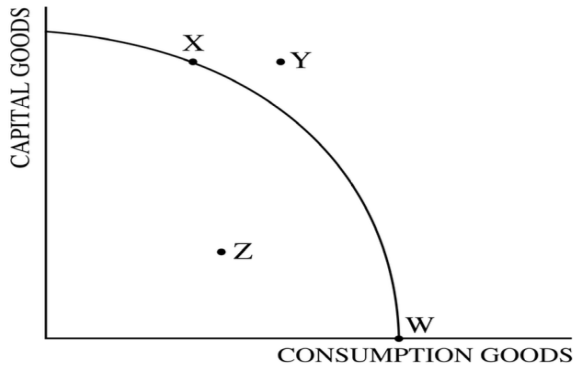


46. Karen works part-time at a local convenience store and earns \$10 per hour. She wants to spend next Saturday afternoon attending a music concert. The full price of a concert ticket is \$75, but Karen was able to get a discounted price of \$50 from a friend who purchased the ticket but has become unable to attend. If Karen took 4 hours off from her job to attend the concert, what was her opportunity cost of attending the concert?

- (A) \$40
- (B) \$50
- (C) \$75
- (D) \$90
- (E) \$115



45. The diagram above shows the production possibilities curve for an economy that produces only consumption and capital goods. All of the following statements about this economy are true EXCEPT:

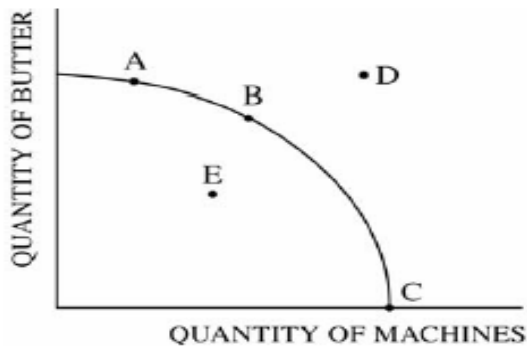
- (A) Producing at point Z results in the underutilization of resources.
- (B) The combination represented by point Y is unattainable, given the scarcity of resources.
- (C) Resources are fully utilized at points W and X.
- (D) Producing at point X will result in greater economic growth than will producing at point W.
- (E) Point X represents the most efficient combination of the two goods that can be produced by this economy.

9. The concept of opportunity cost would no longer be relevant if

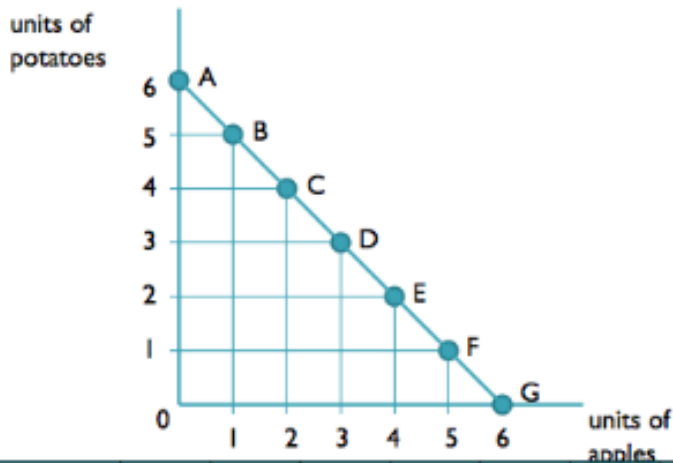
- (A) poverty in an economy no longer existed
- (B) the supply of all resources were unlimited
- (C) resources were allocated efficiently
- (D) real wages were flexible
- (E) all current incomes were invested in technological research

17. If resources were perfectly substitutable in all activities, which of the following would be true?

- (A) Output of all goods could be increased at zero opportunity cost.
- (B) The production possibilities curve would be a straight line.
- (C) Specialization and mutually beneficial trade would be impossible.
- (D) No country or individual would have a comparative advantage in any activity.
- (E) Scarcity of resources would be eliminated.



1. The diagram above shows the production possibilities curve for Country Y. Which of the following statements is true?
- (A) If Country Y is producing at point C, it is using all its resources efficiently.
 - (B) The opportunity cost of producing more machines is constant.
 - (C) Producing at point C is the most preferable, because butter is a nondurable good.
 - (D) Country Y cannot produce at point E.
 - (E) The economy is not producing at its potential, since it is not producing at point D.



	A	B	C	D	E	F	G
units of potatoes	6	5	4	3	2	1	0
units of apples	0	1	2	3	4	5	6

1. What is the m.b. of moving from F to E? What is the o.c.?
2. What is the m.b. of moving from B to D? What is the o.c.?
3. What is the opportunity cost of operating at point G?
4. What is the opportunity cost of operating at point A?
5. What can you say about this economy if it produces 2 units of potatoes and 3 units of apples?
6. Can this economy produce 8 units of potatoes and 4 units of apples? Why or why not?