1. If the country is currently producing at point A, it can produce more industrial goods by moving to point
   (A) A  
   (B) B  
   (C) C  
   (D) D  
   (E) E

2. Which of the following statements about the production curve is true?
   (A) Point D is not attainable given the society resources.  
   (B) Point C lies outside the production possibilities boundary because it represents a combination of resources not desired by the citizens of the country.  
   (C) Elimination of unemployment will move the production possibilities curve to the right, closer to point C.  
   (D) The relative positions of points A and B reflect production possibilities rather than relatives prices.  
   (E) Point B is not attainable in a developed country.

3. How might point C be attained?
   (A) If the country’s resources were more fully employed.  
   (B) If the country’s resources were shifted to encourage more efficient use of the scarce resources.  
   (C) If improvements in the technology occurred in either the industrial goods or the agriculture goods sector.  
   (D) If firms decreased their output of industrial goods.  
   (E) If the nation used more of its scarce resources to produce agriculture goods.

4. This question is based on the following table, which represents a factory’s production outputs:

<table>
<thead>
<tr>
<th>Combination</th>
<th>Tablets</th>
<th>Smart Phones</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>B</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>D</td>
<td>20</td>
<td>4</td>
</tr>
</tbody>
</table>

The opportunity cost of moving from combinations C to D is:
   (A) 2 tablets.  
   (B) 20 tablets.  
   (C) 3 smart phones.  
   (D) 4 smart phones.  
   (E) 5 smart phones.

5. Which of the following would cause an outward or rightward shift in the production possibilities curve?
   (A) An increase in unemployment  
   (B) An increase in inflation  
   (C) An increase in capital equipment  
   (D) A decrease in natural resources  
   (E) A decrease in the number of workers
6. Which of the following changes will have no effect on the production possibility boundary?
(A) the development of a new and superior fertilizer.
(B) an increase in unemployment.
(C) the development of a more productive method of steel production.
(D) growth in the labor force.
(E) all of the above affect the production possibility boundary.

7. All of the following would tend to increase a nation's production possibilities EXCEPT:
(A) the society becomes more accepting of women who work.
(B) a new hybrid for wheat is discovered.
(C) a government program is instituted that encourages college education.
(D) the nation decides (by whatever method) to increase production of investment goods and decrease production of consumption goods.
(E) all of the above would tend to expand a nation's production possibilities.

8. Production possibility frontiers are thought to be concave from the origin (bowed out) because:
(A) the different intensities with which commodities and services are used in producing capital, land, and labor.
(B) land, labor, and capital are used in fixed proportions in producing all commodities and services.
(C) the different intensities of people's labor efforts.
(D) all productive resources are equally suited for producing all goods.
(E) productive resources differ in their suitability for producing different goods.

9. Suppose you need to study six hours per week to earn a C, nine hours per week to earn a B, and 15 hours per week to earn an A. This implies:
(A) increasing returns to hours studied.
(B) decreasing returns to hours studied.
(C) constant returns to hours studied.
(D) that extra study is a waste of time.

Use the table below to answer question number 10

| "Guns" | 0  | 100 | 200 | 300 | 400 | 500 |
| "Bread" | 1000 | 900 | 750 | 550 | 300 | 0 |

10. Consider the above production possibilities table. The table shows the maximum combinations of bread and guns that can be produced when all resources are fully employed. We can conclude that:
(A) the opportunity cost of producing 200 guns instead of 100 guns is 750 units of bread.
(B) the opportunity cost of producing 500 guns instead of 300 guns is zero since we don't have to give up any bread.
(C) the opportunity cost of producing 400 guns instead of 100 guns is 600 units of bread.
(D) the opportunity cost of producing 300 units of bread instead of 750 units of bread is 400 guns.
(E) none of the above