

## Econ 2302 - Principles of Microeconomics - Assignment 1

### Answer Section

#### MULTIPLE CHOICE

1. ANS: D                      PTS: 1                      DIF: 2                      REF: 1-1  
     NAT: Analytic            LOC: Efficiency and equity                      TOP: Efficiency | Equality  
     MSC: Interpretive
2. ANS: A                      PTS: 1                      DIF: 2                      REF: 1-1  
     NAT: Analytic            LOC: Scarcity, tradeoffs, and opportunity cost  
     TOP: Opportunity cost                      MSC: Interpretive
3. ANS: A                      PTS: 1                      DIF: 3                      REF: 1-1  
     NAT: Analytic            LOC: Marginal costs & benefits                      TOP: Marginal changes  
     MSC: Applicative
4. ANS: D                      PTS: 1                      DIF: 1                      REF: 1-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Gains from trade                      MSC: Interpretive
5. ANS: C                      PTS: 1                      DIF: 2                      REF: 1-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Trade                      MSC: Interpretive
6. ANS: C                      PTS: 1                      DIF: 1                      REF: 1-2  
     NAT: Analytic            LOC: Markets, market failure, and externalities  
     TOP: Market economies                      MSC: Definitional
7. ANS: D                      PTS: 1                      DIF: 1                      REF: 1-2  
     NAT: Analytic            LOC: Efficiency and equity                      TOP: Efficiency  
     MSC: Applicative
8. ANS: B                      PTS: 1                      DIF: 1                      REF: 1-2  
     NAT: Analytic            LOC: Markets, market failure, and externalities  
     TOP: Market failure                      MSC: Definitional
9. ANS: D                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: The study of economics and definitions in economics  
     TOP: Economists                      MSC: Interpretive
10. ANS: A                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: The study of economics and definitions in economics  
     TOP: Economists                      MSC: Interpretive
11. ANS: D                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: The study of economics and definitions in economics  
     TOP: Assumptions                      MSC: Interpretive
12. ANS: B                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Circular-flow diagram                      MSC: Interpretive
13. ANS: C                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Circular-flow diagram                      MSC: Interpretive
14. ANS: B                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier                      MSC: Interpretive

15. ANS: D                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier      MSC: Interpretive
16. ANS: D                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier      MSC: Applicative
17. ANS: C                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier | Efficiency      MSC: Applicative
18. ANS: B                      PTS: 1                      DIF: 2                      REF: 2-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier      MSC: Applicative
19. ANS: A                      PTS: 1                      DIF: 2                      REF: 2-2  
     NAT: Analytic            LOC: The study of economics and definitions in economics  
     TOP: Economists | Normative statements      MSC: Interpretive
20. ANS: A                      PTS: 1                      DIF: 2                      REF: 2-5  
     NAT: Analytic            LOC: Supply and demand      TOP: Demand  
     MSC: Applicative
21. ANS: C                      PTS: 1                      DIF: 2                      REF: 3-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production      MSC: Applicative
22. ANS: C                      PTS: 1                      DIF: 3                      REF: 3-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production      MSC: Analytical
23. ANS: B                      PTS: 1                      DIF: 3                      REF: 3-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production possibilities frontier      MSC: Analytical
24. ANS: D                      PTS: 1                      DIF: 2                      REF: 3-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Absolute advantage | Comparative advantage      MSC: Applicative
25. ANS: D                      PTS: 1                      DIF: 2                      REF: 3-2  
     NAT: Analytic            LOC: Scarcity, tradeoffs, and opportunity cost  
     TOP: Opportunity cost      MSC: Applicative
26. ANS: B                      PTS: 1                      DIF: 2                      REF: 3-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Absolute advantage      MSC: Applicative
27. ANS: A                      PTS: 1                      DIF: 3                      REF: 3-1  
     NAT: Analytic            LOC: Understanding and applying economic models  
     TOP: Production      MSC: Analytical
28. ANS: B                      PTS: 1                      DIF: 3                      REF: 3-2  
     NAT: Analytic            LOC: Scarcity, tradeoffs, and opportunity cost  
     TOP: Opportunity cost      MSC: Analytical
29. ANS: B                      PTS: 1                      DIF: 2                      REF: 3-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Specialization      MSC: Interpretive
30. ANS: C                      PTS: 1                      DIF: 2                      REF: 3-2  
     NAT: Analytic            LOC: Gains from trade, specialization and trade  
     TOP: Gains from trade      MSC: Interpretive

31. ANS: D PTS: 1 DIF: 3 REF: 3-2  
 NAT: Analytic LOC: Scarcity, tradeoffs, and opportunity cost  
 TOP: Opportunity cost MSC: Applicative
32. ANS: D PTS: 1 DIF: 2 REF: 3-2  
 NAT: Analytic LOC: Gains from trade, specialization and trade  
 TOP: Absolute advantage | Comparative advantage MSC: Applicative
33. ANS: A PTS: 1 DIF: 2 REF: 3-2  
 NAT: Analytic LOC: Scarcity, tradeoffs, and opportunity cost  
 TOP: Opportunity cost MSC: Applicative
34. ANS: A PTS: 1 DIF: 2 REF: 3-2  
 NAT: Analytic LOC: Scarcity, tradeoffs, and opportunity cost  
 TOP: Opportunity cost MSC: Applicative
35. ANS: D PTS: 1 DIF: 2 REF: 3-2  
 NAT: Analytic LOC: Gains from trade, specialization and trade  
 TOP: Absolute advantage | Comparative advantage MSC: Applicative
36. ANS: D PTS: 1 DIF: 2 REF: 3-2  
 NAT: Analytic LOC: Scarcity, tradeoffs, and opportunity cost  
 TOP: Opportunity cost MSC: Applicative
37. ANS: D PTS: 1 DIF: 1 REF: 3-3  
 NAT: Analytic LOC: Gains from trade, specialization and trade  
 TOP: Exports MSC: Definitional
38. ANS: A PTS: 1 DIF: 2 REF: 3-3  
 NAT: Analytic LOC: Gains from trade, specialization and trade  
 TOP: Trade MSC: Interpretive
39. ANS: D PTS: 1 DIF: 1 REF: 4-1  
 NAT: Analytic LOC: Perfect competition TOP: Competitive markets  
 MSC: Applicative
40. ANS: A PTS: 1 DIF: 1 REF: 4-1  
 NAT: Analytic LOC: Perfect competition TOP: Perfect competition  
 MSC: Definitional
41. ANS: B PTS: 1 DIF: 1 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Law of demand  
 MSC: Definitional
42. ANS: B PTS: 1 DIF: 2 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Demand curve  
 MSC: Interpretive
43. ANS: D PTS: 1 DIF: 2 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Market demand  
 MSC: Analytical
44. ANS: C PTS: 1 DIF: 2 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Law of demand  
 MSC: Applicative
45. ANS: B PTS: 1 DIF: 2 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Demand curve  
 MSC: Interpretive
46. ANS: D PTS: 1 DIF: 1 REF: 4-2  
 NAT: Analytic LOC: Supply and demand TOP: Complements  
 MSC: Definitional

47. ANS: C PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Quantity supplied  
MSC: Interpretive
48. ANS: C PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Law of supply  
MSC: Interpretive
49. ANS: C PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Supply curve  
MSC: Interpretive
50. ANS: B PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Supply curve | Quantity supplied  
MSC: Interpretive
51. ANS: B PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Market supply  
MSC: Interpretive
52. ANS: A PTS: 1 DIF: 2 REF: 4-3  
NAT: Analytic LOC: Supply and demand TOP: Technology  
MSC: Interpretive
53. ANS: C PTS: 1 DIF: 2 REF: 4-4  
NAT: Analytic LOC: Supply and demand TOP: Surpluses  
MSC: Applicative
54. ANS: A PTS: 1 DIF: 2 REF: 4-4  
NAT: Analytic LOC: Supply and demand TOP: Equilibrium | Normal goods  
MSC: Analytical
55. ANS: A PTS: 1 DIF: 2 REF: 4-4  
NAT: Analytic LOC: Supply and demand TOP: Number of buyers  
MSC: Applicative
56. ANS: A PTS: 1 DIF: 2 REF: 4-4  
NAT: Analytic LOC: Supply and demand TOP: Demand | Quantity supplied  
MSC: Applicative
57. ANS: D PTS: 1 DIF: 2 REF: 4-4  
NAT: Analytic LOC: Supply and demand TOP: Input prices  
MSC: Applicative
58. ANS: D PTS: 1 DIF: 1 REF: 4-5  
NAT: Analytic LOC: Supply and demand TOP: Market economies  
MSC: Definitional
59. ANS: D PTS: 1 DIF: 2 REF: 5-1  
NAT: Analytic LOC: Elasticity TOP: Price elasticity of demand  
MSC: Interpretive
60. ANS: B PTS: 1 DIF: 2 REF: 5-1  
NAT: Analytic LOC: Elasticity TOP: Price elasticity of demand  
MSC: Applicative
61. ANS: B PTS: 1 DIF: 1 REF: 5-1  
NAT: Analytic LOC: Elasticity TOP: Inelastic demand  
MSC: Definitional
62. ANS: A PTS: 1 DIF: 2 REF: 5-1  
NAT: Analytic LOC: Elasticity TOP: Perfectly inelastic demand  
MSC: Interpretive

63. ANS: A                      PTS: 1                      DIF: 2                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Total revenue | Price elasticity of demand  
      MSC: Applicative
64. ANS: C                      PTS: 1                      DIF: 3                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Total revenue | Price elasticity of demand  
      MSC: Analytical
65. ANS: A                      PTS: 1                      DIF: 2                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Total revenue | Price elasticity of demand  
      MSC: Applicative
66. ANS: A                      PTS: 1                      DIF: 2                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Total revenue | Price elasticity of demand  
      MSC: Applicative
67. ANS: A                      PTS: 1                      DIF: 2                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Midpoint method | Price elasticity of demand  
      MSC: Applicative
68. ANS: B                      PTS: 1                      DIF: 2                      REF: 5-1  
      NAT: Analytic            LOC: Elasticity            TOP: Cross-price elasticity of demand  
      MSC: Interpretive
69. ANS: D                      PTS: 1                      DIF: 2                      REF: 5-2  
      NAT: Analytic            LOC: Elasticity            TOP: Price elasticity of supply | Perfectly elastic supply  
      MSC: Interpretive
70. ANS: C                      PTS: 1                      DIF: 2                      REF: 5-2  
      NAT: Analytic            LOC: Elasticity            TOP: Price elasticity of supply | Perfectly inelastic supply  
      MSC: Definitional