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| 1. What do economists mean when they state that a good is scarce?   |  |  |  | | --- | --- | --- | |  | a. | There is a shortage or insufficient supply of the good at the existing price. | |  | b. | It is impossible to expand the availability of the good beyond the current amount. | |  | c. | People will want to buy more of the good regardless of the price of the good. | |  | d. | The amount of the good that people would like exceeds the supply freely available from nature. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | What is Economics About? | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 10/25/2016 11:00 PM | |

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| 2. Economic choice and competitive behavior are the result of   |  |  |  | | --- | --- | --- | |  | a. | basic human greed. | |  | b. | poverty. | |  | c. | private ownership of resources. | |  | d. | scarcity. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | What is Economics About? | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:43 PM | |

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| 3. Economic analysis assumes that   |  |  |  | | --- | --- | --- | |  | a. | individuals act only out of selfish motives. | |  | b. | although individuals are at times selfish and at times unselfish, only their selfish actions may be predicted. | |  | c. | people are basically humanitarian, and their actions are, therefore, impossible to predict. | |  | d. | changes in the personal benefits and costs associated with a choice will exert a predictable influence on human behavior. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Utility and consumer choic - DISC: Utility and consumer choice | | *TOPICS:* | What is Economics About? | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:49 PM | |

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| 4. Jacob and Mason go to a diner that sells burritos for $5 and tacos for $3. They agree to split the lunch bill evenly. Mason chooses a taco. The marginal cost to Jacob of ordering a burrito instead of a taco is   |  |  |  | | --- | --- | --- | |  | a. | $1. | |  | b. | $2. | |  | c. | $2.50. | |  | d. | $3. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Marginal costs & benefits | | *TOPICS:* | The Economic Way of Thinking | | *KEYWORDS:* | Bloom's: Application | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:44 PM | |

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| 5. The expression, "There's no such thing as a free lunch," implies that   |  |  |  | | --- | --- | --- | |  | a. | everyone has to pay for his own lunch. | |  | b. | the person consuming a good must always pay for it. | |  | c. | opportunity costs are incurred when resources are used to produce goods and services. | |  | d. | no one has time for a good lunch anymore. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | The Economic Way of Thinking | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:45 PM | |

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| 6. Which one of the following states a central element of the economic way of thinking?   |  |  |  | | --- | --- | --- | |  | a. | Scarce goods are priceless. | |  | b. | Incentives matter--human choice is influenced in predictable ways by changes in personal costs and benefits. | |  | c. | The realism of the assumptions is the best test of an economic theory. | |  | d. | When deciding how to allocate time, the concept of opportunity cost is meaningless. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: The role of incentives | | *TOPICS:* | The Economic Way of Thinking | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:46 PM | |

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| 7. Which of the following is most clearly consistent with the basic postulate of economics regarding the reaction of people to a change in incentives.   |  |  |  | | --- | --- | --- | |  | a. | Farmers produce fewer bushels of wheat in response to an increase in the price of wheat. | |  | b. | People will buy more milk at a price of $2 per gallon than at $1 per gallon. | |  | c. | People will buy less gas if the price of gas increases by $.20 per gallon. | |  | d. | People will consume more beef if the price increases from $1 to $2 per pound. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: The role of incentives | | *TOPICS:* | The Economic Way of Thinking | | *KEYWORDS:* | Bloom's: Application | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:46 PM | |

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| 8. While waiting in line to buy two tacos at 75 cents each, and a medium drink for 80 cents, Emma notices that the restaurant has a value meal containing three tacos and a medium drink all for $2.50. For Emma, the marginal cost of purchasing the third taco would be   |  |  |  | | --- | --- | --- | |  | a. | zero. | |  | b. | 20 cents. | |  | c. | 75 cents. | |  | d. | 80 cents. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Marginal costs & benefits | | *TOPICS:* | The Economic Way of Thinking | | *KEYWORDS:* | Bloom's: Application | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:51 PM | |

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| 9. Which one of the following is a positive economic statement?   |  |  |  | | --- | --- | --- | |  | a. | An increase in the minimum wage will reduce employment. | |  | b. | The minimum wage should be increased. | |  | c. | Social justice will be served by increasing the minimum wage. | |  | d. | Thoughtful people oppose an increase in the minimum wage. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:48 PM | |

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| 10. The basic difference between macroeconomics and microeconomics is that   |  |  |  | | --- | --- | --- | |  | a. | macroeconomics is concerned with the forest (aggregate markets), while microeconomics is concerned with the individual trees (subcomponents). | |  | b. | macroeconomics is concerned with policy decisions, while microeconomics applies only to theory. | |  | c. | microeconomics is concerned with the forest (aggregate markets), while macroeconomics is concerned with the trees (subcomponents). | |  | d. | opportunity cost is applicable to macroeconomics, and the fallacy of composition relates to microeconomics. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Pitfalls to Avoid in Economic Thinking | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Suggested Quiz | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 8/20/2016 11:48 PM | |