

Econ 101 Class 4 Questions

1. Which of the following best explains the connection between the principle of comparative advantage and Ari and Sam's Production Possibilities?
 - A. Sam and Ari are inside the PPF unless Sam spends all her time writing.
 - B. Sam and Ari are inside the PPF unless Sam spends all her time charting.
 - C. The steeper slope of the PPF occurs when the opportunity cost of written words decreases.
 - D. The steeper slope of the PPF occurs when Ari begins using her time to write instead of making charts. **

2. Given the survivors produce 6 lbs of fish efficiently, what is their opportunity cost for 1 pound of fish?
 - A. 1/4 pound of berries
 - B. 2/3 pounds of berries **
 - C. 1.5 pounds of berries
 - D. 4 pounds of berries

3. In Kansas, 300 pounds of beef or 100 pounds of grapes.
In California, 150 pounds of beef or 200 pounds of grapes.
Which of the Following is Correct?
 - A. California should produce grapes because its opportunity cost of grapes is lower. **
 - B. California should produce grapes because its opportunity cost of grapes is higher.
 - C. Kansas should produce grapes because its opportunity cost of grapes is lower.
 - D. Kansas should produce grapes because its opportunity cost of grapes is higher.

4. Who wins when the U.S restricts imports of steel pipe?
 - A. U.S. manufacturers win because they are guaranteed high quality pipe.
 - B. U.S. steel producers win because they can sell steel at a higher price. **
 - C. U.S. construction firms win because they can buy pipe at a lower price.
 - D. Foreign steel producers win because they can sell pipe at a higher price.