January 23, 2007

ECON 6901------Quiz 1

Name: ___________________                             ID: __________________

1. Human wants:
   a. are unfilled only in the poorer countries of the world.
   b. can be completely satisfied by advancing technology.
   c. can never be fully satisfied.
   d. only apply to necessities.
   e. exist only if we are selfish.

2. Computer programs or software are an example of:
   a. land.
   b. labor.
   c. capital.
   d. none of the above

3. Which of the following would not be classified as a capital resource?
   a. The Empire State Building.
   b. A Caterpillar bulldozer.
   c. A Macintosh computer.
   d. 100 shares of stock in General Motors.

4. Which one of the following is the most accurate definition of economics?
   a. Economics is the study of stocks and bonds.
   b. Economics is the study of how people allocate unlimited resources.
   c. Economics is the study of how consumers choose to spend their income.
   d. Economics is the study of how society chooses to allocate scarce resources.

5. Macroeconomics deals with the analysis of all of the following questions except:
   a. why do national economies grow.
   b. what determines a nation's savings and investments.
   c. how does a central bank influence inflation.
   d. why does a country experience recessions.
   e. how does Microsoft price its software packages.

6. An economic model is:
   a. a plastic scaled version of the economy.
   b. a complete depiction of reality.
   c. an abstraction from reality.
   d. applicable to consumer behavior but not to producer behavior.
   e. not an accepted tool of the economics profession.
7. Which of the following does not illustrate opportunity cost?
   a. If I study, I must give up going to the football game.
   b. If I buy a computer, I must do without a 35" television.
   c. If I spend more on clothes, I must spend less on food.
   d. All of the above illustrate opportunity cost.

8. The opportunity cost of your college education is:
   a. c and d.
   b. d and e.
   c. the actual dollar cost of your college education.
   d. your best alternative use of the money you spend for a college education.
   e. money you could have earned working instead of going to college.

9. A farmer is deciding whether or not to add fertilizer to his or her crops. If the farmer adds 1 pound of fertilizer per acre, the value of the resulting crops rises from $80 to $100 per acre. According to marginal analysis, the farmer should add fertilizer if it costs less than:
   a. $12.50 per pound.
   b. $20 per pound.
   c. $80 per pound.
   d. $100 per pound.

10. In the above Exhibit, movement between which of the following points represents an increase in economic efficiency?
    a. A to C.
    b. C to D.
    c. D to B.
    d. A to B.
    e. A to D.