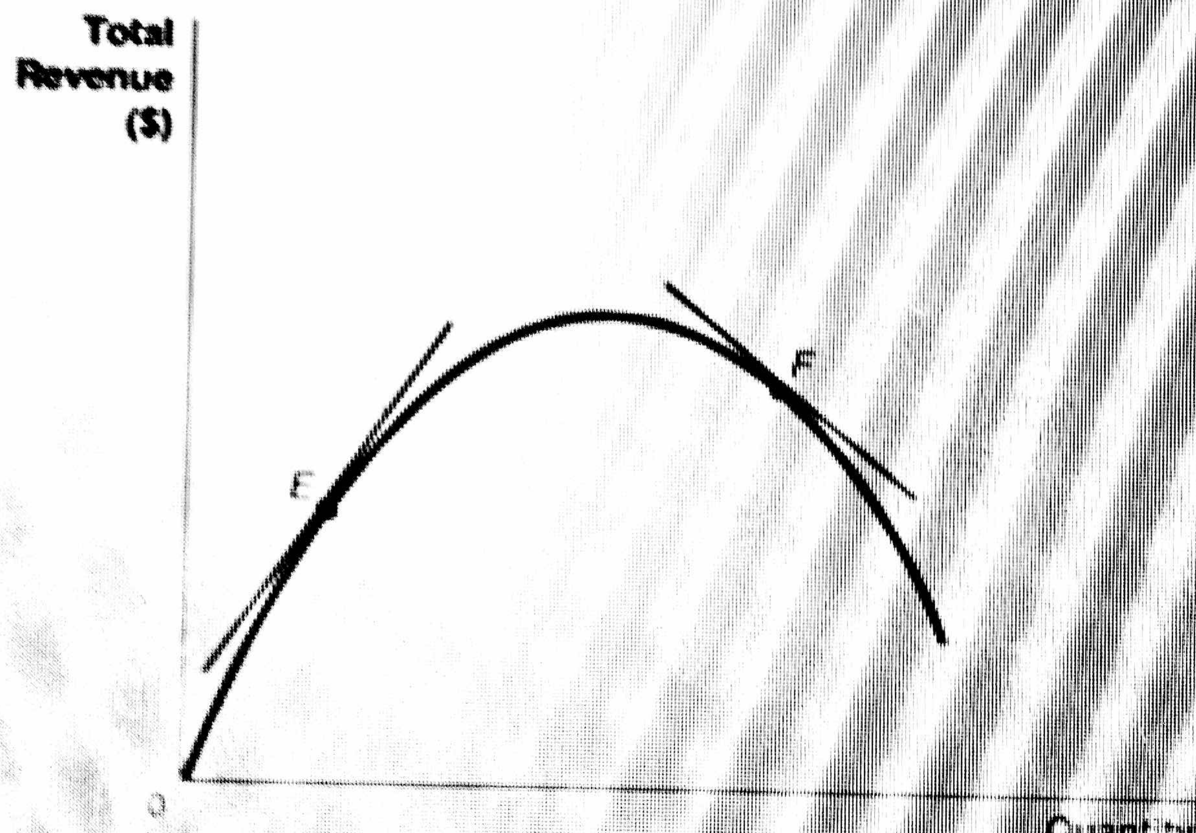
Figure 1-4



9) Refer to Figure 1-4. Which of the following statements i

a. The slope of the tangent at E is positive and the slope of t

[redacted]

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables.

11) Refer to Figure 2-2. The linear production possibilities frontier in the figure indicates that

a. the tradeoff between meat and vegetables is constant.
b. Mendonca has a comparative advantage in the production of vegetables.
c. it is progressively more expensive to produce meat.
d. Mendonca has a comparative disadvantage in the production of meat.

Table 2-3

	One Digital Camera	*Wheat (per pound)*
China	100 hours	4 hours
South Korea	60 hours	3 hours

Table 2-3 shows the number of labor hours required to produce a digital camera and a pound of wheat in China and South Korea.

12) Refer to Table 2-3. What is South Korea's opportunity cost of producing one pound of wheat?

a. 20 digital cameras
b. 0.05 units of a digital camera
c. 60 digital cameras
d. 5 digital cameras

13) Which of the following are flows in the circular flow model?

a. the flow of income earned by factors of production and the flow of expenditures

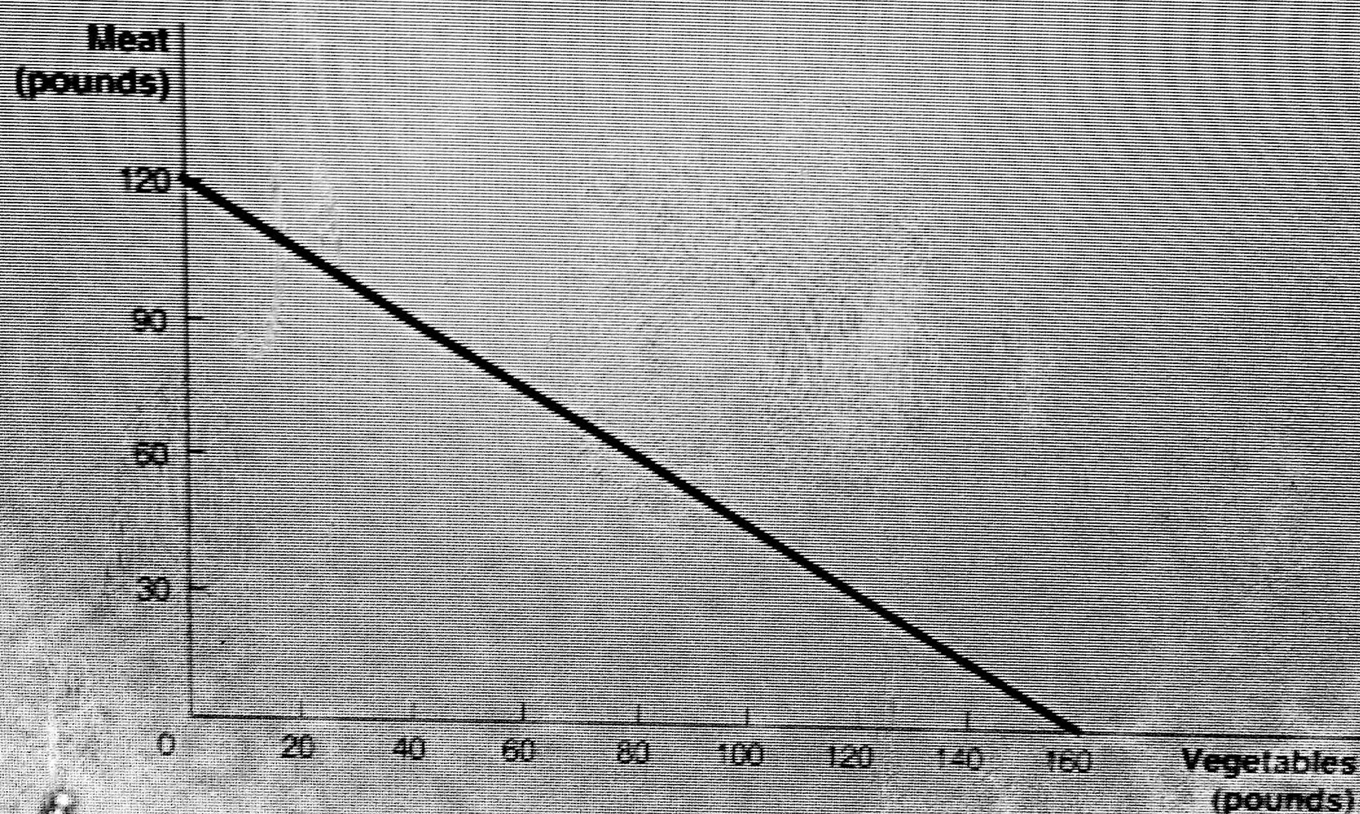
9) Refer to Figure 1-4. Which of the following statements is true?

a. The slope of the tangent at E is positive and the slope of the tang
b. The slope of the tangent at E and the slope of the tangent at F are
c. The slope of the tangent at E is negative and the slope of the tang
d. The slope of the tangent at E and the slope of the tangent at F are

10) The production possibilities frontier model assumes all of the follo

a. the economy produces only two products.
b. the level of technology is fixed and unchanging.
c. labor, capital, land and natural resources are fixed in quantity.
d. production of goods requires full employment of all resources.

Figure 2-2



15) The term "property rights" refers to

a. the ability to exercise control over one's own resources within the confines of the law.
b. the government's right to appropriate land from wealthy individuals to redistribute to low income families.
c. the physical possession of a house or any other property which the owner legally purchased.
d. the right of a business not to have its assets confiscated by the government in the event that the business is accused of committing fraud.

Table 3-1

Loose leaf Tea Price per lb. (dollars)	*Sunil's Quantity Demanded (lbs)*	*Mia's Quantity Demanded (lbs)*	*Rest of Market Quantity Demanded (lbs)*	*Market Quantity demanded (lbs)*
$8	4	0	30	
6	7	2	40	
5	9	3	51	
4	12	5	64	
3	15	8	90	

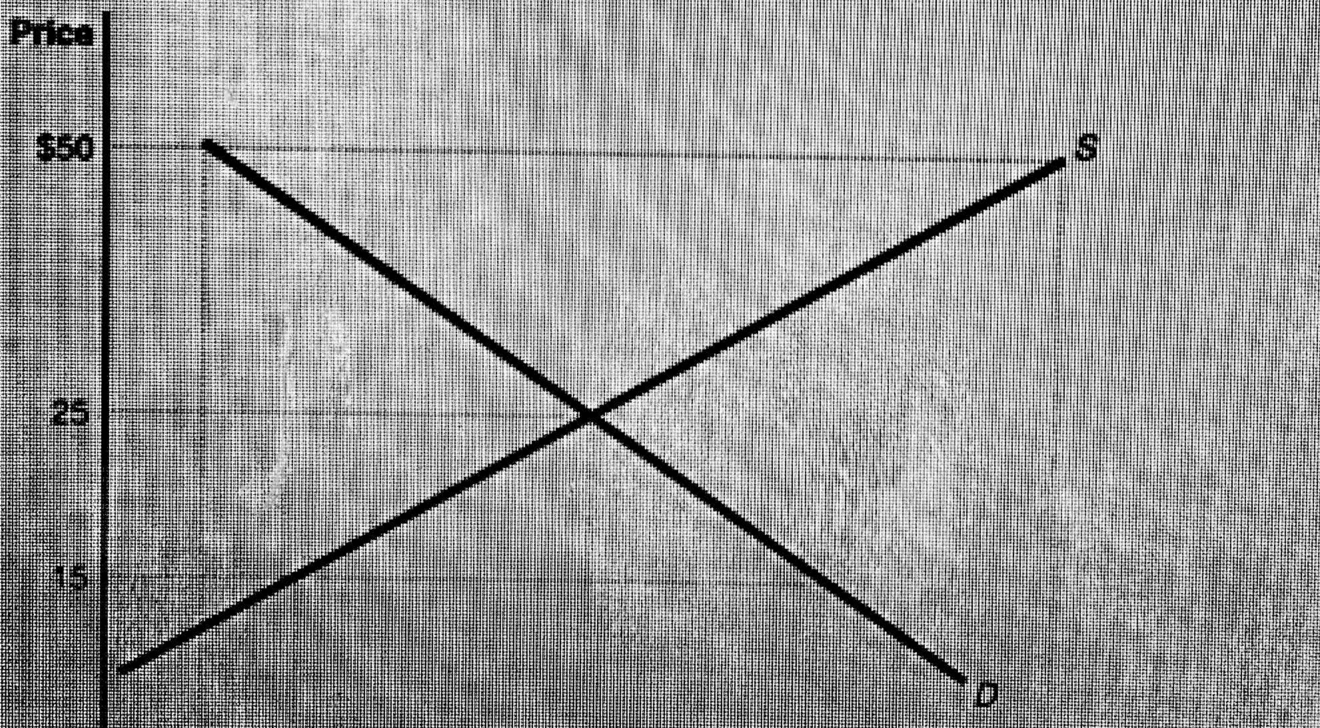
16) Refer to Table 3-1. The table above shows the demand schedules for loose-leaf tee of two individuals (Sunil and Mia) and the rest of the market. If the price of loose-leaf tea rises from $3 to $4 the market quantity demanded would

a. decrease by 32 pounds.
b. decrease by 64 pounds.
c. increase by 64 pounds.
d. increase by 32 pounds.

18) Which of the following is the correct way to describe equilibrium

a. At equilibrium, demand equals supply.
b. At equilibrium, quantity demanded equals quantity supplied.
c. At equilibrium, scarcity is eliminated.
d. At equilibrium, market forces no longer apply.

Figure 3-4



19) Refer to Figure 3-4. The figure represents the market for canvas tot
that the price of tote bags is $15. At this price:

a. the quantity demanded exceeds the quantity supplied of tote bags b
will eventually rise to $25 where quantity demanded will equal quan

Figure 4-6

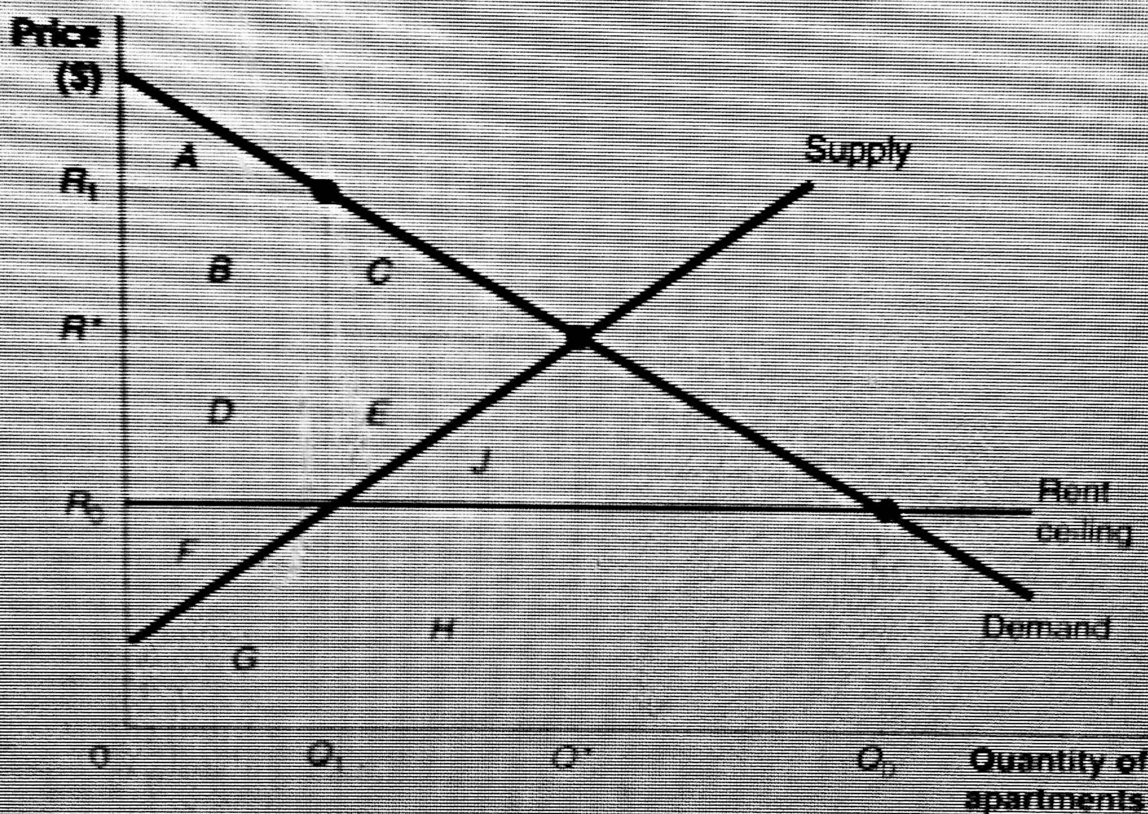
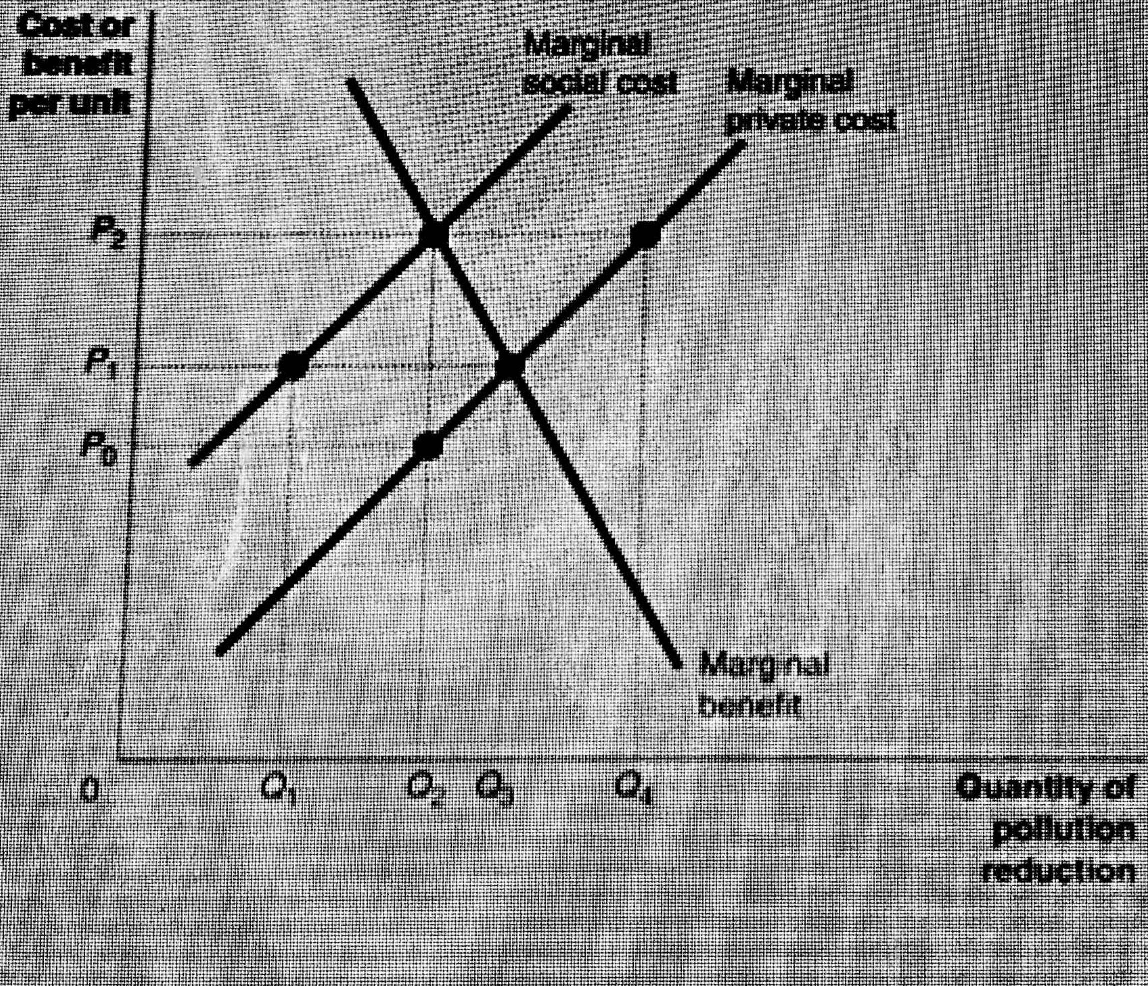


Figure 4-6 shows the market for apartments in Bay City. Recentl
posed a rent ceiling at R0.

21) Refer to Figure 4-6. What is the area that represents the pro
imposition of the ceiling?

a. I + G

Figure 4-15



Companies producing toilet paper bleach the paper to make it white. T
charged into rivers and lakes and causes substantial environmental dam
illustrates this situation in the toilet paper market.