

**ECON 101  
QUIZ 1**

**Note: ALL VERSIONS OF THE QUIZ ARE IN THIS DOCUMENT, IN NUMERICAL ORDER.**

Instructions: Answer each of the **SIX** questions. Using **pencil**, mark your answers on the answer sheet provided. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the last two boxes blank.

Keep this copy of the quiz - turn in only the answer sheet.

There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
  - a. Version 1 – Yellow
  - b. Version 2 – Purple
  - c. Version 3 – Green

Person	Production
Milton	3 pages stapled or 2 copies made
Michael Bolton	3 pages stapled or 4 copies made

2. Milton and Michael Bolton work for Initech, where they each make copies and staple papers, though rather slowly. With one hour of time each, Milton and Michael Bolton can each produce according to the table above. Based on the table, which of the following is true?
  - a. Milton has an absolute advantage and a comparative advantage in stapling pages
  - b. Milton has an absolute advantage in neither good, and a comparative advantage in stapling pages
  - c. Milton has an absolute advantage in neither good, and a comparative advantage in making copies
  - d. Milton has an absolute advantage in both goods, and a comparative advantage in making copies
  - e. none of the above

	Modem	Cellular Phone
A	0	1000
B	25	800
C	50	500
D	75	100

3. Vicky currently produces at point *B* in the PPF above. If Vicky moves from point *B* to point *C*, her opportunity cost per modem
  - a. decreases
  - b. is zero
  - c. remains the same
  - d. increases

4. Jeff is an auto-mechanic who only performs oil changes and air filter replacements. Which of the following results in economic growth for Jeff?

- a. Jeff starts exercising and can move around his shop quicker
- b. Jeff no longer faces opportunity costs
- c. A new technology is released that makes oil changes more efficient
- d. A fire destroys Jeff's shop
- e. both a and c are correct

5. In one day, Joan can change the oil on 15 cars or the tires on 10 cars. In one day, Fred can change the oil on 12 cars or the tires on 10 cars. Joan and Fred can gain from trade if Joan changes the \_\_\_\_\_ and Fred changes the \_\_\_\_\_.

- a. oil; tires
- b. tires; tires
- c. oil; oil
- d. tires; oil

6. The cost of spending hours of a day mountain biking instead of studying economics increases when

- a. There is an economics test the next day
- b. There are fewer bikers on the trail
- c. The economics exam next week is canceled
- d. The trails are very crowded that day
- e. a and d are both correct

Instructions: Answer each of the **SIX** questions. Using **pencil**, mark your answers on the answer sheet provided. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the last two boxes blank.

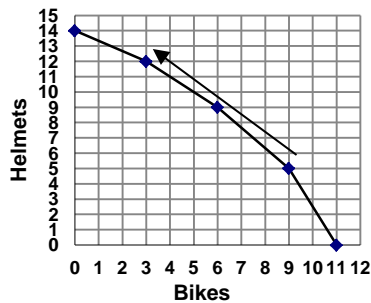
Keep this copy of the quiz - turn in only the answer sheet.

There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
  - a. Version 1 – Yellow
  - b. Version 2 – Purple
  - c. Version 3 – Green

Country	Production per month
Fiji	5 million tiki torches or 10 million sunglasses
Australia	2 million tiki torches or 8 million sunglasses

2. Fiji and Australia can both produce computers and books according to the table above. Based on the table, which of the following is true?
  - a. Australia has an absolute advantage and a comparative advantage in producing tiki torches
  - b. Australia has an absolute advantage in neither good, and a comparative advantage in producing tiki torches
  - c. Australia has an absolute advantage in neither good, and a comparative advantage in producing sunglasses
  - d. Australia has an absolute advantage in both goods, and a comparative advantage in producing tiki torches
  - e. none of the above



3. As Trek Bicycles moves along its production possibility frontier in the direction of the arrow in the figure, the opportunity cost of each helmet produced
  - a. decreases
  - b. is zero
  - c. remains the same
  - d. increases
  - e. both b and d are correct

4. In March, an information technology company developed a new software allowing them to produce more efficiently. Then in August, a virus destroyed half of their systems. The new software shifted the factory's *PPF* \_\_\_\_\_ and the virus shifted it \_\_\_\_\_.

- a. outward; inward
- b. outward; outward
- c. inward; outward
- d. inward; inward

Country	Production per month
Fiji	5 million tiki torches or 10 million sunglasses
Australia	2 million tiki torches or 8 million sunglasses

5. Given the production possibilities shown above, if Fiji and Australia specialize and trade according to the law of comparative advantage, who will be harmed by that trade?

- a. No one, free trade always benefits everyone
- b. Tiki torch producers in Australia
- c. Tiki torch producers in the Fiji
- d. Sunglass producers in Australia
- e. Everyone, free trade is detrimental to economies

6. Assuming that rational people are motivated by incentives, the college dropout rate typically falls during periods of high unemployment because

- a. College professors become less friendly
- b. The opportunity cost of attending college declines
- c. The demand for education falls
- d. The age at which it is legal to quit college depends on the unemployment rate
- e. The opportunity cost of attending college increases

Instructions: Answer each of the **Six** questions. Using **pencil**, mark your answers on the answer sheet provided. Print your name and student number clearly on the answer sheet. Fill in the bubbles corresponding to your student number, leaving the last two boxes blank.

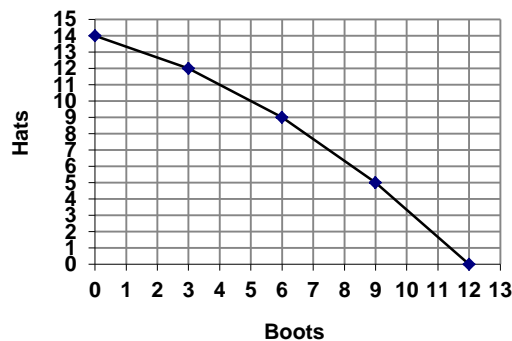
Keep this copy of the quiz - turn in only the answer sheet.

There are several versions of this quiz (each version is a different color). You are allowed and encouraged to collaborate with others to solve the quiz questions, so long as each person with whom you collaborate has a different version of the quiz. You are also welcome to work the quiz on your own.

1. My version of the quiz is
  - a. Version 1 – Yellow
  - b. Version 2 – Purple
  - c. Version 3 – Green

Person	Production per hour
E.T.	1 bike or 2 phone calls
Elliott	2 bikes or 3 phone calls

2. E.T. and Elliott are fixing bikes and making phone calls in order to get home. With one hour of time each, E.T. and Elliott can each produce according to the table above. Which of the following is true?
  - a. E.T. has an absolute advantage in bike production, and a comparative advantage in bike production.
  - b. E.T. has an absolute advantage in neither good, and a comparative advantage in bike production
  - c. E.T. has an absolute advantage in neither good, and a comparative advantage in phone call production
  - d. E.T. has an absolute advantage in both goods, and a comparative advantage in phone call production.
  - e. none of the above



3. The production possibilities curve in the graph above exhibits:
  - a. constant opportunity costs of both goods
  - b. increasing opportunity costs of both goods
  - c. increasing opportunity costs of boots but not hats
  - d. increasing opportunity costs of hats but not boots
  - e. none of the above

4. Sally is currently producing 2 helicopter rides and 4 kayak rides per hour. If Sally could produce more helicopter rides while at the same time not producing fewer kayak rides, she must currently be \_\_\_\_\_ her production possibility frontier, assuming she has constant opportunity costs.
- producing on
  - moving along
  - producing outside
  - producing inside

Person	Production per hour
E.T.	1 bike or 2 phone calls
Elliott	2 bikes or 3 phone calls

5. E.T. and Elliott are fixing bikes and making phone calls in order to get home. With one hour of time each, E.T. and Elliott can each produce according to the table above. Based on the information in the table above, E.T. and Elliott can gain from trade if:
- E.T. fixes bikes and Elliott makes phone calls.
  - E.T. makes phone calls and Elliott fixes bikes.
  - E.T. makes phone calls and fixes bikes.
  - Elliott makes phone calls and fixes bikes.
  - either c or d
6. Assuming that rational people are motivated by incentives, what would occur if the average salary of engineering majors rises by 30 percent and the average salary of English majors remains constant?
- Some students will shift majors from English to engineering.
  - Some students will shift majors from engineering to English.
  - Some students will stop majoring in both engineering and English.
  - Some students will drop out of college to work at McDonalds.
  - Some students will switch to Latin majors.

