

Chapter 2 Practice Problems

Due No due date

Points 20

Questions 20

Time Limit None

Allowed Attempts Unlimited

Take the Quiz Again

Attempt History

	Attempt	Time	Score
KEPT	Attempt 2	48 minutes	18 out of 20
LATEST	Attempt 2	48 minutes	18 out of 20
	Attempt 1	43 minutes	10 out of 20

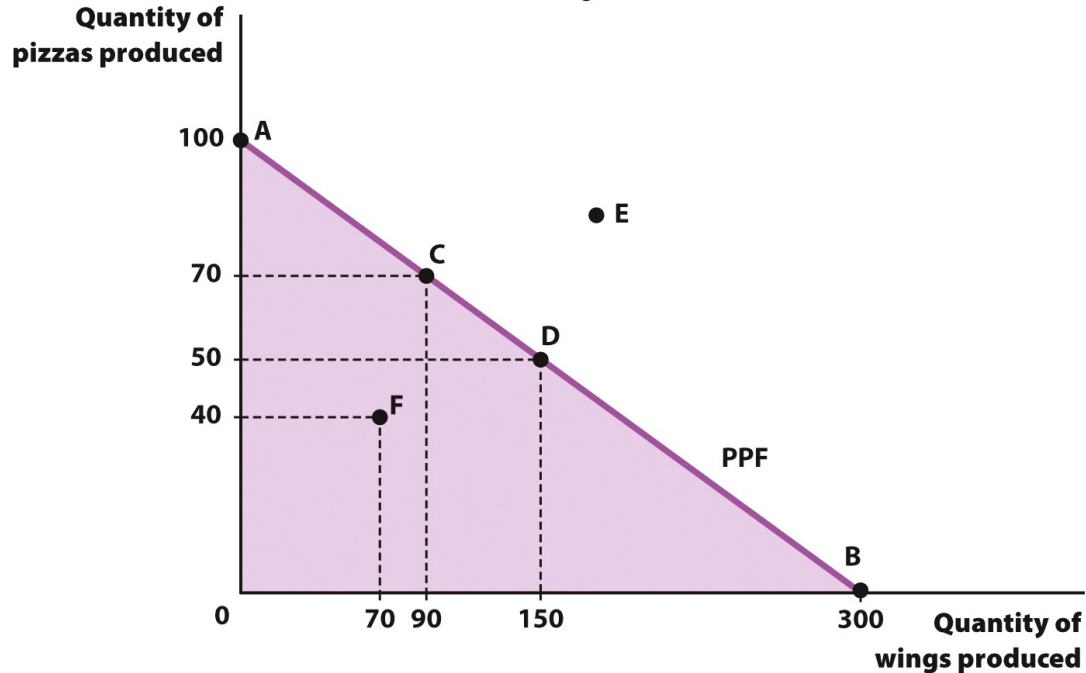
Submitted Dec 8 at 11:49pm

Question 1

1 / 1 pts

Based on the figure below, what would be the opportunity cost of producing 20 more pizzas (i.e. the number of wings that must be given up) if the economy is currently efficiently producing 150 wings and 50 pizzas?

The Production Possibilities Frontier for Pizza and Wings



Correct!

- ☒ 60 wings
- ☐ 90 wings
- ☐ 150 wings
- ☐ More information is needed to answer this question.

FEEDBACK: Correct - In the figure above, when society moves from point D (production of 50 pizzas) to point C (production of 70 pizzas), it goes from producing 150 wings to producing 90 wings, therefore giving up 60 wings. This is the opportunity cost of producing 20 more pizzas.

Question 2

1 / 1 pts

Suppose that a politician tells you about a plan to create two expensive but necessary programs to build more production facilities for solar power and wind power. At the same time, the politician is unwilling to cut any other programs. Assuming the resources are already being efficiently used in other programs, where would the point the politician is trying to reach be on the production possibilities frontier?

- ☐ an efficient point
- ☐ an inefficient point
- ☐ a possible point
- ☒ an impossible point

Correct!

FEEDBACK: Correct - Assuming that resources are already being efficiently used in other programs (i.e., there is nowhere to take money from other programs without affecting the program's success), and assuming that the politician cannot raise the funds from another source, then it will be impossible to build additional facilities for the solar and wind power programs. You are already at the frontier of the PPF and utilizing all of your resources efficiently. You can move along the frontier and create either more wind power or more solar power but not both. In order to create more of both, you would have to be at a point outside of the PPF, which is infeasible.

Question 3**0 / 1 pts**

Suppose that in a time of crisis everyone pitches in and works more than full-time. How is this represented by a production possibilities frontier?



The economy moves from a point below the PPF to a point on the PPF.



The economy moves from a point on the PPF to a point beyond the PPF.



The entire PPF shifts out.

You Answered

Correct Answer

FEEDBACK: Incorrect - Think of this as a temporary increase in the resource of labor.

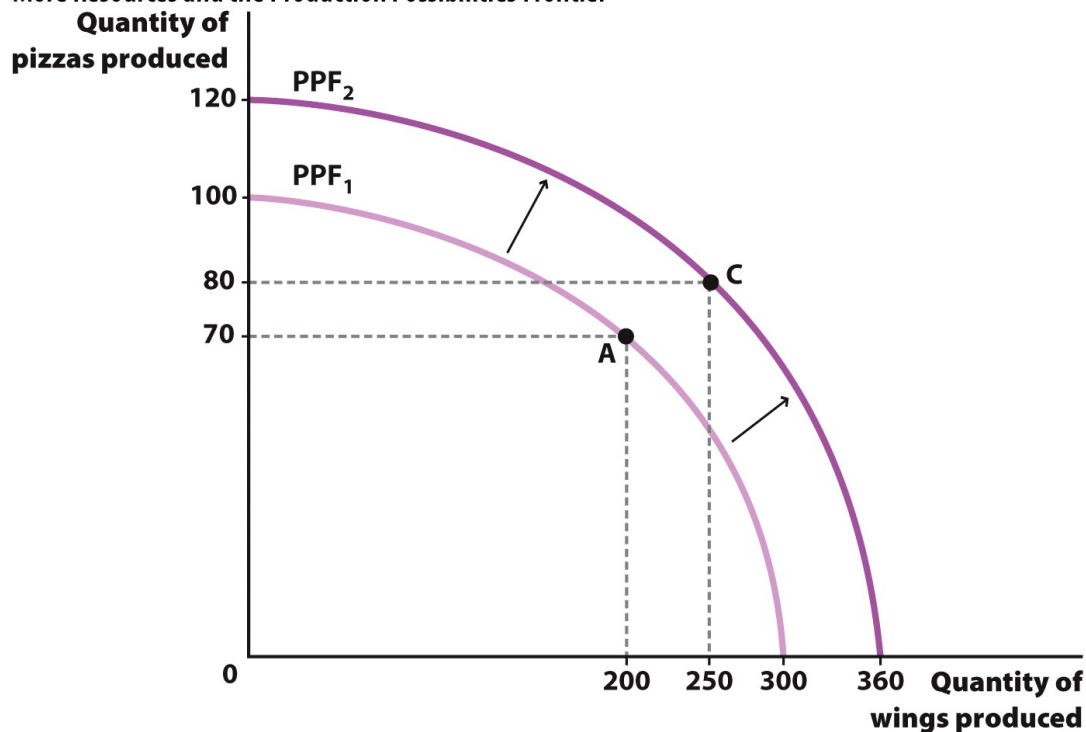
Question 4

1 / 1 pts

The graph below illustrates the effect on the production possibilities frontier if the population grows, making more workers available. This new production possibilities frontier reflects the ability of society to

http://media.wwnorton.com/college/econ/principles-of-microeconomics/conceptcheck/FIG02.04_PRINECOMI_CH02.jpg

More Resources and the Production Possibilities Frontier



☐ produce more pizza or more wings, but not both

Correct!

- ☐ produce neither more wings nor more pizza
- ☒ produce both more wings and more pizza.

FEEDBACK: Correct - The production possibilities frontier will expand if the population grows. With more workers, the society is able to produce more pizzas and wings than before. This causes the curve to move from PPF1 to PPF2, expanding up along the y axis and out along the x axis.

Question 5**1 / 1 pts**

What would we have to assume before constructing a society's production possibilities frontier?

- ☐ That the quantity of resources remains constant.
- ☐ That the technology available for use in production remains constant.
- ☒ Both answers are true.

Correct!

FEEDBACK: Correct - A production possibilities frontier is a model that illustrates the combinations of outputs that a society can produce if all of its resources are being used efficiently. In order to preserve *ceteris paribus*, we assume that the technology available for use in production and the quantity of resources remain constant.

Question 6**1 / 1 pts**

Where would you plot full employment on a production possibilities frontier?

Correct!

- ☒ a point on the PPF
- ☐ a point beyond the PPF
- ☐ a point below the PPF

FEEDBACK: Correct - Full employment would be a point on the production possibilities frontier. At full employment, and assuming there are no technical advances or additional resources, it would be impossible to gain more of one good without giving up another good.

Question 7**1 / 1 pts**

Where would you plot unemployment on a production possibilities frontier?

- ☐ a point on the PPF
- ☐ a point beyond the PPF
- ☒ a point inside the PPF

Correct!

FEEDBACK: Correct - Unemployment would be a point inside the frontier where resources are not being used efficiently. If unemployed people found jobs, resources in a society would be used more efficiently.

Question 8**1 / 1 pts**

Which of the following describes Jonathan having a comparative advantage in producing apples?

- ☐ being able to produce more apples (by weight) than anyone else

Correct!

giving up less production of other goods when producing an apple



being able to sell apples at a lower price than anyone else and still make a profit



being able to produce more apples (by volume) than anyone else

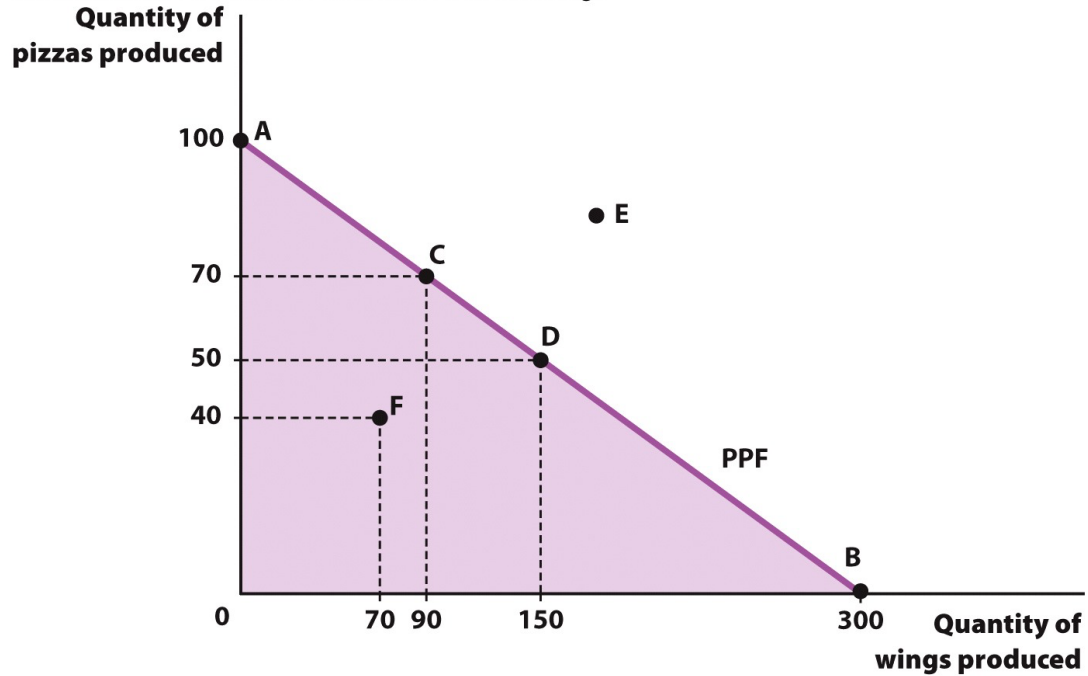
FEEDBACK: Correct - The person with the comparative advantage is always the one with the lowest opportunity cost. This means Jonathan has a comparative advantage in producing apples if he gives up less production of other goods when he produces apples.

Question 9

1 / 1 pts

Which point on the graph below is unattainable because the economy does not have enough resources to produce it?

The Production Possibilities Frontier for Pizza and Wings



☐ point A

☐ point B

☐ point F

☒ point E

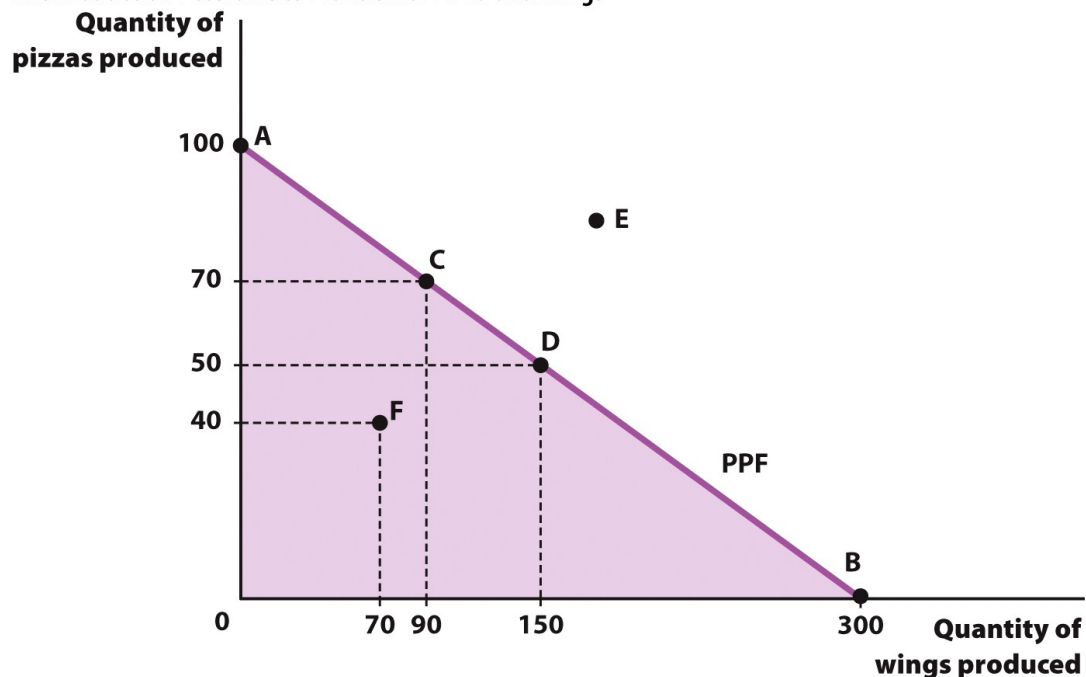
Correct!

FEEDBACK: Correct - Remember that resources within society are scarce, so given the available resources, it cannot produce at that output level. Points beyond the production possibilities frontier may be desirable but are not feasible, given the resources and technology available.

Question 10**1 / 1 pts**

Which point on the graph below represents an inefficient use of society's resources?

The Production Possibilities Frontier for Pizza and Wings

☐ point A☐ point B

Correct!☒ point F☐ point E

FEEDBACK: Correct - Point F, and all the other points in the shaded region, represent an inefficient use of society's resources because the economy is operating inside its production possibilities frontier.

Question 11**1 / 1 pts**

You are thinking about traveling to visit friends in Atlanta. You can fly or take the bus. A round-trip plane ticket costs \$300, and it takes three hours to get from your house to your friend's house if you fly (so six hours round-trip). A round-trip bus ticket costs \$150 and it takes 10 hours to get door-to-door using the bus (so 20 hours round-trip).

What is the minimum value of your time necessary to induce you to buy the plane ticket instead of taking the bus?

Correct!☒ \$10.71/hour☐ \$21.43/hour☐ \$15.00/hour☐ \$100/hour

FEEDBACK: Correct - Note that the total travel time will be twice the length of a plane flight or bus trip because you have to go to Atlanta AND back home. Keeping that in mind, you want to figure out how much time you will save with the plane and how much money you'll save with the bus.

Question 12**1 / 1 pts**

Imagine that Sarah has a choice between two productive activities: fixing sprinklers or planting trees. It takes her 1 hour to fix a sprinkler and 2 hours to plant a tree. Assuming that fixing sprinklers is on the x-axis and planting trees is on the y-axis, what is the equation for Sarah's PPF if she works for 10 hours?

☐ $y=2-x$

☐ $y=10-0.5x$

☒ $y=5-0.5x$

☐ $y=10-2x$

Correct!**Question 13****1 / 1 pts**

Judy spent eight hours studying for an exam. Normally, she would have spent that time watching TV instead of studying. She figures she could have made a "B" after only studying four hours, but she really wanted an "A." What is Judy's marginal cost in terms of TV viewing to improve her grade from a "B" to an "A"?

Correct!

- ☐ one hour
- ☒ four hours
- ☐ eight hours
- ☐ \$8

FEEDBACK: Correct - Marginal cost is the additional cost of consuming one more unit. In this case, "one more unit" refers to increasing a grade by one letter. If Judy feels that four hours of study would allow her to receive a "B," and she studies eight hours to get an "A," then the marginal cost of the "A" is (eight hours – four hours) or four hours of additional study time.

Question 14

1 / 1 pts

Opportunity cost is the _____ alternative that must be sacrificed in order to get something else.

- ☐ lowest-valued

Correct!

- ☐ middle-valued
- ☒ highest-valued
- ☐ None of these is true.

FEEDBACK: Correct - No matter what choice you make, there is an opportunity cost, or next-best alternative, that must be sacrificed. Every time we make a choice, we experience an opportunity cost. The key to making the best possible decision is to minimize your opportunity cost by selecting the option that gives you the largest benefit.

Question 15**1 / 1 pts**

The opportunity cost of attending college is likely to be highest for a high school graduate

- ☐ who has access to student loans
- ☐ whose family is extremely wealthy
- ☐ who is very intelligent
- ☒ who is capable of playing a well-paid professional sport

Correct!

FEEDBACK: Correct - Opportunity cost is the highest-valued alternative that must be sacrificed in order to get something else. The opportunity cost of going to college is highest for the person who can make the most money without a college education.

Question 16**1 / 1 pts**

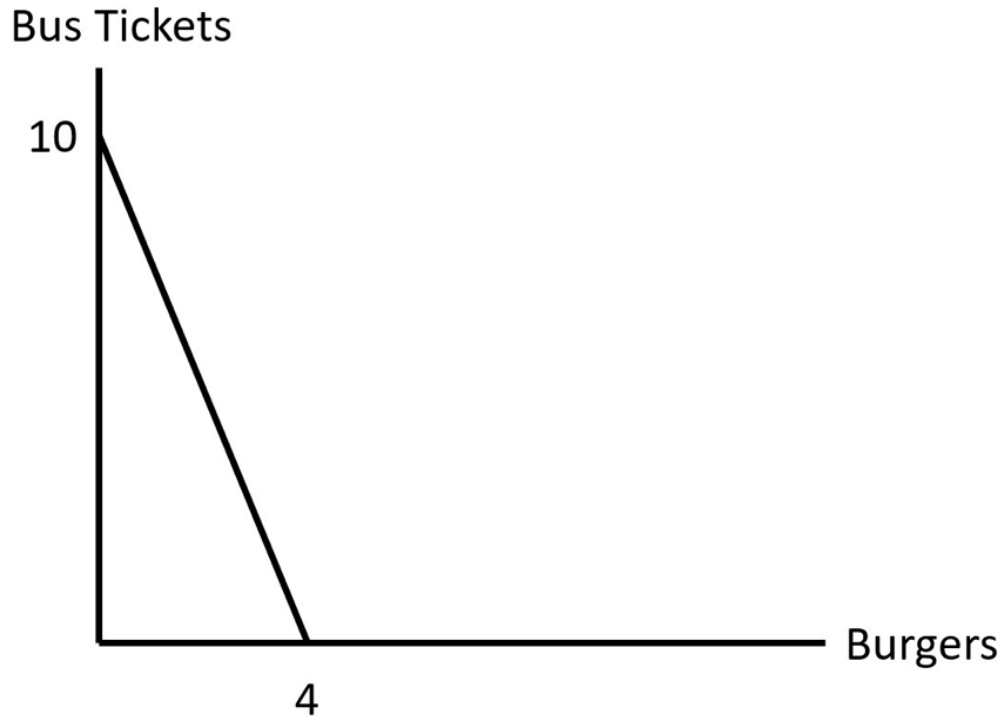
You have to decide between going on a cruise with friends or going on a service trip with Alternative Spring Break; both of which cost the same amount. You could also work over the break and earn some extra money, but this would be less valuable to you than either experience. If you choose the cruise, what is your opportunity cost?

- ☐ the dollar amount of the cruise
- ☒ Alternative Spring Break
- ☐ the money you could make working over spring break
- ☐ all of these

Correct!

FEEDBACK: CORRECT - By choosing to go on the cruise, you give up your next best option, which is going on a service trip with Alternative Spring Break.

Consider the following budget constraint for Alphonso as you answer the following questions:

**Question 17****1 / 1 pts**

Refer to Alphonso's budget constraint above. Imagine that the price of burgers is \$5. What is Alphonso's income available to spend on bus tickets and burgers?

Correct!

Correct Answers 20 (with margin: 0)

Question 18

1 / 1 pts

Refer to Alphonso's budget constraint above. Given your answer to the previous question, what is the price of bus tickets?

Correct!

2

Correct Answers 2 (with margin: 0)

Question 19

0 / 1 pts

Refer to Alphonso's budget constraint above. What is Alphonso's opportunity cost of burgers?

Correct Answer

- ☐ 2.5 bus tickets per burger
- ☐ 10 bus tickets per burger
- ☐ 0.4 bus tickets per burger
- ☐ 2.5 burgers per bus ticket
- ☐ 10 burgers per bus ticket

You Answered

- ☒ 0.4 burgers per bus ticket

Question 20**1 / 1 pts**

Refer to Alphonso's budget constraint above. What would happen to the opportunity cost of burgers if bus tickets were to become more expensive, holding everything else constant?

- ☐ The opportunity cost of burgers would increase
- ☒ The opportunity cost of burgers would decrease
- ☐ The opportunity cost of burgers would stay the same

Correct!