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Pool Canvas

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Name TestBank Chapter 01: First Principles

Description Question pool for Chapter 01: First Principles

Instructions

[Add Question Here](#)

Question 1 **Multiple Choice** **0 points**

Question

Microeconomics deals with:

- Answer**
- the working of the entire economy or large sectors of it.
 - economic growth.
 - individual units in the economy.
 - gross domestic product.

[Add Question Here](#)

Question 2 **Multiple Choice** **0 points**

Question

The study of a single firm and how it determines prices would fall under:

- Answer**
- macroeconomics.
 - microeconomics.
 - economic growth.
 - fiscal policy.

[Add Question Here](#)

Question 3 **Multiple Choice** **0 points**

Question

Macroeconomics deals with:

- Answer**
- bits and pieces of the economy.
 - the question of how a business unit should operate profitably.
 - the working of the entire economy or large sectors of it.
 - how individuals make decisions.

[Add Question Here](#)

Question 4 **Multiple Choice** **0 points**

Question

The primary emphasis in macroeconomics is on:

- Answer**
- how firms set prices.
 - the national economy.
 - marginal analysis.
 - bits and pieces of the economy.

[◀ Add Question Here](#)

Question 5

Multiple Choice**0 points**

Modify

Remove

Question

Which of the following would be a part of macroeconomics?

- Answer**
- a study of the change in automobile sales due to a change in the price of automobiles
 - a study of the impact of a tax reduction on the profits of a business
 - ✓ a study of recessions
 - a study of the unemployment of workers displaced by technological change in the typesetting industry

[◀ Add Question Here](#)

Question 6

Multiple Choice**0 points**

Modify

Remove

Question

Scarcity in economics means:

- Answer** ✓
- not having sufficient resources to produce all the goods and services we want.
 - the wants of people are limited.
 - there must be poor people in rich countries.
 - shortages exist in nearly all markets.

[◀ Add Question Here](#)

Question 7

Multiple Choice**0 points**

Modify

Remove

Question

If resources are "scarce" it means that they:

- Answer** ✓
- cannot provide enough goods or services to satisfy all human material wants and needs.
 - have no opportunity cost.
 - are probably not valued by consumers.
 - have an unlimited supply.

[◀ Add Question Here](#)

Question 8

Multiple Choice**0 points**

Modify

Remove

Question

A key theme fundamental to all of economics is:

- Answer**
- there are limited wants.
 - we are a rich country but are simply not aware of it.
 - ✓ people have unlimited wants facing limited means to satisfy them.
 - there are unlimited resources.

[◀ Add Question Here](#)

Question 9

Multiple Choice**0 points**

Modify

Remove

Question

The problem of scarcity is confronted by:

- Answer**
- industrialized societies.
 - pre-industrialized societies.
 - societies governed by communist philosophies.

✓ all societies.

◀ [Add Question Here](#)

Question 10

Multiple Choice

0 points

Modify

Remove

Question

Opportunity cost is:

- Answer**
- about half of the monetary cost of a product.
 - the dollar payment for a product.
 - the benefit derived from a product.
 - ✓ the value of the best alternative forgone in making any choice.

◀ [Add Question Here](#)

Question 11

Multiple Choice

0 points

Modify

Remove

Question

The opportunity cost of something is:

- Answer**
- greater during periods of rising prices.
 - equal to the money cost.
 - less during periods of falling prices.
 - ✓ what is given up to acquire it.

◀ [Add Question Here](#)

Question 12

Multiple Choice

0 points

Modify

Remove

Question

The economic way of thinking has to do with:

- Answer**
- analyzing benefits but not costs.
 - analyzing costs but not benefits.
 - ✓ making choices at the margin.
 - making the distinction between microeconomics and macroeconomics.

◀ [Add Question Here](#)

Question 13

Multiple Choice

0 points

Modify

Remove

Question

A choice made _____ is a choice whether to do a little more or a little less of something.

- Answer**
- at the front end
 - in the beginning
 - ✓ at the margin
 - ceteris paribus*

◀ [Add Question Here](#)

Question 14

Multiple Choice

0 points

Modify

Remove

Question

Which of the following is the *best* example of making a choice at the margin?

- Answer**
- buying a new car
 - quitting your job
 - ✓ drinking another cup of coffee
 - attending college

[◀ Add Question Here](#)Question 15 **Multiple Choice** **0 points**[Modify](#)
[Remove](#)**Question**

When we are forced to make choices we are facing the concept of:

Answer

- ceteris paribus.*
- free goods.
- ✓ scarcity.
- the margin.

[◀ Add Question Here](#)Question 16 **Multiple Choice** **0 points**[Modify](#)
[Remove](#)**Question**

Whenever a choice is made:

- Answer** ✓ the cost of that choice could be referred to as opportunity cost.
- the cost is easy to measure in dollar terms.
 - efficiency is improved.
 - scarcity is not the problem.

[◀ Add Question Here](#)Question 17 **Multiple Choice** **0 points**[Modify](#)
[Remove](#)**Question**

The basic concern of economics is:

- Answer**
- to keep business firms from losing money.
 - to prove that capitalism is better than socialism.
 - ✓ to study the choices people make.
 - to use unlimited resources to produce goods and services to satisfy limited wants.

[◀ Add Question Here](#)Question 18 **Multiple Choice** **0 points**[Modify](#)
[Remove](#)**Question**

How people choose among the alternatives available to them is:

- Answer**
- not part of the study of economics.
 - impossible to describe.
 - ✓ the study of microeconomics.
 - not important.

[◀ Add Question Here](#)Question 19 **Multiple Choice** **0 points**[Modify](#)
[Remove](#)**Question**

We are forced to make choices because of:

- Answer**
- exploitation.
 - efficiency.
 - ✓ scarcity.
 - the margin.

[◀ Add Question Here](#)

Question 20

Multiple Choice

0 points

Modify

Remove

Question

Scarcity exists when:

Answer

a choice must be made among two or more alternatives.

individuals can have more of any good.

individuals can have more of one good but only at the expense of another.

- ✓ a choice must be made among two or more alternatives and when individuals can have more of one good but only at the expense of another.

[◀ Add Question Here](#)

Question 21

Multiple Choice

0 points

Modify

Remove

Question

Scarcity in economics means:

Answer

- ✓ not having sufficient resources to produce all the goods and services we want.

the wants of people are limited.

there must be poor people in rich countries.

economists are clearly not doing their jobs.

[◀ Add Question Here](#)

Question 22

Multiple Choice

0 points

Modify

Remove

Question

Although water is very abundant in most places, it is scarce because:

Answer

it has no alternative uses.

- ✓ there is not enough of it to meet all needs.

it is a free good.

scarce goods in general are not all that costly.

[◀ Add Question Here](#)

Question 23

Multiple Choice

0 points

Modify

Remove

Question

Water is considered a scarce good because:

Answer

- ✓ not enough of it is available for all needs.

it does not have any uses.

scarce goods are less expensive.

not enough of it is available for all needs and because it is less expensive.

[◀ Add Question Here](#)

Question 24

Multiple Choice

0 points

Modify

Remove

Question

The problem of determining what goods and services society should produce:

Answer

exists because we can produce more than we need or want.

- ✓ exists because there are not enough resources to provide all the goods and services that people want to purchase.

would not exist if all goods and services were scarce.

would not exist if government owned all of the resources.

[◀ Add Question Here](#)

Question 25

Multiple Choice

0 points

Modify

Remove

QuestionWhich of the following is *not* true?

- Answer** ✓ Resources are scarce when you don't have enough money.
- The real cost of a choice is what you must give up to enjoy that choice.
- People typically make choices that will make them better off.
- Rational people use marginal analysis when making "how much?" decisions.

◀ [Add Question Here](#)

Question 26

Multiple Choice

0 points

Modify

Remove

QuestionIn China, which of the following would *not* be a resource in the production of rice?

- Answer**
- fertile land
 - labor
 - capital equipment
 - ✓ money

◀ [Add Question Here](#)

Question 27

Multiple Choice

0 points

Modify

Remove

Question

Corner offices in high-rise office buildings usually cost more to rent than other offices. This best illustrates the economic principle of:

- Answer**
- marginal analysis.
 - ✓ scarce resources.
 - resources should be used as efficiently as possible to achieve society's goals.
 - opportunity costs.

◀ [Add Question Here](#)

Question 28

Multiple Choice

0 points

Modify

Remove

Question

A resource is anything that:

- Answer** ✓ can be used in production.
- you pay for.
 - is in scarce supply.
 - can be consumed.

◀ [Add Question Here](#)

Question 29

Multiple Choice

0 points

Modify

Remove

Question

We have to make choices because:

- Answer**
- we have unlimited income.
 - resources are scarce.
 - choices involve a trade-off.
 - ✓ resources are scarce and because choices involve a trade-off.

◀ [Add Question Here](#)

Question 30

Multiple Choice

0 points

Modify

Remove

Question

When a chef creates a dinner plate of food for a customer, which of the following represents the physical capital resource?

Answer

- the chef himself/herself
- the oven
- the food ingredients
- the chef's training and experience

[◀ Add Question Here](#)

Question 31

Multiple Choice

0 points

Modify

Remove

Question

Manny is attending college and majoring in economics. Manny is improving his scarce resource of:

Answer

- land.
- labor.
- capital.
- human capital.

[◀ Add Question Here](#)

Question 32

Multiple Choice

0 points

Modify

Remove

Question

In Ventura County, California, strawberry production is limited by the number of acres available for agriculture production. This statement best represents the economic concept of:

Answer

- resources are scarce.
- "how much?" is a decision at the margin.
- there are gains from trade.
- resources should be used as efficiently as possible to achieve society's goals.

[◀ Add Question Here](#)

Question 33

Multiple Choice

0 points

Modify

Remove

Question

Which is not an example of a resource?

Answer

- land
- labor
- capital
- production

[◀ Add Question Here](#)

Question 34

Multiple Choice

0 points

Modify

Remove

Question

You like to read *Vogue* and *Sports Illustrated*. You only have \$5 to spend so you only buy *Sports Illustrated*. This statement best represents the economic concept of:

Answer

- resources are scarce.
- the real cost of something is what you must give up to get it.
- "how much?" is a decision at the margin.

there are gains from trade.

[◀ Add Question Here](#)

Question 35

Multiple Choice

0 points

Modify

Remove

Question

Which of the following can be considered resources used in the production of computers?

Answer

- computer engineers
- microchip manufacturing facility
- ✓ computer engineers, computers, and microchip manufacturing facility
- computers

[◀ Add Question Here](#)

Question 36

Multiple Choice

0 points

Modify

Remove

Question

Intel finds it difficult to hire enough skilled computer engineers. This statement best represents the economic concept of:

Answer

- ✓ resources are scarce.
- people usually exploit opportunities to make themselves better off.
- there are gains from trade.
- one person's spending is another person's income.

[◀ Add Question Here](#)

Question 37

Multiple Choice

0 points

Modify

Remove

Question

In Colorado, there has been a drought, and rural communities are fighting with urban areas over water. This statement best represents the economic concept of:

Answer

- ✓ resources are scarce.
- resources should be used as efficiently as possible to achieve society's goals.
- when markets don't achieve efficiency, government intervention can improve society's welfare.
- government policies can change spending.

[◀ Add Question Here](#)

Question 38

Multiple Choice

0 points

Modify

Remove

Question

You can either spend \$100 on a new economics textbook or a new CD player. If you choose to buy the new economics textbook, the opportunity cost is:

Answer

- \$100.
- ✓ the new CD player.
- both the \$100 and the new CD player.
- impossible to determine.

[◀ Add Question Here](#)

Question 39

Multiple Choice

0 points

Modify

Remove

Question

Margo spends \$10,000 on one year's college tuition. The opportunity cost of spending

one year in college for Margo is:

Answer \$10,000.

whatever she would have purchased with the \$10,000 instead.

whatever she would have earned had she not been in college.

- ✓ whatever she would have purchased with the \$10,000 and whatever she would have earned had she not been in college.

◀ [Add Question Here](#)

Question 40

Multiple Choice

0 points

Modify

Remove

Question

If the state government allocates additional spending on education, the opportunity cost is:

Answer zero.

the dollar amount of the additional spending.

only considered if additional taxes need to be raised to fund the spending.

- ✓ measured in terms of the alternative uses for that money.

◀ [Add Question Here](#)

Question 41

Multiple Choice

0 points

Modify

Remove

Question

Khalil is offered a free ticket to the opera. His opportunity cost of going to the opera is:

Answer zero—the tickets were free.

the price listed on the ticket.

- ✓ whatever Khalil would have done had he not gone to the opera.

the price listed on the ticket or whatever Khalil would have done had he not gone to the opera.

◀ [Add Question Here](#)

Question 42

Multiple Choice

0 points

Modify

Remove

Question

The cost of leaving the skating championship before it ends is _____, while the cost of staying for the entire match is _____.

Answer the opportunity cost of not seeing the perfect "10" performance; zero—the ticket to the championship is already paid so there is no cost

- ✓ the opportunity cost of not seeing the perfect "10" performance; the opportunity cost of what else you could have done during that time

zero—you don't have to pay to leave; zero—the ticket to the match is already paid so there is no cost

the cost of the ticket; also the cost of the ticket

◀ [Add Question Here](#)

Question 43

Multiple Choice

0 points

Modify

Remove

Question

A new fast-food restaurant offered a free meal (valued at \$5) a week for a year to its first 100 customers. Ramona camped out for 48 hours before the opening to be one of the first 100 customers. The cost of the free meal a week for a year for Ramona was:

Answer zero.

\$260.

- ✓ whatever she would have done with those 48 hours.

The cost is impossible to determine.

[Add Question Here](#)

Question 44

Multiple Choice

0 points

Modify

Remove

Question

The local Taco Hut charges the same price for everything on its menu: \$3 will buy a taco, a burrito, or nachos. You buy the taco and think that if you had not purchased the taco, you would have purchased the burrito. The opportunity cost of the taco is:

Answer

- the \$3.
- the burrito.
- the \$3 and the burrito.
- the \$3, the burrito, and the nachos.

[Add Question Here](#)

Question 45

Multiple Choice

0 points

Modify

Remove

Question

For an economist, the cost of something is:

Answer

- the amount of money you paid for it.
- what you gave up to get it.
- always equal to its market value.
- the quantity of resources used to produce it.

[Add Question Here](#)

Question 46

Multiple Choice

0 points

Modify

Remove

Question

Which of the following is *not* one of the four basic principles for understanding individual choice?

Answer

- Resources are scarce.
- The real cost of something is the money that you must pay to get it.
- "How much?" is a decision at the margin.
- People usually take advantage of opportunities to make themselves better off.

[Add Question Here](#)

Question 47

Multiple Choice

0 points

Modify

Remove

Question

The best measure of the opportunity cost of any choice is:

Answer

- the monetary cost of that choice.
- whatever you have given up to make that choice, even if no monetary costs are involved.
- the cost associated with not taking full advantage of the opportunity offered by that choice.
- your hourly wage.

[Add Question Here](#)

Question 48

Multiple Choice

0 points

Modify

Remove

Question

While buying refreshments for an upcoming party, you notice that a six-pack of

Americana Beer costs \$2 and a six-pack of Bavarian Beer costs \$4. You buy the six-pack of Bavarian Beer although you wonder if maybe two six-packs of Americana Beer would have been a better choice. The opportunity cost of the Bavarian Beer is:

- Answer**
- the \$4.
 - a six-pack of Americana Beer.
 - ✓ two six-packs of Americana Beer.
 - the \$4 and the six-pack of Americana Beer.

◀ [Add Question Here](#)

Question 49

Multiple Choice

0 points

Modify
Remove

Question

Your elderly grandma tells you: "I haven't been taking my beloved walks because I'm concerned about falling and getting hurt. See, there is always a cost to doing something. But if you don't do anything, then there is no cost." Your grandma does not understand the concept of:

- Answer**
- scarcity in economics.
 - efficiency in economics.
 - ✓ opportunity cost in economics.
 - marginal analysis in economics.

◀ [Add Question Here](#)

Question 50

Multiple Choice

0 points

Modify
Remove

Question

The cost of leaving a championship soccer match before it ends is _____, while the cost of staying for the entire match is _____.

- Answer**
- the opportunity cost of not seeing the winning goal with two minutes to go; zero—the ticket to the match is already paid so there is no cost
 - ✓ the opportunity cost of not seeing the winning goal with two minutes to go; the opportunity cost of what else you could have done during that time
 - zero—you don't have to pay to leave; zero—the ticket to the match is already paid so there is no cost
 - the cost of the ticket; also the cost of the ticket

◀ [Add Question Here](#)

Question 51

Multiple Choice

0 points

Modify
Remove

Question

Zoe's grandparents are excited about finally paying off their mortgage, because, as they say, "Our cost of housing is now zero." Zoe should explain to them the economic principle of:

- Answer**
- marginal analysis: if the additional cost of housing is zero, then their additional benefit is also zero.
 - ✓ opportunity cost: by living in the house, they are giving up the opportunity to sell the house, buy a smaller one, and pocket the difference.
 - efficiency: if their cost of housing is now zero, they should let Zoe move in without charging her any rent. Zoe is better off, and her grandparents aren't hurt.
 - equity: it is unfair that some people are still paying off their mortgage.

◀ [Add Question Here](#)

Question 52

Multiple Choice

0 points

Modify
Remove

Question

The university recently inherited a large mansion from a wealthy alumnus. The university plans to use the mansion for faculty parties and to house distinguished guests. The cost of the mansion to the university is:

- Answer**
- zero, because it was a gift.
 - the cost of upkeep (including maintenance, utilities, and so forth).
 - the amount the university would receive if it rented or sold the mansion.
 - ✓ the cost of upkeep (including maintenance, utilities, and so forth) and the amount the university would receive if it rented or sold the mansion.

◀ [Add Question Here](#)

Question 53

Multiple Choice**0 points**

Modify
Remove

Question

A new startup airline is offering free round-trip tickets to anywhere to the first 600 people who enter the office on the airline's first day of business. You arrive 24 hours before they are scheduled to open to be sure to get the free tickets, and you buy food from vendors while waiting in line. The cost of the tickets to you is:

- Answer**
- zero.
 - just the cost of food while you wait in line.
 - ✓ the cost of food while you wait in line and the opportunity cost of your time.
 - the actual value of the ticket.

◀ [Add Question Here](#)

Question 54

Multiple Choice**0 points**

Modify
Remove

Question

A friend comes up to you and offers to give you a free ticket to the local professional team's baseball game that night. You decide to attend the game. The game takes five hours and costs you \$15 for transportation. If you had not attended the game, you would have worked at your part-time job for \$8 an hour. What is the cost of you attending the game?

- Answer**
- The cost is zero—the ticket is free.
 - \$65
 - \$40
 - ✓ \$55

◀ [Add Question Here](#)

Question 55

Multiple Choice**0 points**

Modify
Remove

Question

The cost of going to college is:

- Answer**
- tuition and the cost of housing.
 - tuition, the cost of housing, and the cost of books.
 - ✓ tuition, the cost of housing, the cost of books, and forgone income.
 - forgone income only.

◀ [Add Question Here](#)

Question 56

Multiple Choice**0 points**

Modify
Remove

Question

You have one dollar to spend on a vending machine snack. A bag of chips will cost you \$1 and the candy bar will also cost you \$1. If you choose the bag of chips, the opportunity cost of buying the chips is:

- Answer**
- \$1 plus the enjoyment you would have received from the candy bar.
 - \$2 minus the enjoyment you received from the bag of chips.
 - \$1.
 - ✓ the enjoyment you would have received from the candy bar.

◀ [Add Question Here](#)

Question 57

Multiple Choice

0 points

Modify

Remove

Question

A college student is faced with a difficult decision of how to spend one hour tonight. She could babysit her professor's child at an hourly wage of \$7, she could work at the college library at a wage of \$6, or she could finish her economics homework assignment. If she chooses to complete her homework assignment, she has incurred an opportunity cost equal to:

- Answer**
- ✓ \$7.
 - \$6.
 - \$13.
 - \$0.

◀ [Add Question Here](#)

Question 58

Multiple Choice

0 points

Modify

Remove

Question

When the San Francisco city manager faces a complaint that the city council chamber podium is not accessible to individuals with disabilities, he responds that the one million dollar improvement will not happen because "that money could be spent building 70 curb ramps." This statement best represents the economic concept of:

- Answer**
- resources are scarce.
 - ✓ the real cost of something is what you must give up to get it.
 - "how much?" is a decision at the margin.
 - when markets don't achieve efficiency, government intervention can improve society's welfare.

◀ [Add Question Here](#)

Question 59

Multiple Choice

0 points

Modify

Remove

Question

If you decide to go to Cancun with your friends during spring break, you realize you cannot go to Paris with your sister in the summer. This statement best represents the economic concept of:

- Answer**
- ✓ the real cost of something is what you must give up to get it.
 - "how much?" is a decision at the margin.
 - people usually exploit opportunities to make themselves better off.
 - there are gains from trade.

◀ [Add Question Here](#)

Question 60

Multiple Choice

0 points

Modify

Remove

Question

You decide to join the economics club, but this means you can't join the accounting club because it meets at the same time. This statement best represents the economic concept of:

Answer ✓ the real cost of something is what you must give up to get it.
 “how much?” is a decision at the margin.
 people usually exploit opportunities to make themselves better off.
 there are gains from trade.

◀ [Add Question Here](#)

Question 61

Multiple Choice

0 points

Modify
Remove

Question

The student center on campus has burritos, bagels, or burgers for lunch. You decide to have a burger today, but if they were out of burgers, you would have bought a bagel. Your opportunity cost is the:

Answer

- burger.
- ✓ bagel.
- burrito.
- bagel and burrito.

◀ [Add Question Here](#)

Question 62

Multiple Choice

0 points

Modify
Remove

Question

The student center on campus has burritos, bagels, or burgers for lunch. You love burgers and bagels, but you decide to have a burger today, but if they were out of burgers, you would have bought a bagel. This statement best represents the economic concept of:

Answer ✓ the real cost of something is what you must give up to get it.
 “how much?” is a decision at the margin.
 people usually exploit opportunities to make themselves better off.
 there are gains from trade.

◀ [Add Question Here](#)

Question 63

Multiple Choice

0 points

Modify
Remove

Question

After swimming 100 laps at the pool, Erik decides to swim 10 more before lifting weights. This statement best represents the economic concept of:

Answer

- resources are scarce.
- the real cost of something is what you must give up to get it.
- ✓ “how much?” is a decision at the margin.
- there are gains from trade.

◀ [Add Question Here](#)

Question 64

Multiple Choice

0 points

Modify
Remove

Question

You decide whether to eat one more slice of pizza based on how hungry you feel. This statement best represents the economic concept of:

Answer

- resources are scarce.
- the real cost of something is what you must give up to get it.
- ✓ “how much?” is a decision at the margin.
- there are gains from trade.

◀ [Add Question Here](#)

Question 65

Multiple Choice

0 points

Modify

Remove

Question

Nara has gone to three movies already this week. She has some extra money so she decides to go to another. This statement best represents the economic concept of:

Answer

- resources are scarce.
- the real cost of something is what you must give up to get it.
- ✓ "how much?" is a decision at the margin.
- there are gains from trade.

◀ [Add Question Here](#)

Question 66

Multiple Choice

0 points

Modify

Remove

Question

The concept of the margin deals with:

Answer

- ✓ making incremental choices.
- all or none of something.
- engaging in unethical activities.
- making difficult choices.

◀ [Add Question Here](#)

Question 67

Multiple Choice

0 points

Modify

Remove

Question

A choice made _____ is a choice whether to do a little more or a little less of something.

Answer

- at the fringe
- in the beginning
- ✓ at the margin
- after the fact

◀ [Add Question Here](#)

Question 68

Multiple Choice

0 points

Modify

Remove

Question

The *best* example of making a choice at the margin is:

Answer

- buying a new computer.
- quitting your job.
- ✓ eating another slice of pizza.
- attending college.

◀ [Add Question Here](#)

Question 69

Multiple Choice

0 points

Modify

Remove

Question

Marla will make \$10 by tutoring for an additional hour but she will lose an hour of studying for her own economics test. Marla decides to study rather than tutor. Marla's choice indicates that she:

Answer

- ✓ values an additional hour of studying more than the \$10 she would earn tutoring.
- values an hour of studying less than the \$10 she would earn tutoring.
- does not understand that there is no benefit from studying.
- doesn't need the money.

[◀ Add Question Here](#)

Question 70

Multiple Choice**0 points**

Modify

Remove

Question

Thinking in economic terms, when Mary Sweettooth is deciding whether to eat another brownie, she:

Answer

only considers the price of the brownie.

only considers how much additional exercise she will need to do to work off the calories associated with eating another brownie.

- ✓ compares all of the benefits and costs of eating another brownie.
- considers if she can do so without anyone else noticing.

[◀ Add Question Here](#)

Question 71

Multiple Choice**0 points**

Modify

Remove

Question

For which of the following decisions would marginal analysis be most relevant?

Answer

Should I go to college or work after graduating from high school?

- ✓ Should I eat another donut?

Should I use \$20,000 as a down payment on a house or buy a car?

Should I get married?

[◀ Add Question Here](#)

Question 72

Multiple Choice**0 points**

Modify

Remove

Question

For which of the following decisions would marginal analysis be most relevant?

Answer

Should George accept a job with Delta Airlines or with Greenpeace?

Should Mary go to graduate school after graduating from college?

Should Vevik emigrate to the United States or stay in India?

- ✓ Should Hong work an additional hour or take a short nap?

[◀ Add Question Here](#)

Question 73

Multiple Choice**0 points**

Modify

Remove

Question

Marginal analysis:

Answer

refers to decisions about whether to do a bit more or a bit less of an activity.

helps when making a “how much” choice.

involves trade-offs.

- ✓ refers to decisions about whether to do a bit more or a bit less of an activity, helps when making a “how much” choice, and involves trade-offs.

[◀ Add Question Here](#)

Question 74

Multiple Choice**0 points**

Modify

Remove

Question

Marginal analysis:

Answer

refers to decisions about whether to do one thing or another.

helps when making an “either-or” choice.

- ✓ involves a trade-off.

does not help when making a “how much” choice.

[◀ Add Question Here](#)

Question 75

Multiple Choice

0 points

Modify

Remove

Question

Your neighbor is mowing her yard one afternoon when she stops to have some lemonade. She drinks one glass and is considering having a second glass. This is an example of:

Answer

- marginal analysis.
- benefit analysis.
- cost analysis.
- equilibrium analysis.

[◀ Add Question Here](#)

Question 76

Multiple Choice

0 points

Modify

Remove

Question

After eating three slices of pizza, you decide to squeeze in one more piece. Your decision is an example of the economic principle called:

Answer

- opportunity-cost decision.
- people respond to incentives.
- equity decision.
- marginal decision making.

[◀ Add Question Here](#)

Question 77

Multiple Choice

0 points

Modify

Remove

Question

You are planning to study eight hours this week for your economics final and are considering studying a ninth hour. You should:

Answer

- compare the benefits of one more hour of study with the cost of one less hour of sleep.
- compare the benefits of one more hour of study with the cost of one less hour of studying calculus.
- compare the benefits of one more hour of study with the cost of one less hour of work at your part-time job.
- make your decision based on the cost of your next best alternative use of your time compared to the benefit of one more hour of study.

[◀ Add Question Here](#)

Question 78

Multiple Choice

0 points

Modify

Remove

Question

Marginal analysis studies how individuals decide:

Answer

- whether to live on the margin of society.
- to do a bit more activity versus a bit less activity.
- to analyze marginal businesses.
- how much down payment to make when buying stocks.

[◀ Add Question Here](#)

Question 79

Multiple Choice

0 points

Modify

Remove

Question

You make a trade-off when you compare the _____ and _____ of doing something.

Answer

- direct costs; opportunity costs
- marginal benefits; total benefits
- ✓ costs; benefits
- direct costs; total costs

◀ [Add Question Here](#)

Question 80

Multiple Choice**0 points**

Modify
Remove

Question

For which of the following decisions would marginal analysis be *most* relevant?

Answer

- Should I invest all my savings in real estate or should I keep it all in a savings account?
- After I graduate from college, should I go to graduate school or should I get a job?
- ✓ After meeting my basic needs, how should I allocate the remainder of my monthly budget?
- Should I keep a pet?

◀ [Add Question Here](#)

Question 81

Multiple Choice**0 points**

Modify
Remove

Question

Some baseball fans leave the game in the seventh or eighth inning in order to avoid the post-game traffic. The fans are:

Answer

- not considering they have already paid the cost of their tickets.
- ✓ making marginal decisions by comparing the cost of leaving early to the benefit of leaving early.
- thinking only about the benefits of avoiding traffic.
- underestimating the value of staying for the rest of the game.

◀ [Add Question Here](#)

Question 82

Multiple Choice**0 points**

Modify
Remove

Question

Which of the following is an example of marginal analysis?

Answer

- ✓ What additional output does a family business produce when it hires one more worker?
- How do tax cuts change the growth rate of median income?
- When a large corporation lays off workers, how do profits change if sales remain constant?
- A commuter takes the bus to work rather than driving.

◀ [Add Question Here](#)

Question 83

Multiple Choice**0 points**

Modify
Remove

Question

Which of the following is an example of marginal analysis?

Answer

- A hungry person orders a pizza rather than eating leftover meatloaf.
- ✓ A hungry person decides whether to eat one more slice of pizza.
- A hungry person uses a coupon to save \$2 on a pizza.

A hungry person writes a check to pay for the pizza rather than using his credit card.

[◀ Add Question Here](#)

Question 84

Multiple Choice

0 points

Modify

Remove

Question

A busy professor can't decide whether to stay in his office to grade papers for another hour or to go home and go to bed. This is an example of:

Answer

- equity versus efficiency.
- how one person's spending is another person's income.
- economic incentives.
- ✓ marginal analysis.

[◀ Add Question Here](#)

Question 85

Multiple Choice

0 points

Modify

Remove

Question

Which of the following demonstrates how people respond to incentives to make themselves better off?

Answer

- ✓ More students major in economics when they hear that salaries for economists are rising.
- Students are assigned dorm rooms through a lottery system.
- Students are encouraged to donate blood because it is the "right thing to do."
- Students and faculty are encouraged to wear college apparel to support the college athletic teams.

[◀ Add Question Here](#)

Question 86

Multiple Choice

0 points

Modify

Remove

Question

Which of the following policies is most likely to reduce traffic congestion in a large metropolitan area?

Answer

- a limited number of free "early bird" parking passes given only to those who arrive prior to 6 A.M.
- ✓ a toll road that requires each car to pay a fee to enter the city center
- an increase in the price of subway and bus fare to and from the city
- asking citizens to carpool

[◀ Add Question Here](#)

Question 87

Multiple Choice

0 points

Modify

Remove

Question

Which of the following methods of encouraging recycling is likely to be *most* effective?

Answer

- appealing to the consumers to "be a good citizen"
- publicizing the advantages of recycling
- ✓ imposing a tax per unit of garbage generated
- All three methods are equally effective.

[◀ Add Question Here](#)

Question 88

Multiple Choice

0 points

Modify

Remove

Question

Which of the following methods of discouraging speeding is likely to be *most* effective?

- Answer**
- increasing the number of signs stating the speed limit
 - ✓ increasing the fine associated with speeding tickets
 - public service announcements reminding drivers of the dangers of speeding
 - All three methods are equally effective.

◀ [Add Question Here](#)

Question 89

Multiple Choice**0 points**

Modify

Remove

Question

In an attempt to reduce shooting deaths, some cities have offered money to people who turn in illegal guns. This program is an example of the government using _____ to influence behavior.

- Answer**
- ✓ incentives
 - law
 - marginal analysis
 - the gains from trade

◀ [Add Question Here](#)

Question 90

Multiple Choice**0 points**

Modify

Remove

Question

If the price of gasoline rises and stays high for an extended period of time, we expect people to:

- Answer**
- reduce the number of miles they drive.
 - buy smaller and more fuel-efficient cars.
 - use more public transportation.
 - ✓ reduce the number of miles they drive, buy smaller and more gas efficient cars, and use more public transportation.

◀ [Add Question Here](#)

Question 91

Multiple Choice**0 points**

Modify

Remove

Question

If the price of gasoline falls and stays low for an extended period of time, we expect people to:

- Answer**
- reduce their reliance on gasoline-powered cars.
 - ✓ buy larger and less fuel-efficient cars.
 - use more public transportation.
 - ride bicycles.

◀ [Add Question Here](#)

Question 92