

iClicker Pop Quiz 1

Modules 1 – 4

Instructor: Joseph Navelski
Teaching Assistant: Nabittun Nahar

WSU

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Question 1

Which of these are factor(s) of production?

- (a) land
- (b) labour
- (c) human capital
- (d) all three

Question 1

Which of these are factor(s) of production?

- (a) land
- (b) labour
- (c) capital
- (d) **all three** - All of the items listed above are typical factors firms use in the production process.

Question 2

The increases in total output realized when individuals specialize in particular tasks and trade the products produced from these tasks are known as... ?

- (a) a trade-off.
- (b) marginal analysis.
- (c) the profits obtained from sales of a good or service.
- (d) the gains from trade.

Question 2

The increases in total output realized when individuals specialize in particular tasks and trade the products produced from these tasks are known as... ?

- (a) a trade-off.
- (b) marginal analysis.
- (c) the profits obtained from sales of a good or service.
- (d) **the gains from trade.** - When countries specialize in producing one good and then trade this one good for other goods to increase their total output, this implies a gain from trade. See page 28 and 29 in the text for more details.

Question 3

If an economy moves from a point on a production possibility frontier line to a point to the right of that production possibility frontier, what event might have occurred?

- (a) A tornado that has caused tremendous damage.
- (b) The government has placed new restrictions on energy production.
- (c) There has been a discovery of new technology that expands production possibilities.
- (d) The economy has recovered from a downturn and unemployment is dropping.

Question 3

If an economy moves from a point on a production possibility frontier line to a point to the right of that production possibility frontier, what event might have occurred?

- (a) A tornado that has caused tremendous damage.
- (b) The government has placed new restrictions on energy production.
- (c) **There has been a discovery of new technology that expands production possibilities.** – Improving technology is a way to produce more goods, with a given amount of resources, and this increase in production expands the PPF outward.
- (d) The economy has recovered from a downturn and unemployment is dropping.

Question 4

Suppose you have a very efficient study system. Then, as you increase the hours that you study for an economics exam, the opportunity cost of studying for the exam will... ?

- (a) increase
- (b) decrease
- (c) may increase or decrease
- (d) stays same

Question 4

Suppose you have a very efficient study system. Then, as you increase the hours that you study for an economics exam, the opportunity cost of studying for the exam will... ?

- (a) **increases** – This means you have to reduce one hour from doing something else, meaning you are giving up 1 hour to do something else in order to study for the exam.
- (b) decreases
- (c) may increase or decrease
- (d) stays same

Question 5

Select the correct definition of the term
“comparative advantage.”

- (a) The ability to produce a good or service at a lower opportunity cost than another.
- (b) The ability to produce a good or service at a higher opportunity cost than another.
- (c) The ability to produce more of a good or service than another over a specified time period.
- (d) The ability to produce less of a good or service than another over a specified time period.

Question 5-Comparative advantage

Select the correct definition of the term
“comparative advantage.”

- (a) **The ability to produce a good or service at a lower opportunity cost than another.** – When a country produces the same good or service at a lower cost than another, that country has comparative advantage over the another.
- (b) The ability to produce a good or service at a higher opportunity cost than another.
- (c) The ability to produce more of a good or service than another over a specified time period.
- (d) The ability to produce less of a good or service than another over a specified time period.

Question 6

Which statement(s) are true for all firms? Please feel free to select more than 1 answer.

- (a) They sell goods, services, or both.
- (b) They make a net profit or go out of business after two quarters of consecutive loss.
- (c) They produce goods, services, or both.

Question 6

Which statement(s) are true for all firms? Please feel free to select more than 1 answer.

- (a) They sell goods, services, or both.**
- (b) They make a net profit or go out of business after two quarters of consecutive loss. – We cannot say it for sure**
- (c) They produce goods, services, or both.**

Question 7

An economic transaction in which one party trades a good or service for another good or services is called... ?

- (a) absolute advantage
- (b) comparative advantage
- (c) barter
- (d) production possibility

Question 7

An economic transaction in which one party trades a good or service for another good or services is called... ?

- (a) absolute advantage
- (b) comparative advantage
- (c) **barter** – In this system one good is traded for another as medium of exchange.
- (d) production possibility

Question 8

All points outside the production possibility frontier are... ?

- (a) efficient
- (b) inefficient
- (c) feasible
- (d) infeasible

Question 8

All points outside the production possibility frontier are... ?

- (a) efficient
- (b) inefficient
- (c) feasible
- (d) **infeasible** – We cannot produce outside the PPF because we do not have the resources to expand production to that level. See page 21 of the textbook for more details.

Question 9

A country has (BLANK) in producing a good if the country can produce more output per worker?

Please fill in the blank space.

- (a) comparative advantage.
- (b) absolute advantage.
- (c) both.

Question 9

A country has (BLANK) in producing a good if the country can produce more output per worker?

Please fill in the blank space.

- (a) comparative advantage
- (b) **absolute advantage** – Please see page 30 of the textbook.
- (c) both

Question 10

When the PPF shifts outward we call this... ?

- (a) economic growth
- (b) economic loss
- (c) development
- (d) degradation

Question 10

When the PPF shifts outward we call this... ?

- (a) **economic growth** – When the production possibilities are expanded it means there is more production of goods and services in the economy.
- (b) economic loss
- (c) development
- (d) degradation