

## SAMPLE EXAM QUESTIONS

### TRUE-FALSE ( 1.5 points each). Circle your answer.

1. Cars produced by **General Motors in Mexico** would be included in U.S. Gross Domestic Product.

TRUE

FALSE

2. *Frictional* unemployment will typically be a short-term problem for someone between jobs.

TRUE

FALSE

### MULTIPLE CHOICE (3 points each). Circle our answer.

3. Consider the following information regarding a person's decision to go to college: college tuition is \$20,000 per year, room and board is \$10,000 per year, and books and materials are \$2,000 per year. Suppose that instead of going to college this person could have earned \$18,000 working in a store. **The real cost** of going to college then is

- a. \$20,000.
- b. \$30,000.
- c. \$32,000.
- d. \$50,000.
- e. \$18,000.

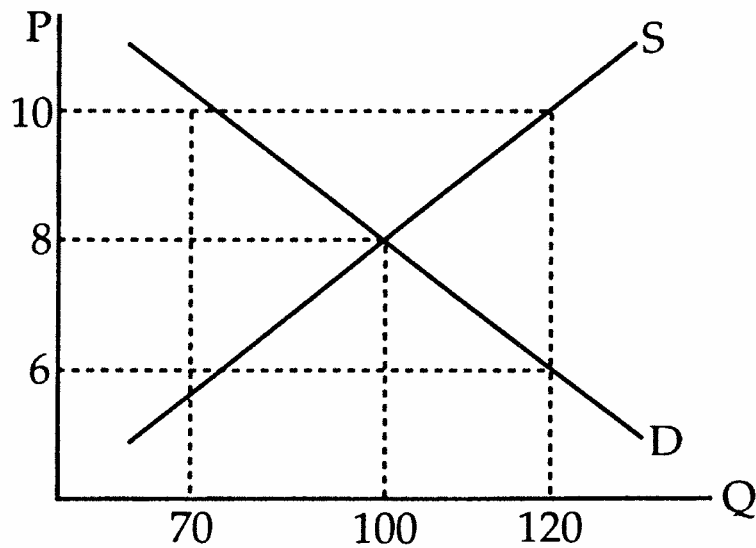
4. For a given production possibilities frontier, which points are **attainable**?

- a. points inside the frontier
- b. points outside the frontier
- c. points on or outside the frontier
- d. points on the frontier only
- e. points on or inside the frontier

5. Which of the following would be most likely to cause **an outward shift (to the right) of the demand curve for electricity**?

- a. a decrease in the price of electricity
- b. an increase in the price of electricity
- c. an increase in the price of heating oil
- d. a decrease in the price of natural gas

FIGURE 3-18



6. In Figure 3-18, there would be a surplus of T-shirts if the price were
- \$10.
  - \$8.
  - \$6.
  - between \$8 and \$6.
7. If the population increase in India is **smaller** than the increase in Indian real GDP, then **GDP per capita** will
- decrease.
  - increase.
  - remain constant.
  - will decrease at a lower rate than increase in real GDP.

**SHORT ESSAYS (6 points each)**

8. Consumers expressed outrage at the **high price of chainsaws** after Hurricane Andrew hit Florida and Louisiana, with newspaper editorials accusing suppliers of unconscionable price gouging. **Draw** a supply and demand graph to assist in *explaining the increase in the price of chain saws after Hurricane Andrew*.

9. How is the **unemployment rate calculated**? Write down the formula. List **at least three types** of unemployment.