

Economic Fundamentals questions

Part II

With which term is a command economic system **MOST** closely associated?

- a. entrepreneurship
- b. absolute advantage
- c. governmental regulation
- d. perfect competition

Answer

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George stopped by the store on his way home. He got a parking spot near the door, paid \$1.50 for a large drink, and bought a lottery ticket for \$1.00. Later that evening, George found out he won \$10,000. The allocation strategies associated with George include:

- a. Authority, price, and personal characteristic
- b. First come/first served, price, and random selection
- c. Price, random selection, and personal characteristic
- d. Contest, random selection, and authority

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- b. focus on a specific task
- c. put in overtime hours on the job
- d. use a wide range of knowledge

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The nation of Outbakistan needs to build a new dam to control flooding near its largest city. If Outbakistan is a pure market economy, then these new improvements will MOST likely be left up to

- a. the government
- b. the individuals who are willing to pay for the new dam
- c. anyone who would benefits from the dam
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You are in the clothing store. You see a pair of pants and a T-shirt that you like. However, you have only enough money for one item of clothing. You decide to buy the pants.

What is the opportunity cost of your choice?

- a. the cost of both items of clothing
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- c. the T-shirt
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If the county buys property for a new school, this would be a

- a. capital resource investment
- b. human resource investment
- c. entrepreneurship
- d. land resource investment

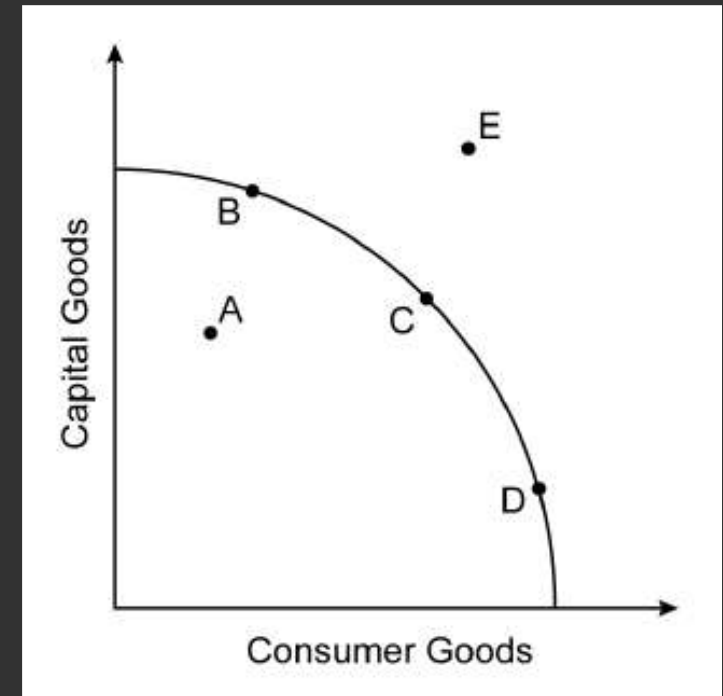
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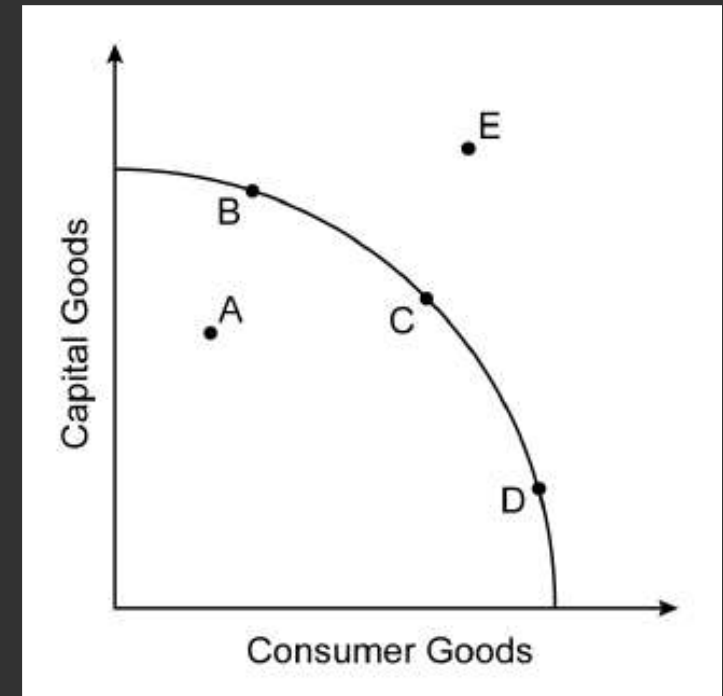
On the PPF graph, point E, represents what condition?

- a. Unattainable production
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- c. Efficient use of productive resources
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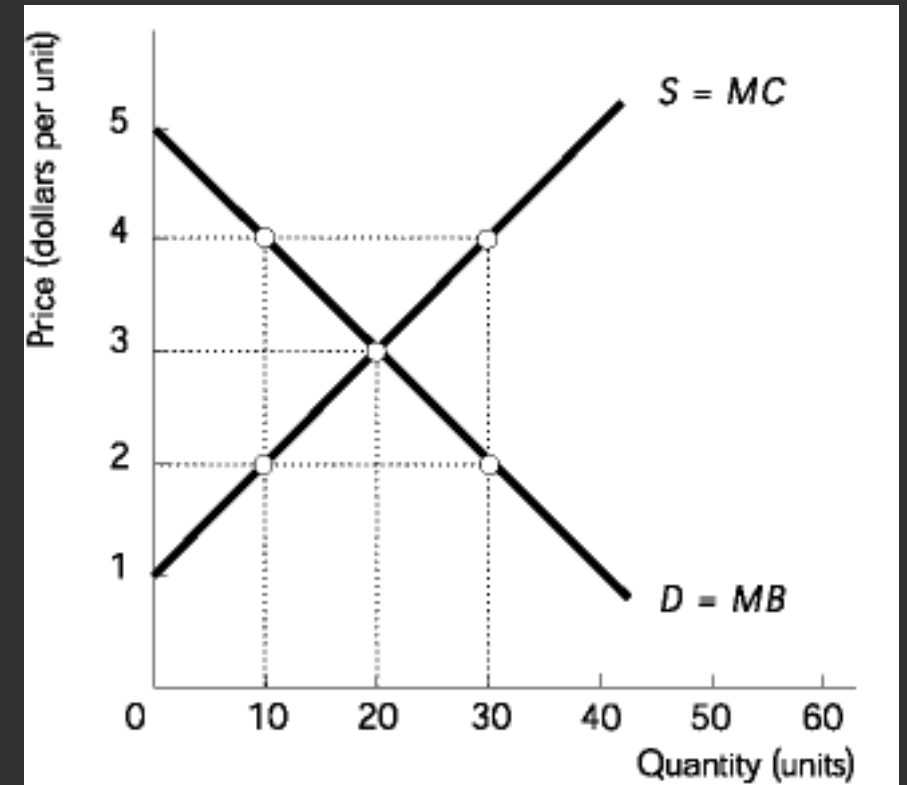
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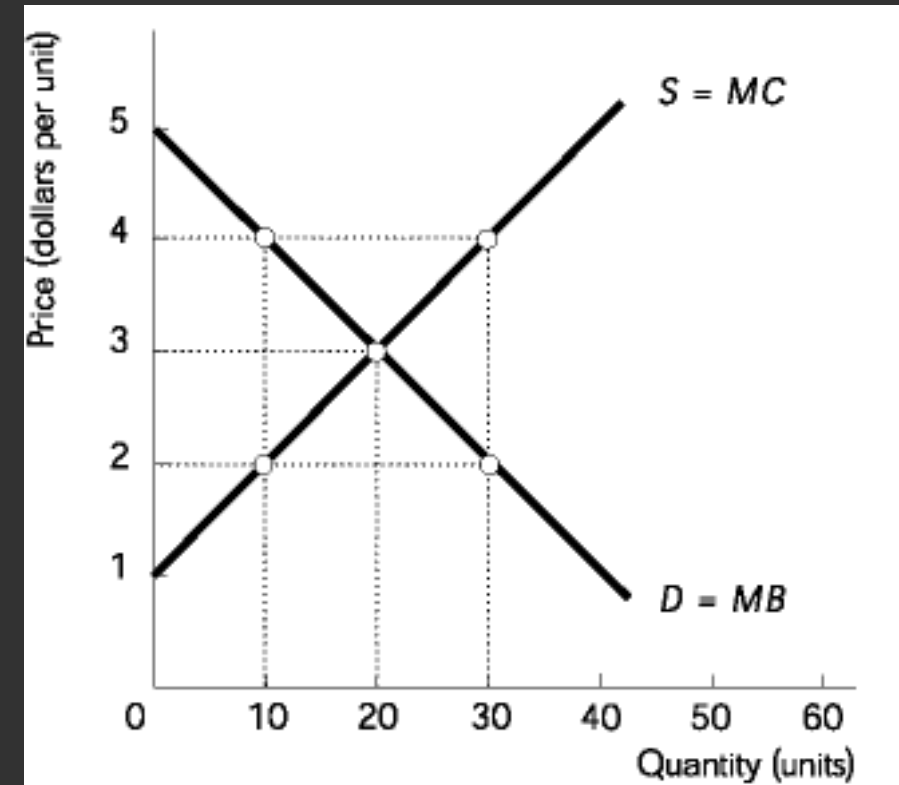
On the graph, the optimum price and level is:

- a. 30 units at \$2 each
- b. 30 units at \$4 each
- c. 20 units at \$3 each
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Bill, George, and Roy work at Bucket of Suds car wash company. Currently, each employee runs a car through the wash, then waxes and vacuums it by himself. The process takes a long time. Bucket of Suds would MOST likely improve their efficiency if

- a. After the car comes through the wash, Bill, George, and Roy vacuum and then wax each car together; then wash, vacuum and wax the next; then wash, vacuum and wax the next.
- b. Bill runs the wash line; Roy vacuums each car and George waxes the cars.
- c. Bucket of Suds hires Regina to run the wash line, allowing Bill, George and Roy to concentrate on vacuuming and waxing each car together.
- d. Bucket of Suds increases their hours of operation.

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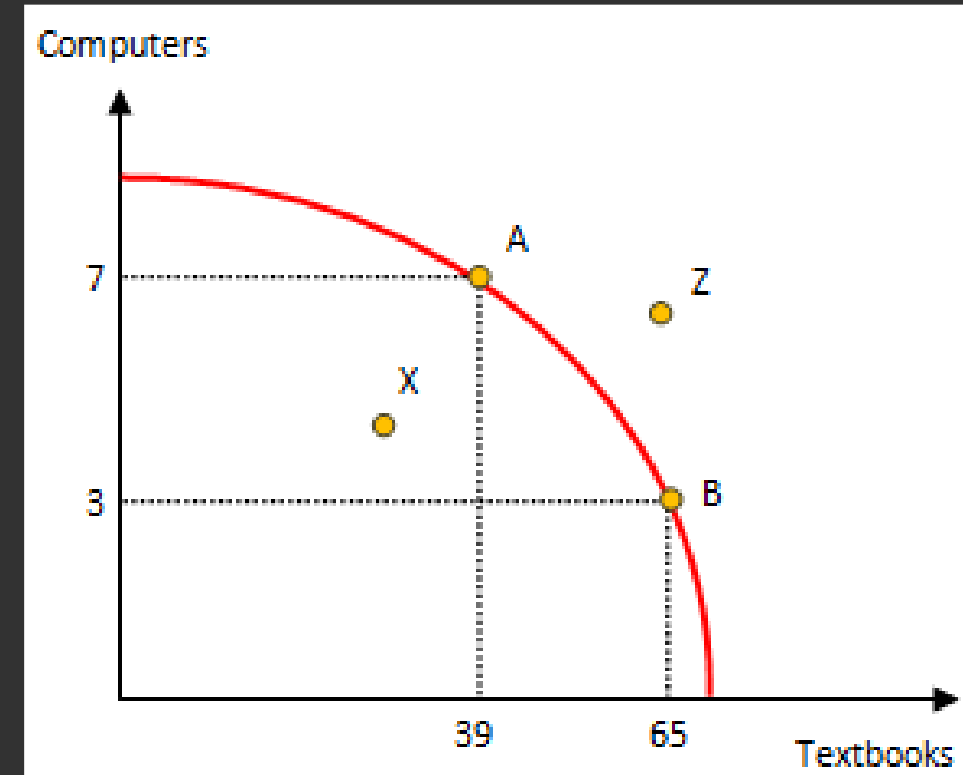
The nation of Outbakistan has no airport. If Outbakistan has a command economy, the decision of where to build it will MOST likely be left up to

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- b. the Premier of Outbakistan
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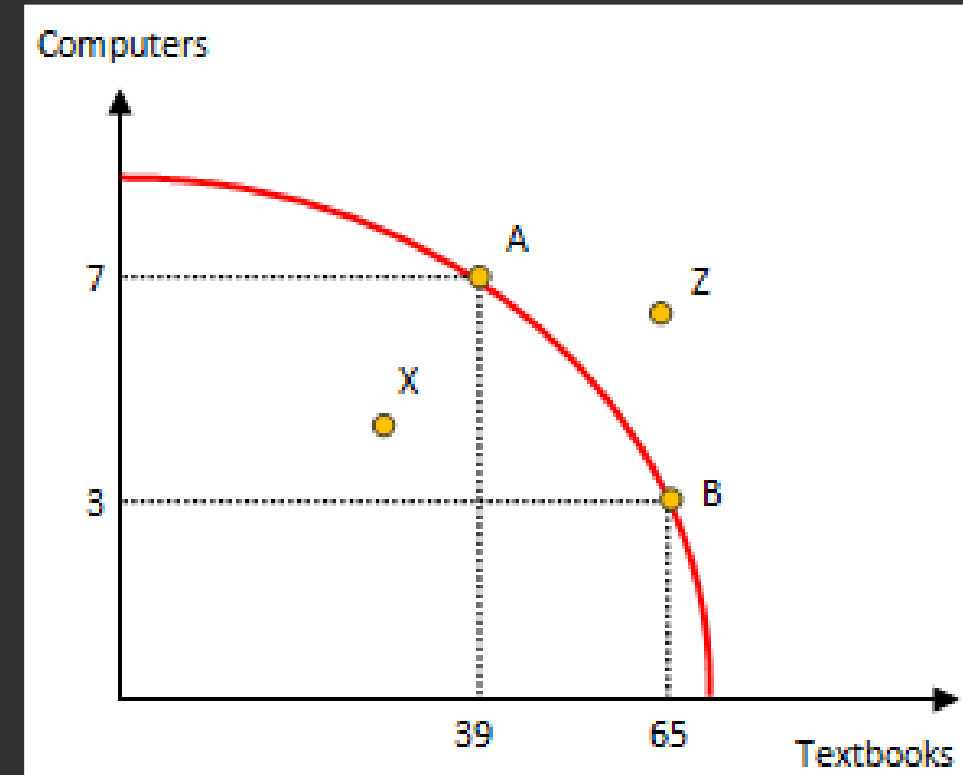
The opportunity cost of moving from B to A is:

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