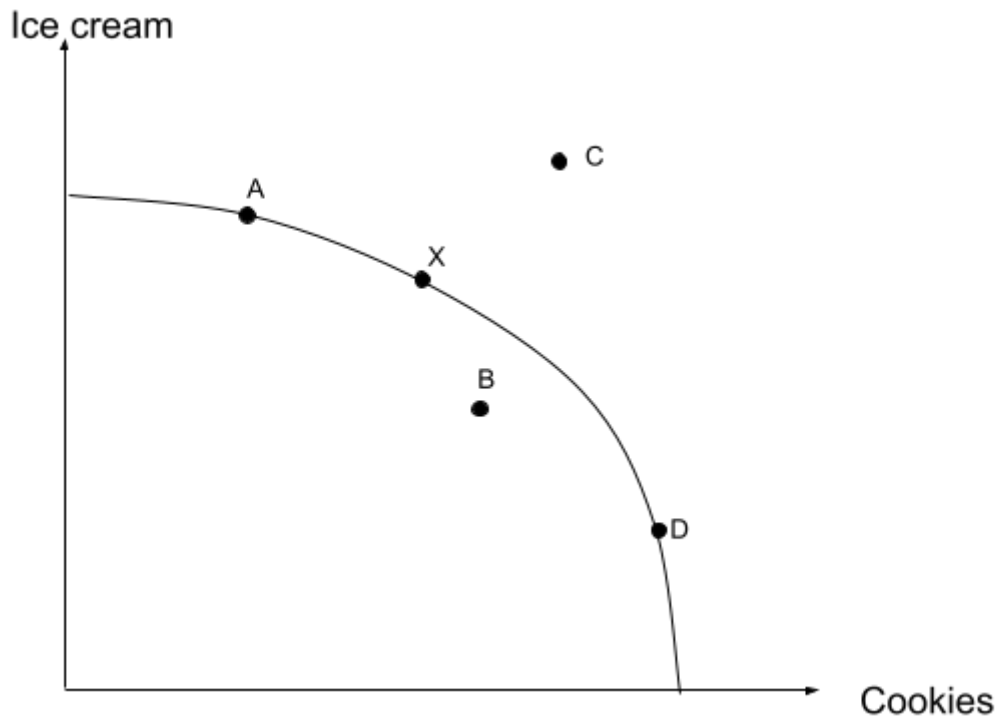
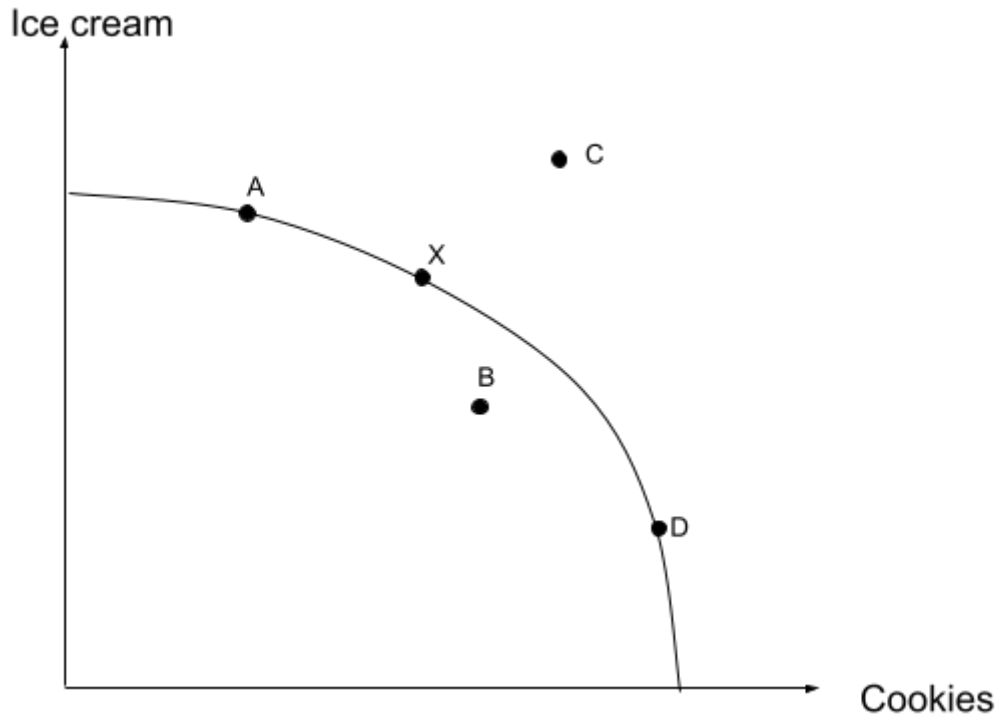


1. An unemployed worker accepts a job. Which of the following is an opportunity cost of this decision?
 - a. The cost of travel to work.
 - b. The income from the new job.
 - c. The leisure time lost. (Ans)
 - d. The training in the new job.
2. A production possibility frontier is concave because:
 - a. Diminishing marginal utility as more of a good is produced.
 - b. Increasing opportunity cost as more of a good is produced. (Ans)
 - c. Decreasing opportunity cost as more of a good is produced.
 - d. Increasing marginal utility as more of a good is produced.
3. Below is a PPF of a closed economy which produces only ice cream and cookies. The economy is initially at point X. If they want to produce more cookies while maintaining the productive efficiency, at which point of the PPF will they end up?

Ans 3. D



4. The following is a PPF of an economy. Which shows an increase in unemployment from point X?



Ans 4. B

5. The table below shows how many cups of coffee and how many cupcakes two workers can make per hour.

Worker	Cups of coffee/hour	Cupcakes/hour
A	6	15
B	9	30

What can you infer from the table?

- a. B should make both coffee and cake.
 - b. A should make cupcakes and B should make coffee.
 - c. A should make coffee and B should make cupcakes. (Ans)
 - d. Both of them should make both coffee and cake.
6. The table shows how many shoes and hats two people can make per hour.

Person	Shoes/hour	Hats/hour
X	20	30
Y	40	100

What can you infer from the table?

- a. Y should produce and export shoes.
 - b. Both countries should produce shoes.
 - c. X and Y cannot trade.
 - d. **Y should produce and export hats.** (Ans)
7. It takes you half an hour to do a math assignment and two hours to do an economics assignment. What is the opportunity cost of you doing two math assignments? *
- a. **1/2 economics assignments.** (Ans)
 - b. 1 economics assignment.
 - c. 2 economics assignments.
 - d. 4 economics assignments.
8. There are two companies that manufacture cameras and lenses.
 ABC Corp. needs 8 days to make one camera and 10 days to make one lens
 XYZ Corp. needs 15 days to make one camera and 12 days to make one lens.
- i) What is the opportunity cost of ABC Corp in making one unit of camera? **0.8 lens**
- ii) What is the opportunity cost of XYZ Corp in making one unit of camera? **1.25 lens**
9. In the PPF, We achieve ____**productive efficiency**____ if we cannot produce more of one good without giving up some other good that we value more highly.
10. Every choice along the PPF involves a ____**opportunity cost**____, because we must give up something to get something else.
11. The PPF illustrates __**scarcity**____ because we cannot attain the points outside the frontier.