

Time left 0:58:54

Question 1

Not yet answered

Marked out of 1.00

Assume a market initially exhibits a shortage. Assuming that both prices and quantities are flexible, which of the following will be true after the market adjusts to equilibrium?

Select one:

- ☐ a. Price is lower.
- ☐ b. Quantity demanded is greater.
- ☒ c. Quantity supplied is more.
- ☐ d. Quantity supplied will be reduced.

[Clear my choice](#)

Question 2

Not yet answered

Marked out of 1.00

A free good is:

Select one:

- ☐ a. also a scarce good.
- ☐ b. a relatively abundant good.
- ☒ c. a good with no opportunity cost.
- ☐ d. a good with relatively low opportunity cost.

[Clear my choice](#)

Question 3

Not yet answered

Marked out of 1.00

A competitive market with flexible prices and many buyers and sellers will:

Select one:

- ☐ a. tend to create surpluses.
- ☐ b. tend to create shortages.
- ☐ c. reach an equilibrium where the market clears.
- ☐ d. reach and equilibrium only if a government agency sets the price.

Question 4

Not yet answered

Marked out of 1.00

Resources from nature that can be used to to produce other goods and services are called:

Select one:

- ☐ a. money.
- ☐ b. natural resources.
- ☐ c. labor.
- ☐ d. capital.

Question 5

Not yet answered

Marked out of 1.00

Demand for a normal good _____ with _____ in income.

Select one:

- ☐ a. rises; decreases
- ☐ b. falls; increases
- ☐ c. rises; increases
- ☐ d. stays the same; increases

Question 6

Not yet answered

Marked out of 1.00

Which of the following statements is (are) true?

Select one:

- ☐ a. As a consumer consumes more and more of a good or service, its marginal utility eventually falls.
- ☐ b. Utility is a quality inherent in the good or service itself.
- ☐ c. Marginal utility is the change in total utility resulting from consuming one more or one less unit of a good.
- ☐ d. Both A and C are true.

Question 7

Not yet answered

Marked out of 1.00

The income effect refers to:

Select one:

- ☐ a. changes in income because of changes in business investment.
- ☐ b. changes in money or nominal income because of changes in wages.
- ☐ c. a change in the quantity demanded of a good because of an implicit change in the buyer's income caused by a change in the price of a good or service.
- ☐ d. a change in the quantity demanded of a good because of a change in the buyer's money income.

Question 8

Not yet answered

Marked out of 1.00

When moving along a production possibilities curve, the opportunity cost to society of getting more of the good on the horizontal axis:

Select one:

- ☐ a. is constant.
- ☐ b. is measured in dollar terms.
- ☐ c. is measured by the amount of the other good that must be given up.
- ☐ d. usually decreases.

Question 9

Not yet answered

Marked out of 1.00

In the 1970s, the Organization of Petroleum Exporting Countries (OPEC) tripled the price of petroleum, causing automobile manufacturers to look for ways to produce more fuel-efficient cars by substituting aluminum and plastic for steel. This was primarily a response to the economic question of:

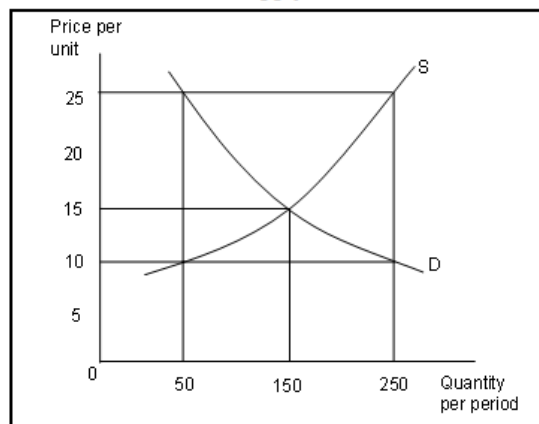
Select one:

- ☐ a. When will each good be produced?
- ☐ b. For whom shall the goods be produced?
- ☐ c. What goods and services should a society produce?
- ☐ d. How should goods and services be produced?

Question 10

Not yet answered

Marked out of 1.00

Exhibit: Demand and Supply Curves

In this exhibit (Demand and Supply Curves), a surplus of 200 units will occur at a price of _____ and a shortage of 200 units will occur at a price of _____.

Select one:

- ☐ a. \$15; \$10
- ☐ b. \$15; \$15
- ☐ c. \$15; \$25
- ☐ d. \$25; \$10

Question 11

Not yet answered

Marked out of 1.00

Ceteris paribus means:

Select one:

- ☐ a. allowing all other things to change.
- ☐ b. making value judgments.
- ☐ c. all other things unchanged.
- ☐ d. differentiating between macroeconomics and microeconomics.

Question 12

Not yet answered

Marked out of 1.00

The Case in Point on campus parking suggested that giving students lower fares for taking public transportation was what kind of factor in the demand for parking spaces?

Select one:

- ☐ a. supply shifter
- ☐ b. demand shifter
- ☐ c. false prophet
- ☐ d. spoiler

Question 13

Not yet answered

Marked out of 1.00

If, for a particular consumer, the marginal utility of ties is greater than the marginal utility of shirts, this consumer should:

Select one:

- ☐ a. buy more ties and fewer shirts.
- ☐ b. buy more shirts and fewer ties.
- ☐ c. buy the same amount of each.
- ☐ d. not do anything until more information is available.

Question 14

Not yet answered

Marked out of 1.00

If the price elasticity of supply is greater than 1, then:

Select one:

- ☐ a. supply is price elastic.
- ☐ b. supply is price inelastic.
- ☐ c. supply is unit price elastic.
- ☐ d. quantity supplied is relatively unresponsive to price changes.

Question 15

Not yet answered

Marked out of 1.00

When the percentage change in quantity demanded is less than the percentage change in price:

Select one:

- ☐ a. demand is price elastic.
- ☐ b. demand is price inelastic.
- ☐ c. an increase in price will result in lower total revenue.
- ☐ d. total revenue will be zero at the midpoint of a linear demand curve.

Question 16

Not yet answered

Marked out of 1.00

The fundamental economic questions that every economic system must answer are:

Select one:

- ☐ a. what, how, and for whom.
- ☐ b. what, why, and for whom.
- ☐ c. when, why, and for whom.
- ☐ d. how, when, and how much.

Question 17

Not yet answered

Marked out of 1.00

The observed correlation between baldness and heart disease demonstrates that:

Select one:

- ☐ a. being bald causes a man to have heart disease.
- ☐ b. being bald actually makes heart disease less likely.
- ☐ c. bald men are generally unreliable.
- ☐ d. there is probably some other factor that causes both baldness and heart disease.

Question 18

Not yet answered

Marked out of 1.00

If an increase in income leads to an increase in the demand for a good, then the good is said to be:

Select one:

- ☐ a. normal.
- ☐ b. a luxury.
- ☐ c. inferior.
- ☐ d. a staple or necessity.

Question 19

Not yet answered

Marked out of 1.00

The price of apples falls. What happens in the market for apple pies?

Select one:

- ☐ a. The equilibrium price falls, and the equilibrium quantity rises.
- ☐ b. The equilibrium price rises, and the equilibrium quantity falls.
- ☐ c. The equilibrium price and quantity rise.
- ☐ d. The equilibrium price and quantity fall.

Question 20

Not yet answered

Marked out of 1.00

Which of the following statements is (are) true?

Select one:

- ☐ a. Consumers are constrained by a budget.
- ☐ b. If a consumer decides to spend more on one good, he or she must decide to spend less on another good to satisfy the budget constraint.
- ☐ c. The marginal decision rule states that an activity should be expanded if its marginal benefit exceeds its marginal cost.
- ☐ d. All of the above statements are true.

Question 21

Not yet answered

Marked out of 1.00

The best example of an increase in capital is:

Select one:

- ☐ a. The discovery of new oil reserves.
- ☐ b. new computer software.
- ☐ c. legal immigration of computer programmers.
- ☐ d. conversion of military facilities to civilian uses.

Question 22

Not yet answered

Marked out of 1.00

Suppose that the price elasticity of demand for grapefruit is -2.8. The introduction of a new variety that is cheaper to grow should cause consumer expenditures for grapefruit to:

Select one:

- ☐ a. rise.
- ☐ b. fall.
- ☐ c. remain unchanged.
- ☐ d. it is not possible to answer with the information given.

Question 23

Not yet answered

Marked out of 1.00

Human effort that can be applied in the production process is called:

Select one:

- ☐ a. natural resources.
- ☐ b. technology.
- ☐ c. labor.
- ☐ d. specialization.

Question 24

Not yet answered

Marked out of 1.00

The economy's factors of production are not equally suitable for producing different types of goods. This principle generates:

Select one:

- ☐ a. economic growth.
- ☐ b. technical efficiency.
- ☐ c. resource underutilization.
- ☐ d. the law of increasing opportunity cost.

Question 25

Not yet answered

Marked out of 1.00

John Smedley, a careful maximizer of utility, consumes only two goods, peanut butter and ice cream. He had just achieved the utility-maximizing solution in his consumption of the two goods when the price of ice cream fell. As he adjusts to this event, he will consume:

Select one:

- ☐ a. more peanut butter and more ice cream.
- ☐ b. less peanut butter and less ice cream.
- ☐ c. more peanut butter and less ice cream.
- ☐ d. less peanut butter and more ice cream.

Question 26

Not yet answered

Marked out of 1.00

Suppose that voters in your community pass a one-cent sales tax increase to fund education, knowing full well they will have to forgo other goods they typically consume. This primarily addresses the economic question of:

Select one:

- ☐ a. How will each good be produced?
- ☐ b. For whom shall the goods be produced?
- ☐ c. Why will the resources be used to produce goods?
- ☐ d. What goods and services should a society produce?

Question 27

Not yet answered

Marked out of 1.00

After graduation from college you will receive a substantial increase in your income from a new job. If you decide that you will purchase more T-bone steak and less hamburger, then for you hamburger would be considered a/an:

Select one:

- ☐ a. normal good.
- ☐ b. substitute good.
- ☐ c. complementary good.
- ☐ d. inferior good.

Question 28

Not yet answered

Marked out of 1.00

Any point inside a production possibilities curve indicates:

Select one:

- ☐ a. unemployment and/or inefficiency.
- ☐ b. that the law of increasing opportunity costs is no longer valid.
- ☐ c. that society doesn't want more of either good.
- ☐ d. that economic growth is no longer possible.

Question 29

Not yet answered

Marked out of 1.00

The fact that a society's production possibilities curve is bowed out from the origin of a graph demonstrates the law of:

Select one:

- ☐ a. increasing opportunity cost.
- ☐ b. decreasing opportunity cost.
- ☐ c. constant opportunity cost.
- ☐ d. convex opportunity cost.