

Economics assignment



**ASSIGN
BUSTER**

If the price of automobiles were to increase substantially, the demand curve for gasoline would most likely A) shift leftward. B) shift rightward. C) remain unchanged. D) become steeper.

2. Recently, many cities have attempted to pass laws taxing the sale of sugary drinks such as soda pop. If one of these laws passes, we would expect A) the supply curve for soda pop to shift to the right. B) the supply curve for soda pop to become more vertical. C) the demand curve for soda pop to shift to the right. D) the demand curve for soda pop to shift to the left.

As the price of a good increases, the change in the quantity demanded can be shown by A) shifting the demand curve leftward. B) shifting the demand curve rightward. C) moving down along the same demand curve. D) moving up along the same demand curve.

4. The price of crude oil rose to over \$100 per barrel in early 2013. What would we expect to see happen to the supply of plastic, which is produced using crude oil? A) The supply of plastic will increase. B) The supply of plastic will decrease. C) The supply of plastic will stay the same because the government requires plastic producers to meet statutory minimum production levels.

D) The supply of plastic will stay the same because of the profit motives of plastic producers.

5. The above figure shows a graph of the market for pizzas in a large town. No pizzas will be demanded unless price is less than C) \$12. D) \$14.

6. The above figure shows a graph of the market for pizzas in a large town. What are the equilibrium price and quantity? 7. At equilibrium, quantity sold equals the quantity bought. This implies that A) to sell more, producers require more in payment than consumers are willing to pay. B)

Economics assignment By Enfield 23 C) to sell less would require a lower price but would yield greater profit.

D) those who don't buy have been treated unfairly. 8. The above figure shows a graph of the market for pizzas in a large town. At a price of \$5, there will be A) excess demand. B) excess supply. C) equilibrium. D) zero demand.

9. The above figure shows a graph of the market for pizzas in a large town.

What are 10. After tickets for a major sporting event are purchased at the official box office price, a market often develops whereby these tickets sell at prices well above the official box office price. Which of the following scenarios would NOT be able to explain this result?

A) The official price was below equilibrium from the moment the tickets were available. B) Increased publicity causes the demand curve for the event to shift rightward. C) The event was not a sellout. D) Not everyone who wanted a ticket was able to buy one at the box office. 11. From the sass through the sass, the relative price of a college education has increased greatly. During the same time period, college enrollment has also increased. This evidence suggests that during this time period A) the demand curve for a college education has shifted leftward.

B) the demand curve for a college education has shifted rightward. C) the supply curve for a college education has shifted leftward. D) the supply curve for a college education has shifted rightward. 12. If oranges were found to cure cancer A) the equilibrium price of apples would likely fall. B) the equilibrium price of oranges would likely increase in the near term. C) the equilibrium quantity of oranges would likely increase. D) All of the above. 13.

Agricultural price supports are an example of A) price ceilings. B) price floors. C) quantity quotas. D) taxes. 4. If the price of a slice of pizza rises from \$2.00 to \$3, and quantity demanded falls from 10,000 slices to 7,400 slices, calculate the arc price elasticity. A) -1.92 B) -1.64 15. If the price of orange juice rises 10%, and as a result the quantity demanded falls A) -1.25. B) elastic. C) Both A and B above. D) Neither A nor B above. 16. A normal good has a as income rises. A) negative; increases B) negative; decreases C) positive; increases D) positive; decreases income elasticity of demand and quantity demanded 17. An indifference curve represents bundles of goods that a consumer A) views as equally desirable.

B) ranks from most preferred to least preferred. C) refers to any other bundle of goods. D) All of the above. 18. Fried's marginal utility of pizza equals 10 and his marginal utility of salad equals 2, then A) he would give up 5 pizzas to get the next salad. B) he would give up 5 salads to get the next pizza. C) he will eat five times as much pizza as salad. D) he will eat five times as much salad as pizza. 19. Joey's income is \$500, the price of food (F, y-axis) is \$2, and the price of shelter (S, x-axis) is \$100. Which of the following bundles is in Joey's opportunity set? A) 50 units of food, 5 units of shelter

B) 200 units of food, 2 units of shelter C) 100 units of food, 1 unit of shelter D) 150 units of food, 3 units of shelter 20. If the price of one good increases while the price of the other good and the consumer's income remain unchanged, what will happen to the budget line? A) The budget line rotates inward from the intercept on the axis of the good that did not change in price. B) The budget line rotates outward from the intercept on the axis of the good that did not change in price. C) The budget line shifts inward

without a change in slope. D) The budget line shifts outward without a change in slope. 21 .

The above figure shows Bobby's indifference map for Juice and snacks. Also shown are three budget lines resulting from different prices for snacks assuming he has \$20 to spend on these goods. Which of the following points are on Bobby's price- consumption curve? A) 10 snacks and 20 Juices B) 10 snacks and 0 Juices C) 10 snacks and 5 Juices D) 10 snacks and 15 Juices

lasting about six months. B) lasting about two years. C) in which all inputs are fixed. D) in which at least one input is fixed. 23. The Marginal Product of Labor is A) the change in total product resulting from an extra unit of labor, holding other actors constant.

B) the ratio of output to the number of workers used to produce that output. C) the amount of output that can be produced by a given amount of labor. D) equal to the marginal product of labor when the average product is increasing. 24. Elaine is the only employee of her sole proprietorship. She is entertaining the idea of hiring an additional employee. She knows that on her own she can produce 100 units per day. Jennifer figures that Applicant A will help her produce 175 units per day whereas Applicant B will help her produce 155 units per day. Which of the following statements is most accurate?

A) Applicant B has a marginal product of 75 units. B) Applicant B has an average product of 77.5 units. C) Applicant A has a marginal product of 75 units. D) Applicant A has an average product of 87.5 units. 25. Which situation is most likely to exhibit diminishing marginal returns to labor? A) a

factory that obtains a new machine for every new worker hired B) a factory that hires more workers and never increases the amount of machinery C) a factory that increases the amount of machinery and holds the number of worker constant D) None of these situations will result in diminishing

marginal returns to labor. 6. If a firm hires one worker and eliminates four units of capital, and hires one more worker and replaces three more units of capital, keeping output constant, then A) workers and capital are perfect substitutes. B) the firm is operating inefficiently because capital is more efficient than workers. C) the firm is experiencing a diminishing marginal rate of technical substitution. D) there are decreasing returns to scale. 27. If

a firm triples inputs and produces twice the output, then there are A) constant returns to scale. B) diminishing marginal product.

C) decreasing returns to scale. D) increasing returns to scale. 28. Sarah earns \$40, 000 per year working for a large corporation. She is thinking of quitting this job to work full time in her own business. She will invest her savings of annual opportunity cost of this new business is B) \$40, 000. C) \$45, 000. D) \$90, 000. 29. A firm's marginal cost can always be thought of as the change in total cost if A) the firm produces one more unit of output. B) the firm buys one more unit of capital. C) the firm's average cost increases by \$1 . D) the firm moves to the next highest Squanto. 0.

Assume baseball player salaries are fully determined before the season starts. From the point of view of the baseball team owner, player salaries during the course of the season are then A) variable costs. B) marginal costs. C) fixed costs. D) average costs. 31 . Which of the following will cause the average fixed cost curve of making cigarettes to shift? A) a \$5 million

penalty charged to each cigarette maker B) a \$1 per pack tax on cigarettes
C) a \$3 per hour wage increase D) An increase in the demand for cigarettes.

32. Suppose that each worker must use only one shovel to dig a trench, and shovels are useless by themselves.

In the long run, an increase in the price of shovels will result in A) fewer shovels being purchased to produce the same number of trenches. B) more workers being hired to produce the same number of trenches. C) the firm wishing to produce more trenches. D) no change in the firm's input mix. 33.

The total cost of producing one unit is \$50. The total cost of producing two units is \$75. At a production level of two units, the cost function exhibits A) economies of scale. B) rising average costs. C) increasing marginal costs. D) constant returns to scale. 34.

If a competitive firm maximizes short-run profits by producing some quantity of output, which of the following must be true at that level of output? A) $p = MAC$ C) $p > PVC$ D) All of the above A) the firm is not subject to regulation by a government agency. B) the manager and owner can manipulate reported profit. C) the firm has positive profits. D) the goals of the owner and manager are aligned. 36. Toast's Just-in-time system is an example of A) backward

(upstream) integration. B) quasi-vertical integration. C) using transfer pricing to avoid price controls. D) horizontal, downstream integration. . The above figure shows the cost curves for a competitive firm. If the firm is to operate

in the short run, price must exceed C) \$10. D) \$15. 38. The above figure

shows the cost curves for a competitive firm. If the profit-maximizing level

of output is 40 price is equal to B) \$15. 39. A profit maximizing firm selects

output such that A) average profit is maximized. B) total profit is maximized.

C) marginal profit is maximized. D) 80th A and B. 40. Which is an important aspect of the perfectly competitive market that leads to long run equilibrium? A) perfect information B) freedom of entry and exit

C) price taking behavior D) homogeneous products 41 . Mary purchased a stuffed animal toy for \$5. After a few weeks, someone offered her \$100 for the toy. Mary refused. One can conclude that Mar's consumer surplus from the toy is A) less than \$5. B) at least \$95. C) at least \$100. 42. If a market produces a level of output below the competitive equilibrium, then A) social welfare is not maximized. B) consumer surplus might still be maximized. C) the actual price will be below the equilibrium price. D) social welfare might still be enhanced if a price ceiling keeps price below the competitive price.