

## Easy multiple choice 2

1. You earn a wage of \$40 per hour. A game of golf, one of your great passions, usually lasts about 4 hours. The golf course is only open during working hours and costs \$75 per game. The opportunity cost of playing golf is:
  - (a) \$75
  - (b) \$235
  - (c) \$85
  - (d) \$160
  - (e) \$115
2. Argentina and Japan only produce meat and robots. Suppose that each country has 100 workers. Each Japanese worker can produce up to 12 robots or 1 kg of meat. Each Argentine worker can produce up to 1 robot or 4 kg of meat. Which of the following statements is true?
  - (a) If the countries specialize in the production of one good, Japan would produce meat and Argentina robots.
  - (b) If the countries specialize in the production of one good, Japan would produce robots and Argentina meat.
  - (c) Japan has a comparative advantage in the production of both goods.
  - (d) Japan has no incentives to trade with Argentina.
  - (e) Options C and D are true.
3. Two friends, Berlin and Tokyo, have time to produce beer and sake (an alcoholic beverage made from rice). The maximum amount of liters of each beverage they can produce in a day's work is indicated in the following table:

	Beer	Sake
Tokyo	5	10
Berlin	10	20

Which of the following statements is correct?

- (a) Tokyo sells beer to Berlin.
- (b) Berlin sells beer to Tokyo.
- (c) Tokyo has an absolute advantage in the production of sake.
- (d) Tokyo has a comparative advantage in the production of sake.
- (e) There are no incentives for trade.

4. Marina has an income of \$1,000 and only consumes meat and cleaning products. The price of one kilo of meat is \$50 and the price of a cleaning product is \$20. Last week Marina noticed a change in prices: the price of meat increased by 10%, while if she buys more than 20 units of cleaning products, she gets a 20% discount on each unit above 20 units. Assume that the goods are divisible. Determine the correct option:

- (a) If Marina only consumed meat, she could now buy 10% more than before.
- (b) If Marina only consumed cleaning products, she could now buy 15% more than before.
- (c) Marina can continue to buy 12 kilos of meat and 20 cleaning products.
- (d) In no case (neither before nor after the price change) could Marina afford to buy at the same time 5 kilos of meat and 40 cleaning products.
- (e) None of the above is correct.

5. On an island, apples and pears are produced. Apple producers take an average of half an hour to produce an apple and 4 hours to produce a pear. Pear producers take 2 hours to produce an apple and 1 hour to produce a pear. On this island, there are 8 apple producers and 6 pear producers. Everyone works 10 hours per day. Think about the daily joint production possibility frontier of this island. If one day the island is efficiently producing 160 apples and the island's leader wants 15 more apples to be produced efficiently, who should be in charge of producing these additional 15 apples?

- (a) Both pear and apple producers
- (b) Apple producers
- (c) Pear producers
- (d) Half of the apple producers and half of the pear producers
- (e) There is not enough information to answer

## Solutions

1. b)
2. b)
3. e)
4. b)
5. c)