Multiple Choice
Identify the letter of the choice that best completes the statement or answers the question. Use a #2 pencil to darken in the space on your scantron sheet that corresponds to the answer you think is correct. You only need to turn in your scantron.

1. To an economist, the cost of a college education
   a. includes the income that the student could have earned during the time spent in college.
   b. can be measured solely by the dollar cost of tuition, books, and other fees.
   c. includes only the cost of schooling, not the cost of housing and food.
   d. excludes financial aid in computation of the cost of schooling.
   e. All of the above are correct.

2. The term opportunity cost refers to the
   a. value of what is gained when a choice is made.
   b. difference between the value of what is gained and the value of what is forgone when a choice is made.
   c. value of what is forgone when a choice is made.
   d. direct costs involved in making a choice.

3. Economics is a social science in the sense that it
   a. rigorously examines human behavior.
   b. is not as scientific as physics.
   c. relies on historical data instead of mathematical data.
   d. relies on statistics instead of mathematics.
   e. All of the above are correct.

4. A useful economic model
   a. deals only with possibilities that actually occurred.
   b. makes only realistic assumptions.
   c. may make some unrealistic assumptions in order to simplify a complex reality.
   d. should avoid drawing conclusions that have public policy implications, since economics is not equipped to make value judgments.

5. A voluntary exchange of products between two people means that
   a. if one person gains from a swap, the other person must necessarily lose.
   b. each person must do his/her best to act to the disadvantage of the other person.
   c. both people must gain (or expect to gain) from the transaction.
   d. both people must lose owing to the costs involved.
Quiz 1 F2002 Econ 201
Answer Section

MULTIPLE CHOICE

1. A
2. C
3. A
4. C
5. C