

## Econ 101 Class 8 Questions

1. Over the next several years, it is reasonable to predict that the ratio of larger to smaller vehicles made in the U.S. will...
- A. Rise as the market price of larger cars falls.
  - B. Rise as a result of the increased cost of gasoline.
  - C. Fall as the market price of larger cars falls.
  - D. Fall as a result of the increased cost of gasoline. \*\*

2.

| Search Time (Hours) | Total Number of Cans Found |
|---------------------|----------------------------|
| 0                   | 0                          |
| 1                   | 600                        |
| 2                   | 1000                       |
| 3                   | 1300                       |
| 4                   | 1500                       |
| 5                   | 1600                       |

If Harry can wash dishes for \$6.00 per hour or earn \$0.02 per recycled can, how many hours per day should Harry devote to recycling? Harry should spend No More than:

- A. One hour
  - B. Two hours
  - C. Three hours \*\*
  - D. Four hours
3. A supply schedule is upward sloping because at higher prices
- A. Customers are willing to pay more for the good.
  - B. Firms perceive that the marginal cost of producing the good has increased.
  - C. Firms perceive that the marginal benefit of producing the good has increased. \*\*
  - D. Customers switch to substitute goods.
4. The firm in a competitive industry perceives its demand schedule to be horizontal because it...
- A. Has a substantial control over its price.
  - B. Can sell only a certain amount of the good as if there were a quota.
  - C. Can sell as much as it wants at the market price. \*\*
  - D. Has a constant marginal cost of production.