relative to economic wants.

C) to establish prices that are fair for both producers and consumers.

D) that product prices often rise more rapidly than incomes of consumers.

29) The scarcity problem

A) persists only because countries have failed to achieve continuous full employment.

B) persists because economic wants exceed available productive resources.

C) has been solved in all industrialized nations.

D) has been eliminated in affluent societies such as the United States and Canada.

30) Ralph Waldo Emerson once wrote: "Want is a growing giant whom the coat of Have was never large enough to cover." According to economists, "Want" exceeds "Have" because

A) people are greedy.

B) productive resources are scarce.

C) human beings are inherently insecure.

D) people are irrational.

31) In deciding whether to study for an economics quiz or go to a movie, one is confronted by the idea(s) of

A) scarcity and opportunity costs.

B) money and real capital.

C) complementary economic goals.

D) full production.

32) Which one of the following expressions best states the idea of opportunity cost?

A) "A penny saved is a penny earned."

B) "He who hesitates is lost."

C) "There is no such thing as a free lunch."

D) "All that glitters is not gold."

33) Suppose that a university decides to spend $1 million to upgrade personal computers and scientific equipment for faculty rather than spend $1 million to expand parking for students. This example illustrates

A) distorted priorities.

B) opportunity costs.

C) increasing opportunity costs.

D) productive efficiency.

34) Which of the following most closely relates to the idea of opportunity costs?

A) trade-offs

B) economic growth

C) technological change

D) capitalism

35) Lauren makes $150 a day as a bank clerk. She takes two days off work without pay to fly to another city to attend the concert of her favorite band. The cost of transportation and lodging for the trip is $250. The cost of the concert ticket is $50. The opportunity cost of Lauren's decision to attend the concert is

A) $600.

B) $450.

C) $300.

D) $250.

36) The opportunity cost of constructing a new public highway is the

A) money cost of hiring contractors and construction workers for the new highway.

B) value of other goods and services that are sacrificed in order to construct the new highway.

C) expected cost of constructing the new highway in a future year.

D) value of shorter driving times and distances when the new highway is completed.

37) After graduating from high school, Adam is thinking about going to college. The college tuition is $15,000 a year. Instead of going to college, Adam could take a full-time job that pays $25,000. What is Adam's opportunity cost of attending college for one year?

A) $10,000

B) $15,000

C) $25,000

D) $40,000

38) The opportunity cost to a consumer who smokes cigarettes consists of the

A) costs imposed on others who inhale second-hand smoke.

B) product that the consumer could have bought instead of cigarettes.

C) amount of cigarette taxes paid by this consumer.

D) cost of complementary products such as lighters, ashtrays, and cigarette holders.

39) One major part of the opportunity costs of one's decision to go to college after high-school graduation is the

A) additional income that one can get if one had a college degree.

B) education that one gets while in college.

C) high-school diploma needed in order to apply for college.

D) full-time job that one could have gotten instead of going to college.

40) Joe sold gold coins for $1,000 that he bought a year ago for $1,000. He says, "At least I didn't lose any money on my financial investment." His economist friend points out that in effect he did lose money because he could have received a 3% percent return on the $1,000 if he had bought a bank certificate of deposit instead of the coins. The economist's analysis in this case incorporates the idea of

A) opportunity costs.

B) marginal benefits that exceed marginal costs.

C) imperfect information.

D) normative economics.

41) Economic analysis assumes "rational or purposeful behavior," which means that people will pursue decisions or actions

A) that will increase their well-being.

B) always based on full or complete information.

C) with minimal consideration for their emotions.

D) without any logical faults.

42) In analyzing human decision and action, economists assume that

A) scarcity is more important than choice.

B) costs are more important than benefits.

C) people's behavior reflects rational self-interest.

D) there are no scarce resources in the economy.

43) When studying human behavior, economists assume rational self-interest. This means that people

A) make decisions based on some desired outcome.

B) are quite selfish and are not concerned about others.

C) always make the right decisions.

D) have all the information they need to make a decision.

44) Which of the following is the best synonym for "marginal" in economics?

A) scarce

B) additional

C) basic

D) minor

45) Mia wants to buy a book. The economic perspective suggests that Mia will buy the book if the

A) marginal cost of the book is affordable for her.

B) marginal benefit of the book is greater than zero.

C) marginal cost of the book is greater than or equal to its marginal benefit.

D) marginal benefit of the book is greater than or equal to its marginal cost.

46) From an economic perspective, when a consumer decides to buy more life insurance, the consumer has most likely concluded that the marginal

A) cost of more insurance coverage is negative.

B) benefit of more insurance coverage is greater than the total benefit.

C) cost of more insurance coverage is less than the marginal benefit.

D) cost of more insurance coverage is equal to the payment for the extra coverage.

47) From an economic perspective, a student's decision to go to the movies instead of studying for a test indicates that in the student's thinking the marginal

A) benefit of studying is greater than the marginal cost of studying.

B) cost of going to the movies is less than the marginal benefit of going to the movies.

C) benefit of studying is greater than the marginal benefit of going to the movies.

D) cost of going to the movies is greater than the marginal cost of studying.

48) 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) marginal cost of waiting is less than the marginal benefit of being served.

B) marginal cost of waiting is greater than the marginal benefit of being served.

C) management is exhibiting irrational behavior by not maximizing profits.

D) management is making an assumption that other things are equal.

49) A person should consume more of something when its marginal

A) benefit exceeds its marginal cost.

B) cost exceeds its marginal benefit.

C) cost equals its net marginal benefit.

D) benefit is positive.

50) If someone produced too much of a good, this would suggest that

A) rational choice cannot be applied to many economic decisions.

B) the good was produced past the point where its marginal cost exceeded its marginal benefit.

C) certain goods and services such as education and health care are inherently desirable and should be produced regardless of costs and benefits.

D) the good was produced to the point where its marginal benefit exceeded its marginal cost.

51) Which of the following statements best expresses the law of diminishing marginal benefit?

A) The total benefit from the product decreases as more of the product is consumed.

B) The marginal benefit of the product increases as less of the product is consumed.

C) The marginal benefit from a product increases as more of the product is consumed.

D) The marginal benefit of a product decreases as less of the product is consumed.

52) After eating four slices of pizza, you are offered a fifth slice for free. You turn down the fifth slice. Your refusal indicates that the

A) marginal benefit for the fourth pizza slice is negative.

B) total benefit for the fifth pizza slice is negative.

C) marginal benefit for the fifth pizza slice is less than its marginal cost.

D) marginal benefit for the fourth slice is the largest among all slices.

53) Which situation is consistent with the law of diminishing marginal benefit?

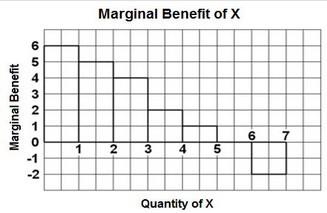
A) The more pizza Joe eats, the more he enjoys an additional slice.

B) The more pizza Joe eats, the less he enjoys an additional slice.

C) Joe's marginal benefit from eating pizza becomes positive after eating three slices.

D) Joe's marginal benefit from eating pizza reaches a maximum when total benefit is zero.

54) Use the figure below to answer the following question.



The marginal benefit of the third unit of X is

A) 5.

B) 4.

C) 2.

D) 15.

55) The law of diminishing marginal benefit explains why

A) supply curves slope upward.

B) demand curves slope downward.

C) addicts can never get enough.

D) people will only consume their favorite goods and not try new things.

56) Marginal cost can be defined as the change in

A) cost resulting from one more unit of production.

B) cost resulting from one less unit of production.

C) benefit resulting from one more unit of production.

D) benefit resulting from one less unit of production.

57) The reason the marginal cost curve increases as output increases for the typical firm is because

A) of diseconomies of scale.

B) of diminishing marginal benefit.

C) less productive resources must be employed as a firm increases output.

D) more productive resources must be employed as a firm increases output.

58) The law of increasing opportunity cost states that

A) as output increases the marginal cost decreases.

B) as output increases the marginal cost increases.

C) as output decreases the marginal cost increases.

D) as output increases the marginal cost does not change.

59) Use the table below to answer the following question.

|  |  |
| --- | --- |
| Output | Total Cost |
| 0 | $10 |
| 1 | 20 |
| 2 | 28 |
| 3 | 38 |
| 4 | 53 |
| 5 | 73 |
| 6 | 98 |

The marginal cost of producing 3 units of output is

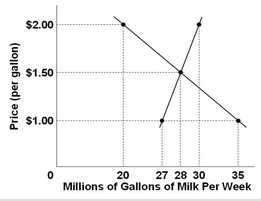
A) $38.

B) $28.

C) $10.

D) $0.

60) Use the following graph of the market for milk to answer the question below.



In this market, the equilibrium price is \_\_\_\_\_\_\_\_ and equilibrium quantity is \_\_\_\_\_\_\_\_.

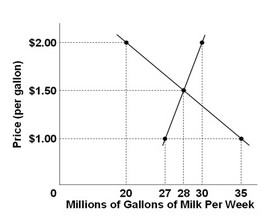
A) $1.50 per gallon; 28 million gallons

B) $1.50 per gallon; 30 million gallons

C) $28 per gallon; 150 million gallons

D) $1.00 per gallon; 35 million gallons

61) Use the following graph of the market for milk to answer the question below.



The marginal cost for the 27th million gallon of milk is

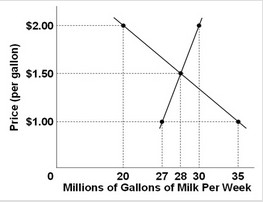
A) $2.00.

B) $1.50.

C) $1.00.

D) dependent on the marginal benefit.

62) Use the following graph of the market for milk to answer the question below.



If 30 million gallons of milk are being produced, then we know marginal benefit

A) is greater than marginal cost.

B) is less than marginal cost.

C) equals marginal cost.

D) and marginal cost do not depend on the quantity.

63) Use the following market data to answer the question below.

|  |  |  |
| --- | --- | --- |
| Price per Unit | Quantity Purchased by Consumer | Quantity Sold by Producer |
| $5 | 2,000 | 0 |
| 10 | 1,800 | 300 |
| 15 | 1,600 | 600 |
| 20 | 1,400 | 900 |
| 25 | 1,200 | 1,200 |
| 30 | 1,000 | 1,500 |

In the market shown in the table, the marginal cost of 600th unit is

A) $10.

B) $15.

C) $20.

D) $25.

64) Use the following market data to answer the question below.

|  |  |  |
| --- | --- | --- |
| Price per Unit | Quantity Purchased by Consumer | Quantity Sold by Producer |
| $5 | 2,000 | 0 |
| 10 | 1,800 | 300 |
| 15 | 1,600 | 600 |
| 20 | 1,400 | 900 |
| 25 | 1,200 | 1,200 |
| 30 | 1,000 | 1,500 |

In the market shown in the table, the marginal benefit of 1,200th unit is

A) $10.

B) $15.

C) $20.

D) $25.

65) Use the following market data to answer the question below.

|  |  |  |
| --- | --- | --- |
| Price per Unit | Quantity Purchased by Consumer | Quantity Sold by Producer |
| $5 | 2,000 | 0 |
| 10 | 1,800 | 300 |
| 15 | 1,600 | 600 |
| 20 | 1,400 | 900 |
| 25 | 1,200 | 1,200 |
| 30 | 1,000 | 1,500 |

In the market shown in the table, the equilibrium quantity is

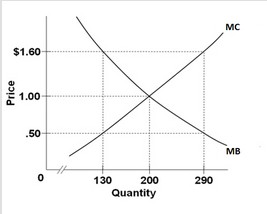
A) 1,600.

B) 1,400.

C) 1,200.

D) 900.

66) Use the following graph to answer the question below.



The price where marginal benefit equals marginal cost is

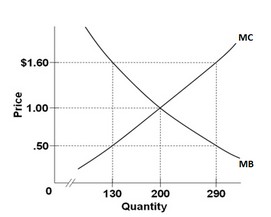
A) $1.00.

B) $1.60.

C) $0.50.

D) $2.90.

67) Use the following graph to answer the question below.



The quantity where marginal benefit equals marginal cost is

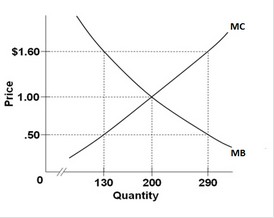
A) 0.

B) 130.

C) 200.

D) 290.

68) Use the following graph to answer the question below.



At a quantity of 130, marginal benefit equals \_\_\_\_\_\_\_\_ and marginal cost equals \_\_\_\_\_\_\_\_.

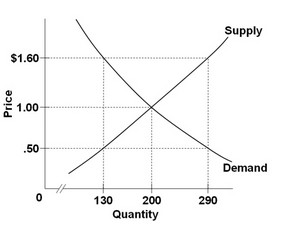
A) $1.00, $1.00

B) $1.60, $0.50

C) $0.50, $1.60

D) $1.60, $1.60

69) Use the following graph to answer the question below.



At a quantity of 290, marginal benefit equals \_\_\_\_\_\_\_\_ and marginal cost equals \_\_\_\_\_\_\_\_.

A) $1.00, $1.00

B) $1.60, $0.50

C) $0.50, $1.60

D) $1.60, $1.60

70) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Dave's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 160 |
| 20 | 120 |
| 40 | 80 |
| 60 | 40 |
| 80 | 0 |

If Dave produces 40 pounds of green beans, he can produce \_\_\_\_\_\_\_\_ pounds of corn.

A) 160

B) 120

C) 80

D) 0

71) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Dave's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 160 |
| 20 | 120 |
| 40 | 80 |
| 60 | 40 |
| 80 | 0 |

Dave's production possibilities schedule demonstrates that

A) he does not face scarcity.

B) he does face scarcity.

C) he can produce as much as he wants.

D) he can produce an unlimited amount of green beans if he gives up enough corn.

72) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 80 |
| 20 | 60 |
| 40 | 40 |
| 60 | 20 |
| 80 | 0 |

If Jane produces 40 pounds of green beans, she can produce \_\_\_\_\_\_\_\_ pounds of corn.

A) 0

B) 20

C) 40

D) 60

73) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 80 |
| 20 | 60 |
| 40 | 40 |
| 60 | 20 |
| 80 | 0 |

Jane's production possibilities schedule demonstrates that she

A) faces an opportunity cost when producing green beans.

B) does not face an opportunity cost when producing green beans.

C) cannot produce green beans and corn together.

D) can produce an unlimited amount of corn if she gives up enough green beans.

74) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 320 |
| 20 | 240 |
| 40 | 160 |
| 60 | 80 |
| 80 | 0 |

 If Jorge produces 20 pounds of green beans, he can produce \_\_\_\_\_\_\_\_ pounds of corn.

A) 0

B) 80

C) 160

D) 240

75) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 320 |
| 20 | 240 |
| 40 | 160 |
| 60 | 80 |
| 80 | 0 |

Jorge's production possibilities schedule demonstrates that

A) there is no trade-off between corn and green beans.

B) green beans do not have a trade-off with corn, but corn has a trade-off with green beans.

C) green beans have a trade-off with corn, but corn does not have a trade-off with green beans.

D) both corn and green beans require a trade-off.

76) If the opportunity cost of producing extra units of one good (expressed in terms of the amount of another good given up) remains constant, then the shape of the production possibilities frontier is

A) a straight horizontal line.

B) a straight downward-sloping line.

C) an upward-sloping line.

D) a vertical line.

77) If a nation is initially producing at a point on its production possibilities frontier, then it can increase its production of one good only by

A) decreasing the production of the other good.

B) increasing the production of the other good.

C) holding constant the production of the other good.

D) decreasing the price of the other good.

78) If the production possibilities frontier is a straight line, then the

A) opportunity cost of producing one good is zero.

B) law of constant opportunity costs applies.

C) producer can produce more of both goods simultaneously.

D) society is capable of producing only one of the goods and not the other.

79) A point inside the production possibilities frontier is \_\_\_\_\_\_\_\_ while a point outside the frontier is \_\_\_\_\_\_\_\_.

A) attainable; unattainable

B) unattainable; attainable

C) below the maximum possible; the maximum possible

D) the maximum possible; below the maximum possible

80) A point or combination that is on the production possibilities frontier is

A) attainable and efficient.

B) attainable, but not efficient.

C) unattainable and efficient.

D) unattainable, but not efficient.

81) A point outside (to the right of) the production possibilities frontier is

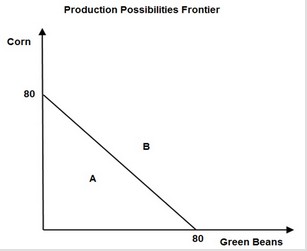
A) easily attainable.

B) not attainable.

C) efficient.

D) inefficient.

82) Use the following figure to answer the question below.



The production possibilities frontier in the figure above satisfies the law of

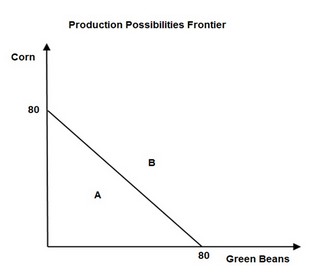
A) zero opportunity cost.

B) constant opportunity costs.

C) a single good production.

D) zero trade-off.

83) Use the following figure to answer the question below.



Point A in the figure above is

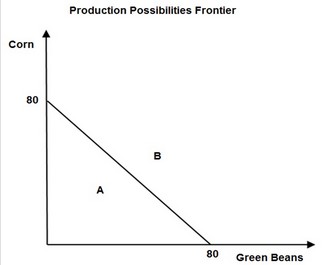
A) local.

B) not attainable.

C) efficient.

D) inefficient.

84) Use the following figure to answer the question below.



A point on the production possibilities frontier in the figure above is

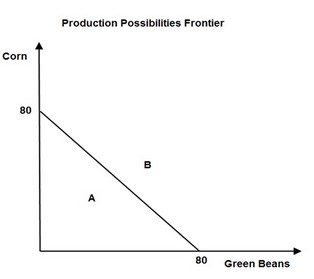
A) local.

B) not attainable.

C) efficient.

D) inefficient.

85) Use the following figure to answer the question below.



The combination of zero pounds of corn and eighty pounds of green beans is

A) local.

B) not attainable.

C) efficient.

D) inefficient.

86) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Dave's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 160 |
| 20 | 120 |
| 40 | 80 |
| 60 | 40 |
| 80 | 0 |

 Dave's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 4

B) 2

C) 1

D) 1/2

87) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Dave's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 160 |
| 20 | 120 |
| 40 | 80 |
| 60 | 40 |
| 80 | 0 |

Dave's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

A) 4

B) 2

C) 1

D) 1/2

88) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 80 |
| 20 | 60 |
| 40 | 40 |
| 60 | 20 |
| 80 | 0 |

Jane's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 4

B) 2

C) 1

D) 1/2

89) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 80 |
| 20 | 60 |
| 40 | 40 |
| 60 | 20 |
| 80 | 0 |

Jane's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

A) 4

B) 2

C) 1

D) 1/2

90) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 320 |
| 20 | 240 |
| 40 | 160 |
| 60 | 80 |
| 80 | 0 |

Jorge's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 4

B) 2

C) 1

D) 1/4

91) Use the following table to answer the question below.

|  |  |
| --- | --- |
| Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn |
| 0 | 320 |
| 20 | 240 |
| 40 | 160 |
| 60 | 80 |
| 80 | 0 |

 Jorge's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

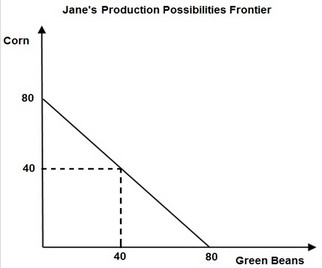
A) 4

B) 2

C) 1

D) 1/4

92) Use the following figure to answer the question below.



Jane's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

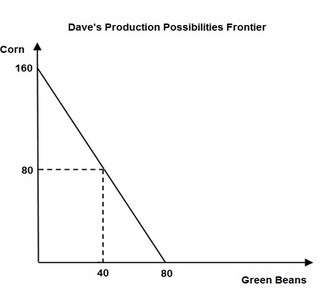
A) 4

B) 2

C) 1

D) 1/2

93) Use the following figure to answer the question below.



Dave's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

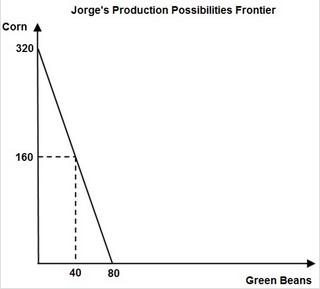
A) 4

B) 2

C) 1

D) 1/2

94) Use the following figure to answer the question below.



Jorge's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

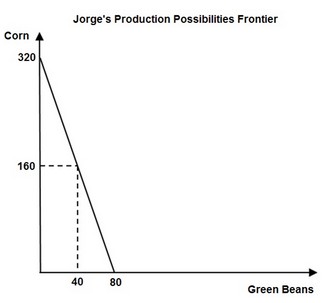
A) 4

B) 2

C) 1

D) 1/4

95) Use the following figure to answer the question below.



Jorge's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 4

B) 2

C) 1

D) 1/4

96) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

 Jake's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn. Jane's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 4,1

B) 2,1

C) 1,2

D) 1/4, 1

97) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Who has the comparative advantage in the production of green beans?

A) Jake

B) Jane

C) Both

D) Neither

98) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Who has the comparative advantage in the production of corn?

A) Jake

B) Jane

C) Both

D) Neither

99) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 240 | 0 | 480 |
| 30 | 180 | 20 | 360 |
| 60 | 120 | 40 | 240 |
| 90 | 60 | 60 | 120 |
| 120 | 0 | 80 | 0 |

Giovanni's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn. Jorge's opportunity cost of producing 1 pound of green beans is \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 2,6

B) 6,2

C) 1/6, 1/2

D) 1/2,1/6

100) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 240 | 0 | 480 |
| 30 | 180 | 20 | 360 |
| 60 | 120 | 40 | 240 |
| 90 | 60 | 60 | 120 |
| 120 | 0 | 80 | 0 |

Who has the comparative advantage in the production of green beans?

A) Giovanni

B) Jorge

C) Both

D) Neither

101) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

Who has the comparative advantage in the production of corn?

A) Giovanni

B) Jorge

C) Both

D) Neither

102) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

Dave's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans. Simon's opportunity cost of producing 1 pound of corn is \_\_\_\_\_\_\_\_ pound(s) of green beans.

A) 1, 2

B) 2, 1/2

C) 1/2, 2

D) 2, 1

103) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

Who has the comparative advantage in the production of green beans?

A) Dave

B) Simon

C) Both

D) Neither

104) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

Who has the comparative advantage in the production of corn?

A) Dave

B) Simon

C) Both

D) Neither

105) If an individual has a comparative advantage in the production of a good, then this individual has the

A) highest opportunity cost in the production of the good.

B) same opportunity cost in the production of the good.

C) lowest opportunity cost in the production of the good.

D) greatest desire for the good.

106) An individual should specialize in the production of a good for which he/she has a

A) conditional advantage.

B) determined advantage.

C) comparative advantage.

D) general advantage.

107) Specialization implies that an individual should produce the good for which he/she has the \_\_\_\_\_\_\_\_ opportunity cost.

A) highest

B) lowest

C) necessary

D) general

108) Specialization allows a society to produce \_\_\_\_\_\_\_\_ goods.

A) fewer

B) more

C) the same amount of

D) new

109) Without specialization, individuals might spend time producing \_\_\_\_\_\_\_\_ goods.

A) unwanted

B) general

C) high cost

D) low cost

110) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Jake should specialize in the production of which good?

A) corn

B) green beans

C) both

D) neither

111) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Jane should specialize in the production of which good?

A) corn

B) green beans

C) both

D) neither

112) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

Giovanni should specialize in the production of which good?

A) corn

B) green beans

C) both

D) neither

113) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

Jorge should specialize in the production of which good?

A) corn

B) green beans

C) both

D) neither

114) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

If Giovanni and Jorge both specialize in the production of their respective low-cost goods, then the total production of corn equals \_\_\_\_\_\_\_\_ pounds and the total production of green beans equals \_\_\_\_\_\_\_\_ pounds.

A) 160, 160

B) 320, 320

C) 160, 320

D) 320, 160

115) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

If Giovanni produces 40 pounds of green beans and Jorge produces 80 pounds of corn, then the total amount of green bean production equals \_\_\_\_\_\_\_\_ and the total amount of corn production equals \_\_\_\_\_\_\_\_. If Giovanni and Jorge specialize in their respective low-cost good, then the total pounds of green bean production equals \_\_\_\_\_\_\_\_ and the total pounds of corn production equals \_\_\_\_\_\_\_\_.

A) 100, 200; 160, 320

B) 200, 100; 160, 320

C) 100, 200; 320, 160

D) 200, 100; 320, 160

116) The terms of trade are acceptable if the price is \_\_\_\_\_\_\_\_ the seller's opportunity cost and \_\_\_\_\_\_\_\_ the buyer's opportunity cost.

A) above, above

B) above, below

C) below, above

D) below, below

117) The terms of trade can take on any value

A) above the seller's opportunity cost.

B) below the seller's opportunity cost and above the buyer's opportunity cost.

C) above the seller's opportunity cost and below the buyer's opportunity cost.

D) below the seller's opportunity cost and below the buyer's opportunity cost.

118) Mutually beneficial trade is possible when the terms of trade are

A) above the seller's opportunity cost and above the buyer's opportunity cost.

B) between the seller's and buyer's opportunity cost.

C) between the seller's and buyer's general behavior.

D) below the seller's opportunity cost and above the buyer's opportunity cost.

119) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

One pound of green beans costs Jake \_\_\_\_\_\_\_\_ pound(s) of corn. One pound of green beans costs Jane \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 1, 4

B) 1/4, 1

C) 4, 1

D) 1, 1/4

120) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

One pound of green beans costs Giovanni \_\_\_\_\_\_\_\_ pound(s) of corn. One pound of green beans costs Jorge \_\_\_\_\_\_\_\_ pound(s) of corn.

A) 1, 4

B) 1/4, 1

C) 4, 1

D) 1, 1/4

121) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

The terms of trade for 1 pound of green beans must lie between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ pounds of corn.

A) 1/4, 1

B) 1, 6

C) 1, 4

D) 1/4, 6

122) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Ruby's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 10 | 240 |
| 80 | 80 | 20 | 160 |
| 120 | 40 | 30 | 80 |
| 160 | 0 | 40 | 0 |

The terms of trade for 1 pound of green beans must lie between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ pounds of corn.

A) 1, 4

B) 1, 8

C) 1/8, 1

D) 1/8, 2

123) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 20 | 120 | 20 | 240 |
| 40 | 80 | 40 | 160 |
| 60 | 40 | 60 | 80 |
| 80 | 0 | 80 | 0 |

The terms of trade for 1 pound of green beans must lie between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ pounds of corn.

A) 2, 4

B) 1, 4

C) 1/4, 1

D) 1/4, 1/2

124) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Giovanni's Production Possibilities Schedule | | Jorge's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 320 |
| 40 | 120 | 20 | 240 |
| 80 | 80 | 40 | 160 |
| 120 | 40 | 60 | 80 |
| 160 | 0 | 80 | 0 |

The terms of trade for one pound of green beans must lie between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ pounds of corn.

A) 1, 4

B) 1, 2

C) 1/4, 1

D) 1/8, 1

125) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

The terms of trade for 1 pound of corn must lie between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ pounds of green beans.

A) 1/2, 4

B) 1, 4

C) 1, 2

D) 1/2, 2

126) Gains from specialization and mutually beneficial trade \_\_\_\_\_\_\_\_ wealth or well-being.

A) decreases

B) increases

C) dilutes

D) moderates

127) Sophie is willing to sell her used economics textbook for $30. Ruby is willing to pay $60 for the used economics textbook. Sophie and Ruby agree on a price of $45. The gains from trade for Sophie equals \_\_\_\_\_\_\_\_ and the gains from trade for Ruby equals \_\_\_\_\_\_\_\_.

A) $30, $60

B) $0, $30

C) $15, $15

D) $30, $0

128) Sophie is willing to sell her soccer ball for $10. Ruby is willing to pay $20 for the soccer ball. Sophie and Ruby agree on a price of $16. The gains from trade for Sophie equals \_\_\_\_\_\_\_\_ and the gains from trade for Ruby equals \_\_\_\_\_\_\_\_.

A) $10, $20

B) $5, $5

C) $4, $6

D) $6, $4

129) Nettie can produce either 8 cupcakes or 4 hamburgers. Becky can produce either 4 cupcakes or 8 hamburgers. Suppose that Nettie and Becky each specialize in the production of the good for which they have a comparative advantage and decide to trade. The terms of trade are 1 cupcake for 1 hamburger. After trade, how many hamburgers will Nettie consume if Becky consumes 4 hamburgers? How many cupcakes will Becky consume if Nettie consumes 4 cupcakes?

A) Nettie consumes 0 hamburgers, Becky consumes 0 cupcakes

B) Nettie consumes 0 hamburgers, Becky consumes 4 cupcakes

C) Nettie consumes 4 hamburgers, Becky consumes 0 cupcakes

D) Nettie consumes 4 hamburgers, Becky consumes 4 cupcakes

130) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Without trade, Jake consumes 20 pounds of green beans and 80 pounds of corn, and Jane consumes 40 pounds of green beans and 40 pounds of corn. If the terms of trade are 1 pound of green beans for 3 pounds of corn, and Jake sells Jane 72 pounds of corn after specialization, then Jake consumes \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn.

A) 88, 24

B) 24, 88

C) 56, 72

D) 72, 56

131) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Without trade, Jake consumes 20 pounds of green beans and 80 pounds of corn, and Jane consumes 40 pounds of green beans and 40 pounds of corn. If the terms of trade are 1 pound of green beans for 3 pounds of corn, and Jake sells Jane 72 pounds of corn after specialization, then Jane consumes \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn.

A) 88, 24

B) 24, 88

C) 56, 72

D) 72, 56

132) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Without trade, Jake consumes 20 pounds of green beans and 80 pounds of corn, and Jane consumes 40 pounds of green beans and 40 pounds of corn. If the terms of trade are 1 pound of green beans for 3 pounds of corn, and Jake sells Jane 72 pounds of corn, then the gains from trade for Jake are \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn with trade and specialization.

A) 16, 32

B) 32, 16

C) 8, 4

D) 4, 8

133) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Jake's Production Possibilities Schedule | | Jane's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 10 | 120 | 20 | 60 |
| 20 | 80 | 40 | 40 |
| 30 | 40 | 60 | 20 |
| 40 | 0 | 80 | 0 |

Without trade Jake consumes 20 pounds of green beans and 80 pounds of corn, and Jane consumes 40 pounds of green beans and 40 pounds of corn. If the terms of trade are 1 pound of green beans for 3 pounds of corn, and Jake sells Jane 72 pounds of corn, then the gains from trade for Jane are \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn with trade and specialization.

A) 16, 32

B) 32, 16

C) 8, 4

D) 4, 8

134) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

Assume Dave consumes 40 pounds of green beans and 80 pounds of corn without trade. Also, assume that Simon consumes 80 pounds of green beans and 40 pounds of corn without trade. Suppose Simon and Dave specialize and that the terms of trade are 1 pound of green beans for 1 pound of corn. If Simon sells Dave 80 pounds of green beans, then the gains from trade for Simon are \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn with trade and specialization.

A) 20, 20

B) 40, 0

C) 0, 40

D) 40, 40

135) Use the following table to answer the question.

|  |  |  |  |
| --- | --- | --- | --- |
| Dave's Production Possibilities Schedule | | Simon's Production Possibilities Schedule | |
| Pounds of Green Beans | Pounds of Corn | Pounds of Green Beans | Pounds of Corn |
| 0 | 160 | 0 | 80 |
| 20 | 120 | 40 | 60 |
| 40 | 80 | 80 | 40 |
| 60 | 40 | 120 | 20 |
| 80 | 0 | 160 | 0 |

Assume Dave consumes 40 pounds of green beans and 80 pounds of corn without trade. Also, assume that Simon consumes 80 pounds of green beans and 40 pounds of corn without trade. Suppose Simon and Dave specialize and that the terms of trade are 1 pound of green beans for 1 pound of corn.  If Simon sells Dave 80 pounds of green beans, then the gains from trade for Dave are \_\_\_\_\_\_\_\_ pounds of green beans and \_\_\_\_\_\_\_\_ pounds of corn with trade and specialization.

A) 20, 20

B) 40, 0

C) 0, 40

D) 40, 40

136) A nation can produce two products: steel and wheat. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Steel | 0 | 1 | 2 | 3 | 4 | 5 |
| Wheat | 100 | 90 | 75 | 55 | 30 | 0 |

If the nation uses all of its resources to produce only wheat, then its production combination will be

A) A.

B) B.

C) E.

D) F.

137) A nation can produce two products: steel and wheat. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Steel | 0 | 1 | 2 | 3 | 4 | 5 |
| Wheat | 100 | 90 | 75 | 55 | 30 | 0 |

Which of the following output-combinations is unattainable?

A) 1 unit of steel and 80 units of wheat

B) 4 units of steel and 55 units of wheat

C) 30 units of wheat and 3 units of steel

D) 95 units of wheat and 0 units of steel

138) A nation can produce two products: steel and wheat. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Steel | 0 | 1 | 2 | 3 | 4 | 5 |
| Wheat | 100 | 90 | 75 | 55 | 30 | 0 |

A change from combination C to B means that

A) 1 unit of steel is given up to get 75 units of wheat.

B) 2 units of steel are given up to get 75 units of wheat.

C) 1 unit of steel is given up to get 15 more units of wheat.

D) 2 units of steel are given up to get 15 more units of wheat.

139) A nation can produce two products: steel and wheat. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Steel | 0 | 1 | 2 | 3 | 4 | 5 |
| Wheat | 100 | 90 | 75 | 55 | 30 | 0 |

In moving from combination E to F, the opportunity cost of an additional unit of steel is

A) 5 units of steel.

B) 0 unit of wheat.

C) 1 unit of steel.

D) 30 units of wheat.

140) A nation can produce two products: steel and wheat. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Steel | 0 | 1 | 2 | 3 | 4 | 5 |
| Wheat | 100 | 90 | 75 | 55 | 30 | 0 |

In moving stepwise from possibility A to B to C … to F, the opportunity cost of a unit of steel in terms of wheat

A) increases.

B) decreases.

C) remains constant.

D) increases at first then decreases.

141) A nation can produce two products: tanks and cars. The table below is the nation's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Tanks | 0 | 1 | 2 | 3 | 4 | 5 |
| Cars | 1000 | 950 | 850 | 650 | 350 | 0 |

Given the production possibilities schedule above, a combination of 3 tanks and 350 cars

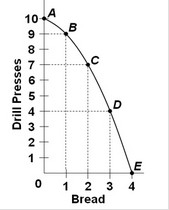
A) illustrates the trade-off between tanks and cars.

B) is attainable but entails some unemployment or inefficient use of society's resources.

C) cannot be produced by society, given its current resources and production technology.

D) is not attainable because this combination is not listed in the schedule.

142) The following graph is the production possibilities frontier of a nation:



Refer to the graph. The combination "5 drill presses and 2 units of bread" indicates an

A) unattainable combination for the nation.

B) inefficient combination for the nation.

C) ideal combination for the nation.

D) efficient combination for the nation.

143) Because of increasing opportunity costs, the production possibilities frontier

A) is bowed out from (or concave to) the origin.

B) can be either downward- or upward-sloping.

C) at first rises, then falls eventually.

D) is a straight downward-sloping line.

144) Which of the following statements is an explanation for the law of increasing opportunity costs?

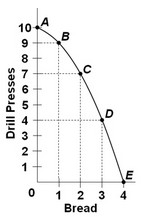
A) Many economic resources are better at producing one product rather than another.

B) The economy is employing all of its available resources.

C) In any economy, the state of technology is changing and resources are variable.

D) The economy is achieving productive efficiency by producing goods at the least cost.

145) The following graph is the production possibilities frontier of a nation:



The opportunity cost of the fourth unit of bread is

A) 0 drill presses.

B) 1 drill press.

C) 3 drill presses.

D) 4 drill presses.

146) In the circular flow model of the market system, households

A) buy products and resources.

B) sell products and resources.

C) buy products and sell resources.

D) sell products and buy resources.

147) In the circular flow model of the market system, business firms

A) buy products and resources.

B) sell products and resources.

C) buy products and sell resources.

D) sell products and buy resources.

148) The circular flow model illustrates

A) the importance of having a central plan for the economy.

B) how natural and other resources are created.

C) how money is created by the banking system.

D) the interdependence of businesses and consumers.

149) The simple circular flow model shows that workers and capital-owners offer their services to firms through the

A) product markets.

B) resource markets.

C) employment agencies.

D) government agencies.

150) In the circular flow model, households earn their incomes in the

A) resource markets.

B) product markets.

C) capitalist markets.

D) money markets.

151) According to the circular flow model, product markets are where

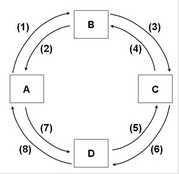
A) households earn their money incomes.

B) businesses incur their consumption expenditures to households.

C) businesses acquire their inputs from households.

D) businesses earn their revenues from households.

152) Use the following circular flow diagram to answer the question below.



If box A represents businesses or firms, B the resource market, and C households, and if flow (3) represents money payments to households, then flow (1) would represent

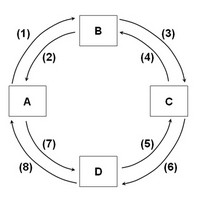
A) payments to resources.

B) the flow of goods.

C) consumption expenditures.

D) resources.

153) Use the following circular flow diagram to answer the question below.



If box A represents businesses or firms, B the resource market, and C households, and if flow (7) represents goods and services, then flow (6) would represent

A) goods and services.

B) consumption expenditures.

C) resources.

D) money income.

154) The two basic markets shown by the simple circular flow model are

A) capital goods and consumer goods.

B) free and controlled.

C) product and resource.

D) household and business.

155) In the resource market

A) businesses borrow financial capital from households.

B) businesses sell services to households.

C) households sell resources to businesses.

D) households buy resources from businesses.

156) Which of the following is a capital resource?

A) a computer programmer

B) a corporate bond issued by a computer manufacturer

C) silicon (sand) used to make computer chips

D) a piece of software used by a firm

157) A student ranks 4 candy bars in the following order: 1) Twix, 2) Snickers, 3) Milky Way, and 4) Almond Joy. Given the choice of one candy bar the student picks a Twix bar. What is the opportunity cost of that choice?

A) Snickers, Milky Way, and Almond Joy

B) Snickers

C) The money that was spent on the candy bar

D) Almond Joy

158) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

If they are given 2 days to work how many scarves could Alexandra make if she spent the whole time knitting scarves?

A) 12

B) 24

C) 8

D) 16

159) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

If they are given 3 days to work how many sweaters could Natalia make if she spent the whole time knitting scarves?

A) 12

B) 4

C) 24

D) 16

160) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is Alexandra's opportunity cost of knitting a scarf?

A) 3 sweaters

B) 1/3 of a sweater

C) 2 sweaters

D) 1/2 of a sweater

161) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is Natalia's opportunity cost of knitting a scarf?

A) 3 sweaters

B) 1/3 of a sweater

C) 2 sweaters

D) 1/2 of a sweater

162) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is Natalia's opportunity cost of knitting a sweater?

A) 3 scarves

B) 1/3 of a scarf

C) 2 scarves

D) 1/2 of a scarf

163) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

Who should specialize in knitting sweaters?

A) Natalia

B) Alexandra

C) Both Natalia and Alexandra

D) Neither Natalia nor Alexandra

164) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

If Natalia were to export a good, which one(s) would she export?

A) Sweaters

B) Scarves

C) Both sweaters and scarves

D) Neither sweaters nor scarves

165) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

Who should specialize in knitting scarves?

A) Natalia

B) Alexandra

C) Both Natalia and Alexandra

D) Neither Natalia nor Alexandra

166) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

If Alexandra were to export a good, which one(s) would she export?

A) Sweaters

B) Scarves

C) Both sweaters and scarves

D) Neither sweaters nor scarves

167) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is the minimum a scarf would be traded for in this example?

A) 1/2 of a sweater

B) 1/3 of a sweater

C) 2 sweaters

D) 3 sweaters

168) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is the maximum a scarf would be traded for in this example?

A) 1/2 of a sweater

B) 1/3 of a sweater

C) 2 sweaters

D) 3 sweaters

169) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is the minimum a sweater would be traded for in this example?

A) 1/2 of a scarf

B) 1/3 of a scarf

C) 2 scarves

D) 3 scarves

170) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

What is the maximum a scarf would be traded for in this example?

A) 1/2 of a scarf

B) 1/3 of a scarf

C) 2 scarves

D) 3 scarves

171) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

Which of the following is an acceptable term of trade?

A) 6 sweaters for 10 scarves

B) 4 sweaters for 10 scarves

C) 2 sweaters for 7 scarves

D) 8 sweaters for 15 scarves

172) Use the following table to answer the question below.

|  |  |  |  |
| --- | --- | --- | --- |
| Alexandra's Production Possibilities Schedule | | Natalia's Production Possibilities Schedule | |
| Number of Scarfs Knitted per day | Number of Sweaters Knitted per day | Number of Scarfs Knitted per hour | Number of Sweaters Knitted per hour | |
| 0 | 4 | 0 | 4 | |
| 3 | 3 | 2 | 3 | |
| 6 | 2 | 4 | 2 | |
| 9 | 1 | 6 | 1 | |
| 12 | 0 | 8 | 0 | |

Which of the following is an acceptable term of trade?

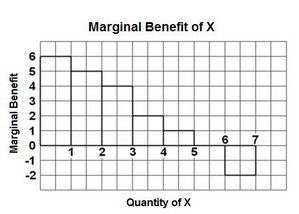
A) 2 scarves for 2 sweaters

B) 6 scarves for 1 sweater

C) 4 scarves for 2 sweaters

D) 10 scarves for 3 sweaters

173) Use the figure below to answer the following question.



The marginal benefit of the second unit of X is \_\_\_\_\_\_\_\_.

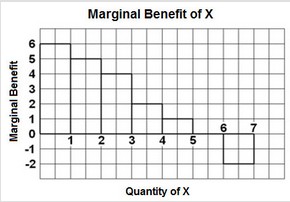
A) 5

B) 4

C) 11

D) 17

174) Use the figure below to answer the following question.



The total benefit of the second unit of X is \_\_\_\_\_\_\_\_.

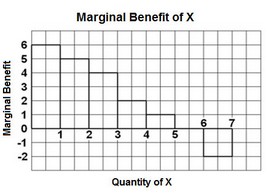
A) 5

B) 4

C) 11

D) 17

175) Use the figure below to answer the following question.



The total benefit of the third unit of X is \_\_\_\_\_\_\_\_.

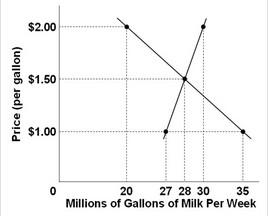
A) 5

B) 4

C) 11

D) 15

176) Use the following graph of the market for milk to answer the question below.



If 30 million gallons of milk are being produced, then we know

A) marginal benefit is greater than marginal cost.

B) too little milk is being produced.

C) too much milk is being produced.

D) marginal benefit is $1.00.

177) A point inside (to the left of) the production possibilities frontier is

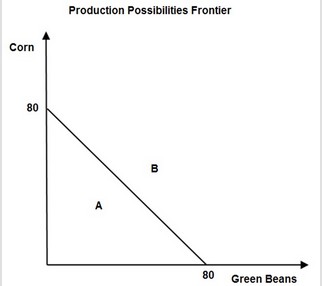
A) attainable and efficient.

B) attainable but not efficient.

C) not attainable but efficient.

D) not attainable and not efficient.

178) Use the following figure to answer the question below.



Point A in the figure above is

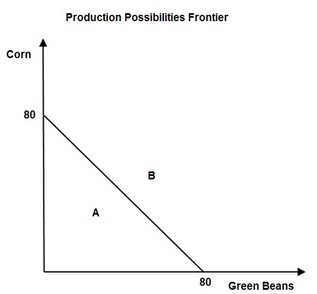
A) not attainable.

B) efficient.

C) attainable and efficient.

D) attainable but not efficient.

179) Use the following figure to answer the question below.



The combination of sixty-five pounds of corn and sixty-five pounds of green beans is

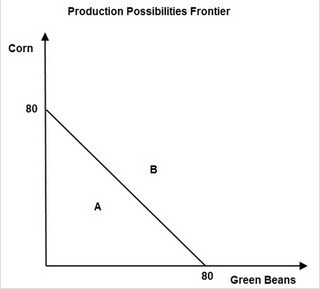
A) attainable.

B) efficient.

C) not attainable.

D) not efficient.

180) Use the following figure to answer the question below.



The combination of sixty-five pounds of corn and fifteen pounds of green beans is

A) attainable and inefficient.

B) not attainable but efficient.

C) not attainable.

D) not efficient.

181) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

If the baker uses all of its resources to produce only cupcakes, then its production combination will be

A) A.

B) B.

C) E.

D) F.

182) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

If the baker uses all of its resources to produce only pies, then the total number of pies will be

A) 10.

B) 81.

C) 20.

D) 2.

183) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

Which of the following output-combinations is unattainable?

A) 9 pies and 10 cupcakes

B) 6 pies and 10 cupcakes

C) 3 pies and 56 cupcakes

D) 2 pies and 48 cupcakes.

184) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

A change from combination C to B means that

A) 8 cupcakes were given up to make 1 pie.

B) 2 pies were given up to make 20 cupcakes.

C) 8 cupcakes were given up to make 2 pies.

D) 6 pies were given up to make 20 cupcakes.

185) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

In moving from combination F to E, the opportunity cost of an additional 2 pies is

A) 56 cupcakes.

B) 25 cupcakes.

C) 2 cupcakes.

D) 20 cupcakes.

186) A baker can produce two products: cupcakes and pies. The table below is the baker's production possibilities schedule:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities Schedule | | | | | | |
| Product | A | B | C | D | E | F |
| Cupcakes | 0 | 12 | 20 | 36 | 56 | 81 |
| Pies | 10 | 8 | 6 | 4 | 2 | 0 |

Going from E to C shows that the opportunity cost of an additional 4 pies is

A) 56 cupcakes.

B) 25 cupcakes.

C) 36 cupcakes.

D) 20 cupcakes.