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Title: **Assignment 1 DUE SEPT 25**

Started: September 23, 2009 9:38 PM

Submitted: September 25, 2009 6:21 PM

Time spent: [44:42:52](#)

Total score: **19/20 = 95%** Total score adjusted by 0.0 Maximum possible score: 20

1.

Which of the following is a positive macroeconomics statement?

Student Response	
1.	Ford Motor Company's new advertising campaign ended up hurting General Motors' sales.
2.	The local government ought to spend more on recreational facilities.
3.	The central bank should increase the nation's money supply.
<input checked="" type="checkbox"/> 4.	The increase in the nation's money supply helped push the nation's unemployment rate down in the short run.

Score: 1/1

Comments
:

2.

Which of the following is a normative macroeconomics statement?

Student Response	
1.	Ford Motor Company's new advertising campaign ended up hurting General Motors' sales.
<input checked="" type="checkbox"/> 2.	The central bank should increase the nation's money supply.
3.	The increase in the nation's money supply helped push the nation's unemployment rate down in the short run.
4.	The local government ought to spend more on recreational facilities.

Score: 1/1

Comments
:

3.

Opportunity cost is the value of

Student Response

1. an economic good.
<input checked="" type="checkbox"/> 2. the best forfeited alternative.
3. a free good.
4. the chosen alternative.

Score: 1/1

Comments
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4.

Prior to attending college, Darius is offered a lucrative four-year contract as an actor in a daytime soap opera. Assuming that acting and attending college are Darius' preferred alternatives and that he must choose between the two, his cost of attending college after receiving the offer

Student Response
<input checked="" type="checkbox"/> 1. increases.
2. stays the same.
3. increases or stays the same depending on whether he accepts the offer.
4. decreases.

Score: 1/1

Comments
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5.

Which of the following statements is true?

Student Response
<input checked="" type="checkbox"/> 1. In a world of efficiently used scarce resources, more of one good necessarily means less of some other good.
2. The law of increasing opportunity costs assumes that all people have the same ability to produce goods.
3. Efficiency implies that it is impossible to get more of one good without getting less of another.
4. Even if a country has unemployed resources, it can still be operating on its production possibilities frontier (PPF).
5. 1 and 3

Score: 0/1

Comments
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6.

Through war, many of the factories in country 1 are destroyed and many of its people are killed. As a result, the country's

Student Response	
1.	production possibilities frontier (PPF) after the war is probably farther away from the origin than its PPF before the war.
<input checked="" type="checkbox"/> 2.	PPF after the war is probably closer to the origin than its PPF before the war.
3.	PPF after the war is probably the same PPF as before the war.
4.	ability to produce goods and services has increased.
5.	2 and 4

Score:

1/1

Comments:

7.

Points inside (or below) the PPF are

Student Response	
1.	attainable and neither efficient nor inefficient.
<input checked="" type="checkbox"/> 2.	attainable but inefficient.
3.	attainable and efficient.
4.	unattainable.

Score: 1/1

Comments

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8.

Consider two straight-line PPFs. They have the same vertical intercept, but curve I is flatter than curve II. The opportunity cost of producing the good on the horizontal axis

Student Response	
<input checked="" type="checkbox"/> 1.	is greater along curve II.
2.	is greater along curve I.
3.	is the same along both curves.
4.	cannot be compared for the two curves without more information.

Score:

1/1

Comments:

9.

Suppose the economy goes from a point on its unchanging PPF to a point directly "south" of it. This could be due to

Student Response
1. a loss of resources.
2. technological improvement in the production of both goods.
3. a gain of resources.
<input checked="" type="checkbox"/> 4. an increase in unemployment of some resources.

Score: 1/1

Comments:

10.

The increased production of lamps comes at constant opportunity costs in terms of bookshelves. This means

Student Response
1. that it takes fewer resources to produce a lamp than a bookshelf.
2. that it takes more resources to produce a lamp than a bookshelf.
<input checked="" type="checkbox"/> 3. that for every lamp produced, the same number of bookshelves is forfeited.
4. that for every lamp produced, a different number of bookshelves is forfeited.

Score: 1/1

Comments:

11.

In an eight-hour day, Andy can produce either 24 loaves of bread or 8 pounds of butter. In an eight-hour day, John can produce either 8 loaves of bread or 8 pounds of butter. The opportunity cost of producing 1 pound of butter is

Student Response
1. 1 hour for Andy and 1 hour for John.
2. 1/3 loaves of bread for Andy and 1 loaf of bread for John.
3. 1/3 hour for Andy and 1 hour for John.
<input checked="" type="checkbox"/> 4. 3 loaves of bread for Andy and 1 loaf of bread for John.
5. none of the above

Score: 1/1

Comments:

12.

Exhibit 2-5

Refer to Exhibit 2-5. The economy is currently operating at point F. The opportunity cost of moving to point E is

Student Response
1. not possible to determine.
<input checked="" type="checkbox"/> 2. zero.
3. 55 fax machines.
4. 35 fax machines.

Score: 1/1

Comments:

13.

If a production possibilities frontier (PPF) is concave downward, it follows that

Student Response
1. opportunity costs are constant between two goods.
<input checked="" type="checkbox"/> 2. the opportunity costs (of producing the good on the horizontal axis) rise as more of the good is produced.
3. the opportunity costs (of producing the good on the horizontal axis) fall as more of the good is produced.
4. the opportunity costs (of producing the good on the horizontal axis) first rise and then fall as more of the good is produced.
5. none of the above

Score: 1/1

Comments

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14.

Keisha can produce the following combinations of X and Y: 100X and 20Y, 50X and 30Y, or 0X and 40Y. The opportunity cost of one unit of Y for Keisha is

Student Response	
<input checked="" type="checkbox"/>	1. 5 units of X.
<input type="checkbox"/>	2. 0.2 units of X.
<input type="checkbox"/>	3. 3 units of X.
<input type="checkbox"/>	4. 1/2 unit of X.
<input type="checkbox"/>	5. none of the above

Score: 1/1

Comments:

15.

A person has a comparative advantage in the production of a good when they can produce the product at a(n) ____ opportunity cost compared to another person.

Student Response	
<input type="checkbox"/>	1. equal
<input checked="" type="checkbox"/>	2. lower
<input type="checkbox"/>	3. higher
<input type="checkbox"/>	4. increasing

Score: 1/1

Comments:

16.

Exhibit 18-1

United States		France	
Good X	Good Y	Good X	Good Y
120	0	60	0
80	10	40	20
40	20	20	40
0	30	0	60

Refer to Exhibit 18-1. The opportunity cost of one unit of Y in the United States is

Student Response

1. 10X.
2. 3X.
<input checked="" type="checkbox"/> 3. 4X.
4. 5X.

Score: 1/1

Comments:

17.

Exhibit 18-1

United States		France	
Good X	Good Y	Good X	Good Y
120	0	60	0
80	10	40	20
40	20	20	40
0	30	0	60

Refer to Exhibit 18-1. France is the lower opportunity cost producer of

Student Response
1. good X.
2. neither good X nor good Y.
3. goods X and Y.
<input checked="" type="checkbox"/> 4. good Y.

Score: 1/1


Comments:

18.

Exhibit 18-1

United States		France	
Good X	Good Y	Good X	Good Y
120	0	60	0
80	10	40	20
40	20	20	40
0	30	0	60

Refer to Exhibit 18-1. If the United States is to specialize in the production of one of the two goods (and then trade that good to France), which good should it be and why? If France is to specialize in the production of one of the two goods (and then trade that good to the United States), which good should it be and why?

Student Response	
1.	Good Y for the United States because the United States is the lower opportunity cost producer of good Y; good X for France because France is the lower opportunity cost producer of good X.
 2.	Good X for the United States because the United States is the lower opportunity cost producer of good X; good Y for France because France is the lower opportunity cost producer of good Y.
3.	Good Y for the United States because the United States is the higher opportunity cost producer of good Y; good X for France because France is the higher opportunity cost producer of good X.
4.	Good X for the United States because the United States is the higher opportunity cost producer of good X; good Y for France because France is the higher opportunity cost producer of good Y.

Score: 1/1


Comments:

19.

Exhibit 18-1

United States		France	
Good X	Good Y	Good X	Good Y
120	0	60	0
80	10	40	20
40	20	20	40
0	30	0	60

Refer to Exhibit 18-1. Considering the data, which of the following terms of trade would both countries agree to?

Student Response	
1.	$4.5X = 1Y$
 2.	$3X = 1Y$
3.	$5X = 1Y$
4.	$0.5X = 1Y$

Score: 1/1

Comments:

20.

Exhibit 18-4

Country 1		Country 2	
Good A	Good B	Good A	Good B
200	0	75	0
160	20	60	15

120	40	45	30
80	60	30	45
40	80	15	60
0	100	0	75

Refer to Exhibit 18-4. Country 1 has a comparative advantage in the production of _____, and country 2 has a comparative advantage in the production of _____.

Student Response	
1.	good B; good A
2.	both goods; neither good
3.	neither good; both goods
4.	neither good; neither good
<input checked="" type="checkbox"/> 5.	good A; good B

Score: 1/1

Comments: