

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.**

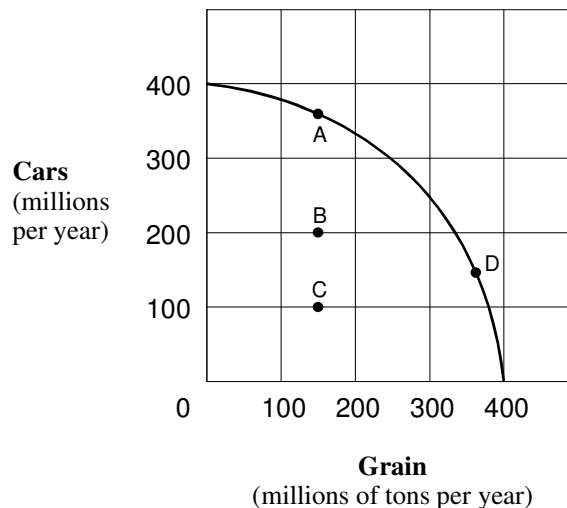
5. Macroeconomics deals with the analysis of all of the following questions except:

- 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?
- If I study, I must give up going to the football game.
 - If I buy a computer, I must do without a 35" television.
 - If I spend more on clothes, I must spend less on food.
 - All of the above illustrate opportunity cost.**
8. The opportunity cost of your college education is:
- c and d.
 - d and e.**
 - the actual dollar cost of your college education.
 - your best alternative use of the money you spend for a college education.
 - 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:
- \$12.50 per pound.
 - \$20 per pound.**
 - \$80 per pound.
 - \$100 per pound.



10. In the above Exhibit, movement between which of the following points represents an increase in economic efficiency?
- A to C.
 - C to D.**
 - D to B.
 - A to B.
 - A to D.