Econ 201 Quiz 1 F2003

Multiple Choice
Identify the letter of the choice that best completes the statement or answers the question.

1. Consider the information given in the following table. From these numbers, we can conclude

<table>
<thead>
<tr>
<th></th>
<th>Hockey Sticks</th>
<th>Gallons of Maple Syrup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sven</td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td>Inga</td>
<td>90</td>
<td>10</td>
</tr>
</tbody>
</table>

a. Sven has a comparative advantage in the production of hockey sticks.
b. Inga has a comparative advantage in the production of maple syrup.
c. Sven has an absolute advantage in the production of hockey sticks.
d. All of the above conclusions are correct.

2. A voluntary exchange between two people means that
a. if one person gains from a swap, the other must necessarily lose.
b. each person must do its best to act to the disadvantage of the other person.
c. both people must gain (or expect to gain) from the transaction.
d. competition between the two people necessitates that both of them must lose.

3. When the price of a good increases, other goods become relatively less expensive. Consumers respond by increasing the quantities demanded of these relatively less expensive goods and decreasing the quantity demanded of the good whose price has increased. This effect is called the ____________ effect:
a. income
b. substitution
c. scale
d. demand

4. A rational decision is one that
a. satisfies all desires.
b. does not end up hurting the decision maker.
c. is at least expected to help the decision maker reach his/her objective.
d. has the lowest opportunity cost.

5. One week ago, Barb bought a ticket to a Minnesota State hockey game against the Minnesota Golden Gophers for $15. The game is now sold out and Barb has been offered as much as $30 for her ticket. What is Barb's opportunity cost of holding onto the ticket?
a. $45
b. $15
c. $30
d. $0

6. 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 for analyses.
d. relies on statistics instead of mathematics.
e. All of the above are correct.
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Answer Section

MULTIPLE CHOICE

1. D
2. C
3. B
4. C
5. C
6. A