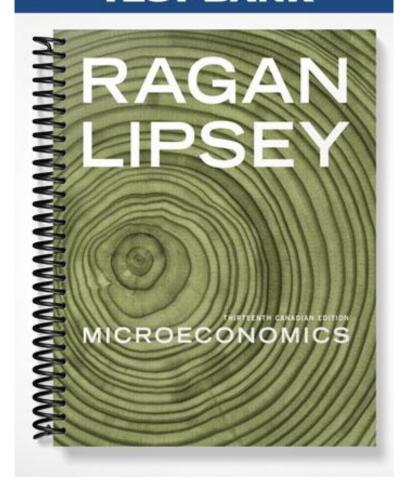
TEST BANK



MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the	question.
1) Disagreements over positive statements	1)
A) cannot arise because positive statements are facts.	
B) are basically devoid of any emotion.	
C) never occur.	
D) arise from the failure to distinguish between a positive and a normative statement.	
E) are best handled by an appeal to the facts.	
2) A positive statement is one that states	2)
A) what should be but is not.	
B) what is desirable.	
C) non-negative numbers.	
D) what is and what should be.	
E) what is, was, or will be.	
3) Positive statements	3)
A) have been verified by appeal to factual evidence.	<i>a)</i>
B) have no place in economics because economics deals only with value judgments.	
C) are seldom employed in social sciences like economics.	
D) form the basis of all normative arguments.	
E) are falsifiable in principle by appeal to factual evidence.	
, and the state of	
4) Which of the following is a positive statement?	4)
A) There should be one price for gasoline throughout the United States.	
B) The higher the price for gasoline, the less of it will be consumed.	
C) The United States should reduce its imports of consumer goods.	
D) Corporations in the United States should pay more taxes.	
E) Substitutes for fossil fuels should be developed.	
E) A normative statement	Ε)
5) A normative statementA) concerns what is provable.	5)
B) is a statement that is empirically testable.	
C) is one that involves a value judgment.	
D) has no place in the study and practice of economics.	
E) can be derived logically from facts.	
2) cuit de dess', en regions sucte.	
6) Which of the following is a normative statement?	6)
A) The sun rises in the west and sets in the east.	
B) An increase in the price of lumber is followed by a decrease in the construction of new	
houses.	
C) Bill Gates is the wealthiest person in the world.	
D) A government deficit will reduce unemployment and cause an increase in prices.	
E) Reducing unemployment is more important than reducing inflation.	
7) Which of the following is a normative statement?	7)
A) A free-trade agreement between two countries will result in an increase in trade.	,
B) The higher is the level of taxes, the higher are wage demands.	
C) Tuition fees should be waived for low-income students.	
D) The higher is the level of taxes, the lower is consumption spending.	
E) A reduction in export taxes on petroleum would result in higher wages.	

8) Suppose an economist tells you that the U.S. unemployment rate last year was 4.5 percent. This	8)
is an example of a(n) statement.	
A) induced	
B) autonomous	
C) imputed	
D) positive	
E) normative	
9) Suppose an economist tells you that, on average, people in the United States have too much	9)
personal debt. This is an example of a(n) statement.	
A) normative	
B) autonomous	
C) induced	
D) positive	
E) independent	
10) Which of the following statements belongs more properly in the field of normative economics	10)
than positive economics?	/
A) Farmers should be subsidized by the government.	
B) An increase in the minimum wage leads to more unemployment.	
C) Technological change has reduced the cost of long-distance phone service.	
D) The price of one U.S. dollar is 0.74 euros.	
E) When a drought occurs, the price of vegetables tends to rise.	
11) Value judgments	11)
A) are basically the same for all individuals.	
B) should be the only basis for public policies.	
C) are the basis for all economic models.	
D) are subjective opinions that cannot be proven.	
E) can be tested and verified.	
12) Which of the following best describes the relationship between positive and normative	12)
statements in economics?	
A) Normative statements evaluate the desirability of certain economic changes; positive	
statements do not.	
B) Economists generally agree with each other regardless of whether a question is positive or normative.	
C) Positive and normative statements are alternate ways of describing the desirability of certain economic policies.	
D) Normative statements are those with which all economists agree; positive statements may give rise to some disagreement.	
E) Neither positive nor normative statements are concerned with the desirability of certain	
economic changes.	
12) A through	10\
13) A theory A) is an explanation of how exents are linked together.	13)
A) is an explanation of how events are linked together.	
B) is a scientific idea without useful application.	
C) assumes definitions for variables.	
D) enables one to make prophesies about the future.E) is used to impose order on the world.	
L) is used to impose order on the world.	
14) An assertion about the desirability of reducing unemployment by lowering payroll taxes is most	like ly

A) a theory.	
B) a testable proposition.	
C) a normative statement.	
D) a positive statement.	
E) a hypothesis.	
45) 17 - 11	4=\
15) Variables	15)
A) are magnitudes that can take on different possible values.	
B) provide an explanation of the variability of economic data.	
C) explain the relationship among hypotheses.	
D) are deduced from the assumptions.	
E) outline the conditions under which the theory applies.	
16) An economic theory requires all of the following EXCEPT:	16)
A) a set of assumptions about the conditions under which the theory applies.	,
B) a set of definitions of the variables to be considered.	
C) a set of hypotheses about the relationships between the variables.	
D) a set of value judgments to interpret the empirical evidence.	
E) assumptions about motives of the people or firms involved.	
, 1	
17) Choose the statement that best describes how endogenous variables differ from exogenous	17)
variables.	
A) An endogenous variable is a flow, while an exogenous variable is a stock.	
B) An endogenous variable is explained within the theory, while an exogenous variable	
influences the endogenous variables but is determined outside the theory.	
C) An endogenous variable is a function of the exogenous variable, and both are stock	
variables.	
D) An exogenous variable is a function of the endogenous variable, and both are flow	
variables.	
E) An endogenous variable is explained outside the theory and influences an exogenous	
variable in a way determined by the theory.	
18) Suppose there is a theory that several things influence the price of fish in Boston, one of which is	10)
the weather during the fishing season. When examining the determinants of the price of fish, the	18)
weather is	
A) an endogenous variable, as it influences the price of fish.	
B) a stock, as it influences the quantity of fish caught.	
C) an exogenous variable, as it is determined outside the theory.	
D) an endogenous variable, as it is determined within the theory.	
E) an act of God and, therefore, has no legitimate connection with the theory.	
,	
19) The statement that a country's rate of economic growth is influenced by its firms' investment	19)
behavior is an example of a(n)	
A) variable.	
B) theory.	
C) prediction.	
D) economic law.	
E) normative statement.	
	• 0)
20) The statement that a two-percent increase in the money supply leads to a two-percent increase in	20)
the price level is an example of a(n)	

14)

B) variable.	
C) model.	
D) hypothesis.	
E) assumption.	
21) Which of the following statements is FALSE?	21)
A) Confronting its predictions with evidence tests a theory.	
B) A theory consists of definitions, variables, assumptions, hypotheses, and predictions.	
C) A hypothesis is a conditional statement.	
D) If predictions are logically deduced from assumptions, the predictions are necessarily true.	
E) A variable can take on different values.	
22) The statement that introducing a policy of legislated rent controls will lead to a housing shortage	22)
is an example of a(n)	
A) prediction.	
B) assumption.	
C) theory.	
D) normative statement.	
E) model.	
23) A valid theory	23)
A) allows one to prove irrefutably one's hypothesis.	
B) appeals to the law of large numbers.	
C) generates a hypothesis that can predict future events.	
D) extrapolates from the past behavior of a variable to predict its future course.	
E) allows one to deduce a normative statement.	
24) A theory	24)
A) will be useful only if all human behavior is rational.	,
B) is only useful if its underlying assumptions are realistic.	
C) will predict more accurately if it contains a greater number of mathematical equations.	
D) must be judged on its ability to explain and predict real-world phenomena.	
E) will be useful as long as it is logically consistent.	
25) Which of the following pairs of words have similar meanings?	25)
A) independent and exogenous	
B) endogenous and autonomous	
C) induced and autonomous	
D) induced and exogenous	
E) dependent and exogenous	
26) The statement that a country's rate of GDP growth is influenced by individuals' saving behavior	26)
is an example of a(n)	
A) theory.	
B) variable.	
C) prediction.	
D) normative statement.	
E) economic law.	
27) Economists build models that abstract from the complexities of reality because	27)
A) economists do not understand the real world.	,

A) normative statement.

B) they believe they gain a greater understanding of reality.C) the complexities of reality are unimportant.D) economists are not interested in reality.E) it is easier to do so.	
28) Suppose an individual wheat farmer's income is influenced by the region's average daily temperature. When examining the determinants of individual farmer income, the average daily temperature is a(n) variable.	28)
A) induced	
B) endogenous	
C) dependent	
D) exogenous E) flow	
29) Suppose we have data for 1000 students for a period of one year. The data show that those students who spend more hours studying have a higher grade point average (GPA). We can say	29)
that	
A) if hours of study time increase, then GPA will automatically increase.B) there is a positive correlation between hours of study time and GPA.	
C) there is a causal relationship between hours of study time and GPA.	
D) having a higher GPA leads students to spend more time studying.	
E) more hours spent studying leads to a higher GPA.	
30) Suppose economists at the World Bank discover a positive correlation between family income	30)
and female education levels in developing countries. We can say that	
A) an increase in female education levels causes an increase in family incomes. B) the correlation is inconsistent with a theory that an increase in female education levels.	
B) the correlation is inconsistent with a theory that an increase in female education levels causes an increase in family income.	
C) there is a causal relationship between family income and female education.	
D) the observed correlation is consistent with a theory that an increase in female education	
levels causes an increase in family income.	
E) an increase in family income causes an increase in female education levels.	
31) When using statistics in economics, the possibility of error	31)
A) can be eliminated with more sophisticated statistical techniques.	
B) is not considered to be important.	
C) cannot be controlled.	
D) cannot be evaluated.	
E) cannot be eliminated.	
32) Suppose that a particular theory predicts that on sunny days consumption will rise and that on cloudy days consumption will fall. If an economist tests this theory and finds that over a	32)
six-month period the theory predicts accurately, the economist would likely say	
A) the theory shouldn't be taken seriously.	
B) the theory has been proven correct.	
C) the theory is always reliable.	
D) the evidence fails to reject the theory.	
E) that the theory is not useful because consumption involves irrational human behavior.	
33) A hypothesis (or a prediction) is a statement about	33)
A) how two or more variables are related to each other.	
B) those things which we believe to be true, but cannot prove.	

C) how assumptions affect theories.D) the relationship between facts explained by the hypothesis.E) what will happen in the future.	
 34) A scientific prediction is A) a prophesy of how the future will unfold. B) always based on the law of large numbers. C) a causal statement of the following form: A will occur because B occurred. D) a conditional statement of the following form: if A occurs, then B will follow. E) not testable. 	34)
 35) Each of the following is an example of a hypothesis EXCEPT: A) Charles does not enjoy movies. B) If Charles attends the movie, then John will not attend. C) If the movie is starring Harrison Ford, then Charles and John will both attend. D) If the price of a movie ticket increases, then John will attend fewer movies. E) If the theatre catches on fire, then people will leave the theatre. 	35)
36) Of the following, which is the most important characteristic of a successful theory?A) the theory adequately explains all economic behavior.B) the theory provides a basis for facts about economic behavior.C) the theory allows us to predict behavior reasonably accurately.D) all assumptions on which the theory is based are true.E) the theory could never be refuted.	36)
 37) When an economist assumes that the owners of firms are motivated only by the desire to maximize profits, the economist most likely believes that A) it doesn't matter whether or not the assumption is descriptively accurate; what matters is whether a theory built on the assumption predicts well. B) all people enter business for their own selfish gain. C) the assumption is inaccurate, since surveys have been taken and the owners of firms have admitted that they care about more than just profits. D) individuals entering business are quite narrow in their personal objectives. E) the assumption is descriptively accurate, since surveys have been taken and the owners of firms have admitted that their only objective is to maximize profits. 	37)
 38) An economic model that contains a highly realistic set of assumptions is A) useful because there is then very little difference between "theory" and "reality". B) not likely to be useful because of its particularized nature and its intractability. C) necessarily better able to predict the future. D) superior to a model whose assumptions are highly unrealistic. E) more abstract than a model whose assumptions are further removed from reality. 	38)
 39) The assumptions of a theory A) are indirectly refuted if and when the theory itself is rejected by empirical observation. B) should never be based in any way on actual human behavior. C) are to be as unrealistic as possible. D) are not necessary for the scientific approach. E) must be realistic if the theory is to be of any use. 	39)
40) The scientific approach to economic inquiry involves all of the following EXCEPT: A) testing the reality of the assumptions of the model.	40)

C) observing the real world.	
D) controlling for the possibility of error.	
E) testing the predictions with empirical data.	
41) Economics is scientific because	41)
A) individual behavior is predictable.	
B) economists use data.	
C) economists can conduct laboratory experiments.	
D) money can be used to measure value.	
E) it tests hypotheses by appealing to evidence.	
42) Which of the following statements is NOT correct?	42)
A) Normative statements cannot be tested by the scientific method.	
B) Exposing them to empirical evidence can best test positive statements.	
C) Economic predictions will be fulfilled when their underlying hypotheses conform to actual human behavior.	
D) Economic statements cannot be tested because human decisions involve free will.	
E) Economists test their theories by confronting the predictions of their theories with the evidence drawn from the real world.	
43) Economic theories	43)
A) are not useful because of the unrealistic assumptions they contain.	•
B) cannot be tested because we cannot do economic "experiments".	
C) can be used to help explain and predict economic behavior.	
D) cannot help to predict future behavior.	
E) must apply to all economies to be true.	
44) Using the scientific method to approach an economic issue involves	44)
A) considering stock and flow variables.	
B) seeking agreement from colleagues regarding the correctness of the theory.	
C) finding the correct data to validate the theory.	
D) formulating normative statements about it.	
E) setting up a theory to explain it and then determining if the theory can be refuted by evidence.	
45) In order to test a theory, one must	45)
A) present a series of normative statements and positive statements.	- /
B) confront the predictions of the theory with evidence.	
C) develop normative statements from the law of large numbers.	
D) develop a better explanation than the one presented.	
E) use assumptions that most closely reflect reality.	
46) An economic hypothesis will be rejected when	46)
A) the possibility of error has been completely eliminated.	•
B) one or more of the assumptions on which it is based fails to conform with reality.	
C) it is shown to be wrong with certainty by empirical observation.	
D) a single empirical observation is encountered in which its predictions fail.	
E) the probability that it is wrong, based on empirical observation, is judged to be unacceptably high.	
47) Suppose that a particular theory predicts that on Monday, Wednesday, and Friday the stock	market will

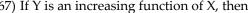
B) formulating a model to generate predictions.

Tuesday and Thursda y the stock market will fall. If an economis t tests this theory and finds that over a six-mont h period the
Thursda y the stock market will fall. If an economis t tests this theory and finds that over a six-mont h period
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A) shouldn't be taken seriously.
B) is reliable.
C) is not useful because stock markets involve irrational human behavior.D) has been proven correct.
E) is not rejected by the evidence.
E) is not rejected by the evidence.
48) The use of statistics in economics is
A) to study how the economic system should perform basic economic functions.
B) to test hypotheses and to estimate the values of variables in economic theories.
C) for descriptive purposes only.
D) entirely devoid of ethical judgments.
E) to model nature.
49) If a hypothesis is tested and rejected, 49)
A) it is rejected with certainty, because it is not possible to reject a hypothesis that is actually
true. B) the statistical tolerance of risk for accepting a false hypothesis should be increased.
C) the original data and assumptions should be discarded.
D) a new hypothesis is usually suggested and tested.
E) inquiry into the matter should cease.
, 1 ,
50) As a science, economics is disadvantaged in that
A) it is usually not possible to conduct controlled experiments in economics, in contrast with

certain other	sciences.	
B)	some economic variables are determined within the theory.	
C)	economic hypotheses cannot be accepted with complete certainty, by contrast with the	
	other sciences.	
D)	it deals with human behavior and thus is not open to empirical testing.	
	economic variables do not change enough to provide reliable data for testing hypotheses.	
_/	constitute variables as not classify crosses provide remains and restricting hypotheses.	
51) Most	economists believe that economics be made completely value-free, in part	51)
	use it is to absolutely refute a theory on the basis of factual evidence.	,
	can; possible	
	can; impossible	
	will; necessary	
	cannot; impossible	
	cannot; possible	
L)	cultion, possible	
52) An e	conomist collects data comparing per-capita expenditures on education across states for the	52)
•	2008. The best way to illustrate this data is	/
•	a scatter diagram.	
	a logarithmic scale diagram.	
	a cross-sectional bar-chart graph.	
•	a time-series bar chart diagram.	
	a time-series line graph.	
2)	a unic certes into grapin	
53) An e	conomist has data showing U.S. GDP for the years 1945-2008. The best way to illustrate	53)
these	e date is	
A)	a time-series bar chart diagram.	
	a cross-sectional bar-chart graph.	
	a time-series line graph.	
	a scatter diagram.	
	a logarithmic scale diagram.	
54) An e	conomist has data showing household income and energy consumption for 10,000	54)
	eholds. The best way to illustrate these data is	
	a cross-sectional bar-chart graph.	
В)	a time-series line graph.	
	a scatter diagram.	
	a time-series bar chart diagram.	
E)	a logarithmic scale diagram.	
55) Data	collected repeatedly over successive periods of time are called	55)
A)	time-analysis data.	
B)	cross-sectional data.	
C)	logarithmic data.	
D)	time-series data.	
E)	topographic data.	
EG) Data	collected of several variables but for the same time period are called	56)
•	logarithmic data.	<i>Juj</i>
	cross-sectional data.	
•	time-series data.	
•		
	time-analysis data. topographic data.	
E)	wpograpine data.	

57) A scatter diagram	57)
A) relates cross-sectional data only.	
B) relates time series data only.	
C) shows the dependence of one variable on another.	
D) is a graph of a theoretical relationship between two variables.	
E) plots a series of observations, showing the relationship between two variables.	
58) When it is said that variable A depends on variable B, then A is	58)
A) proportional to B.	
B) partially exclusive of B.	
C) a function of B.	
D) a derivative of B.	
E) independent of B.	
59) A functional relationship can be expressed in	59)
A) a mathematical equation.	
B) a graph.	
C) a numerical table.	
D) words.	
E) all of the above.	
60) When an increase in one variable is associated with a decrease in a second variable, the two variables are	60)
A) inversely proportionally related.	
B) positively related.	
C) negatively related.	
D) equivalent.	
E) proportionally related.	
61) When considering how a family's level of consumption changes in response to changes in its	61)
income,	
A) consumption is the dependent variable and income is the independent variable.	
B) income is the dependent variable and family consumption is the independent variable.	
C) both of the variables are independent.	
D) both of the variables are dependent.	
E) there is no relationship between the variables.	
62) The mathematical expression of a relationship between two or more variables is usually known	62)
as	
A) a definition.	
B) a function.	
C) an assumption.	
D) a theory.	
E) an observation.	
63) The statement "Y is a function of X" means that the	63)
A) values of Y and X are related to some third variable.	
B) value of Y depends on that of X.	
C) value of X depends on that of Y.	
D) values of Y and X are the same.	
E) values of Y and X are independent.	

64) When an increase in one variable is associated with an increase in a second variable, the two	64)
variables are	,
A) equivalent.	
B) positively related.	
C) inversely proportionally related.	
D) negatively related.	
E) proportionally related.	
65) Negatively related variables change such that as the value of one variable	65)
A) increases, the value of the other variable remains the same.	
B) increases, the value of the other variable increases.	
C) decreases, the value of the other variable remains the same.	
D) decreases, the value of the other variable decreases.	
E) increases, the value of the other decreases.	
66) Positively related variables change such that as the value of one variable	66)
A) increases, the value of the other variable remains the same.	
B) decreases, the value of the other variable decreases.	
C) increases, the value of the other variable decreases.	
D) decreases, the value of the other variable increases.	
E) decreases, the value of the other variable remains the same.	
67) If Y is an increasing function of X, then	67)



- A) Y increases when X decreases.
- B) X decreases when Y increases.
- C) Y decreases when X increases.
- D) Y increases when X increases.
- E) X remains constant as Y increases.

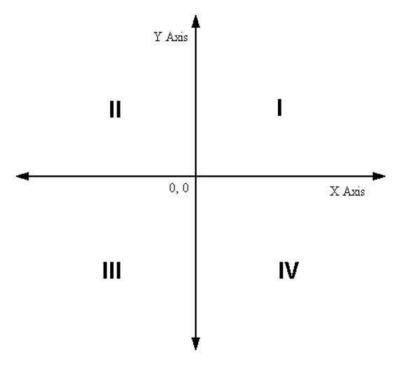


FIGURE 2-1

68) Refer to Figure 2	-1. In this coordinate	e graph, the variab	ole X is negative an	d the variable Y is	68)
positive in quadı	rant				
A) I	B) II	C) IV	D) III	
69) The slope of a str	raight line is necessa	rily			69)
A) zero.		·			
B) negative.					
C) constant.					
D) positive.					
	as one moves up the	line.			
70) Suppose that two	o points on a straigh	t line are (X = 4. Y	= 5), and (X = 2, Y	= 1). The slope of this	70)
line is	6	,	- // (,	-,
A) 4/5.	B) -1/2.	C) 1/2.	D) 2.	E) -2.	
71) If the graph of a	function is a horizoi	ntal line, the slope	of this line is		71)
A) infinity.					,
B) -1.					
C) 0.					
D) 1.					
E) undefined.					
L) unacimica.					
72) On a coordinate	aranh what is the V	intercent of the fu	unction V = 60 + 2V	"2	72)
·	~ ·	-			72)
A) 60	B) 0.1	C) 20	D) 3.0	E) -20	
72) Cumpasa maint A	nonnocente accudin	atos (V E V 6) s	and maint P range	unto coordinatos (V. 2	73)
	-			ents coordinates $(X = 2,$	73)
	slope of the straight			E) 2/2	
A) -1.	B) 2/3.	C) 5/6.	D) 1.	E) 3/2.	
74) The slope of a cu	rve is				74)
A) always neg	ative.				
B) always con					
C) always pos					
	the curve rises to the	e rioht			
	he curve rises to the	· ·			
L) positive ii t	ric curve rises to tric	rigitt.			
75) Consider the line	which is the graph	of the function Y	= 60 - 4X The slope	of this line is	75)
A) -40.	B) 4.	C) 60.	D) -2.5.	E) -4.0.	, , ,
A) -40.	D) 4.	C) 00.	D) -2.3.	E) -4.0.	
76) In a sa andinata	amanda zuritla V on tla	recombined assistant	V on the horizontal	lavia tha rraviable V is	76)
,	J 1			l axis, the variable X is	76)
	variable Y is negativ			D) 1-11 1 0	
A) top, left	B) top, ri	ight C) bottom, right	D) bottom, left	
77) Suppose point A	represents co-ordir	ates (X=10, Y=12)	and point B repres	ents co-ordinates (X=5,	77)
	ope of the straight l				-
A) 3/2.	B) -1.	C) 5/6.	D) 1.	E) 2/3.	
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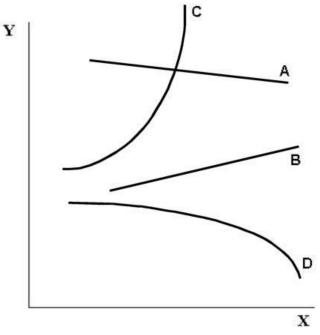


FIGURE 2-2

78) Refer to Figure 2-2. The slope of curve A isA) negative and constant.B) positive and changing.C) positive and constant.D) negative and changing.E) undefined.	78)
 79) Refer to Figure 2-2. The slope of curve B is A) undefined. B) negative and constant. C) positive and constant. D) negative and changing. E) positive and changing. 	79)
 80) Refer to Figure 2-2. The slope of curve C is A) impossible to describe. B) negative and constant. C) positive and constant. D) positive and changing. E) negative and changing. 	80)
81) Refer to Figure 2-2. The slope of curve D isA) negative and changing.B) negative and constant.C) positive and constant.	81)

D) positive and changing.

E) undefined.

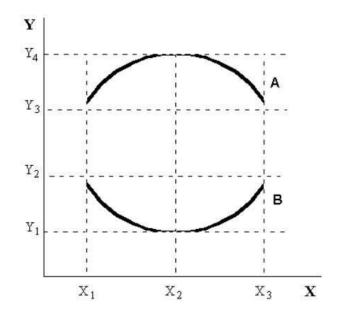
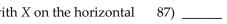


FIGURE 2-3

82) Refer to Figure 2-3. The slope of curve A is	82)
A) positive from X ₁ to X ₂ and negative from X ₂ to X ₃ .	- ,
B) negative and variable.	
C) zero.	
D) negative from X_1 to X_2 and positive from X_2 to X_3 .	
E) positive and variable.	
83) Refer to Figure 2-3. The slope of curve B is	83)
A) zero at X ₂ .	
B) always negative but variable.	
C) undefined at X_2 .	
D) negative from Y ₁ to Y ₂ and positive between Y ₂ and Y ₃ .	
E) always positive but variable.	
84) Refer to Figure 2-3. At X ₂ on curve A , the	84)
A) slope of the curve is zero.	
B) maximum occurs at Y ₁ .	
C) minimum occurs at Y ₄ .	
D) slope is increasing.	
E) slope is decreasing.	
85) Refer to Figure 2-3. On curve A, the maximum value of Y occurs at	85)
A) X ₁ .	
B) X ₃ .	
C) values of X greater than X ₃ .	
D) X ₂ .	
E) $X = 0$.	
86) Refer to Figure 2-3. At X ₂ on curve B , the	86)
A) minimum occurs at V ₄	

B) slope is decreasing.

C) slope is increasing.
D) slope of the curve is zero.
E) maximum occurs at Y ₁ .
At the minimum or the maximum of the graph of a nonlinear function (w
exis and Y on the vertical axis) the slope of the curve is



A) 0.

87)

B) -1.

C) undefined.

D) 1.

E) infinite.

88) At the minimum or the maximum of the graph of a nonlinear function (with *X* on the horizontal axis and *Y* on the vertical axis) the marginal response of *Y* to a small change in X is A) infinite.

88) ____

B) 1.

C) 0.

D) undefined.

E) -1.

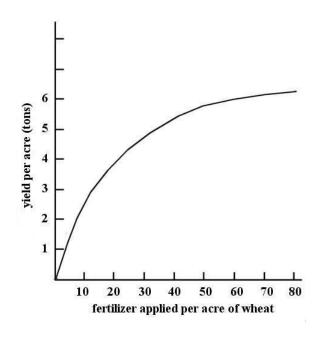


FIGURE 2-4

89) Refer to Figure 2-4. This nonlinear function shows that over the range shown,

89) _____

- A) as more fertilizer is applied, the marginal response in yield is increasing
- B) as the yield per acre increases, the amount of fertilizer required per acre is diminishing.
- C) as more fertilizer is applied, the total yield per acre is diminishing.
- D) as the yield per acre increases, the amount of fertilizer required per acre is increasing.
- E) as more fertilizer is applied, the marginal change in yield is diminishing.
- 90) Refer to Figure 2-4. The functional relation shown between fertilizer applied and wheat yield can 90) ______ be described as a
 - A) decreasing total response
 - B) constant marginal response.
 - C) increasing marginal response.

- D) increasing partial response.
- E) diminishing marginal response.
- 91) Refer to Figure 2-4. The slope of the nonlinear function changes as we move along the curve. The 91) ______slope is
 - A) positive and increasing, indicating an increasing marginal response.
 - B) negative and increasing, indicating an increasing marginal response.
 - C) constant at all points, indicating a constant marginal response.
 - D) negative and decreasing, indicating a diminishing marginal response.
 - E) positive and decreasing, indicating a diminishing marginal response.

- 1) E
- 2) E
- 3) E
- 4) B
- 5) C
- 6) E
- 7) C
- 8) D
- 9) A
- 10) A
- 11) D
- 12) A
- 13) A
- 14) C 15) A
- 16) D
- 17) B 18) C
- 19) B 20) D
- 21) D
- 22) A
- 23) C
- 24) D
- 25) A
- 26) A
- 27) B
- 28) D
- 29) B
- 30) D
- 31) E
- 32) D
- 33) A
- 34) D
- 35) A
- 36) C
- 37) A
- 38) B
- 39) A
- 40) A
- 41) E
- 42) D
- 43) C
- 44) E
- 45) B 46) E
- 47) E
- 48) B
- 49) D
- 50) A
- 51) D

- 52) C
- 53) C
- 54) C
- 55) D
- 56) B
- 57) E
- 58) C
- 59) E
- 60) C
- 61) A
- 62) B
- 63) B
- 64) B
- 65) E
- 66) B
- 67) D
- 68) B
- 69) C
- 70) D
- 71) C
- 72) E
- 73) D
- 74) E
- 75) E
- 76) C
- 77) D
- 78) A
- 79) C 80) D
- 81) A
- 82) A
- 83) A
- 84) A
- 85) D
- 86) D
- 87) A
- 88) C
- 89) E
- 90) E
- 91) E