Microeconomics Canadian 3rd Edition Krugman Test Bank

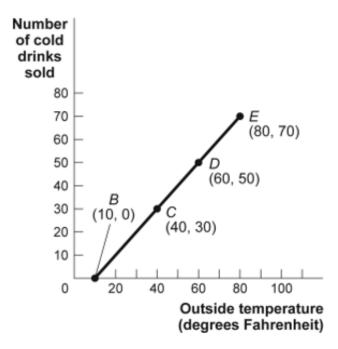
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1.	A) B) C)	point at which the axes of a graph intersect is called the: slope. origin. graph. intercept.
2.	A) B) C)	of a curve shows the point at which the curve intersects an axis. slope steepness intercept origin
3.	A) B) C)	vo variables are positively related, on a graph they will always be represented by a line or curve that slopes downward. straight line. horizontal line. line or curve that slopes upward.
4.	A) B) C)	vo variables are negatively related, they will always be represented by a: line or curve that slopes downward. straight line. horizontal line. line or curve that slopes upward.
5.	If tw A) B) C) D)	as one goes up in value, the other must go up in value, too. as one goes up in value, the other must go down in value. there is no relationship between the two. one variable is always the reciprocal of the other.
6.	If tw A) B) C) D)	as one goes up in value, the other must go up in value, too. as one goes up in value, the other must go down in value. there is no relationship between the two. one variable is always the reciprocal of the other.

- 7. The relation between two variables that move in the same direction is said to be:
 - A) independent.
 - B) neutral.
 - C) positive.
 - D) indirect.
- 8. The relation between two variables that move in opposite directions is said to be:
 - A) independent.
 - B) positive.
 - C) direct.
 - D) negative.
- 9. On a two-dimensional graph representing two variables:
 - A) a positive slope of a curve means the variables are negatively related.
 - B) a negative slope of a curve means the two variables are positively related.
 - C) a line that is horizontal has a zero slope.
 - D) a line that is vertical has a zero slope.

Use the following to answer questions 10-12:

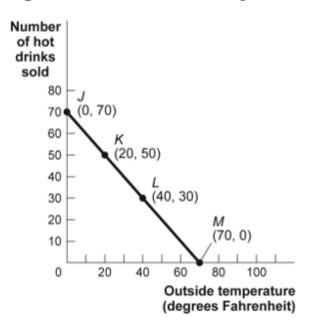
Figure: Cold Drinks Sold and Temperature



10.	Temperature. If we move from point C to point E in the figure, the outside temperature has degrees and the number of cold drinks sold has			
	A)	_		
	B)	increased by 20; increased by 20		
	Ć)	·		
	,	increased by 40; increased by 40		
11.	Ten	increased by 20; increased by 20 increased by 30; increased by 30		
12.	Tem has A) B) C)	ure: Cold Drinks Sold and Temperature) Use Figure: Cold Drinks Sold and apperature. If we move from point <i>C</i> to point <i>D</i> in the figure, the outside temperature degrees and the number of cold drinks sold has decreased by 30; decreased by 30 increased by 20 increased by 20; increased by 30 increased by 40: increased by 40:		

Use the following to answer questions 13-15:

Figure: Hot Drinks Sold and Temperature

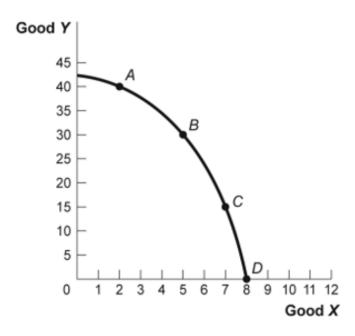


- 13. (Figure: Hot Drinks Sold and Temperature) Use Figure: Hot Drinks Sold and Temperature. If we move from point *K* to point *L* in the figure, the outside temperature has ______ degrees and the number of hot drinks sold has _____.
 - A) decreased by 30; increased by 30
 - B) increased by 20; decreased by 20
 - C) increased by 30; decreased by 30
 - D) increased by 40; decreased by 40
- 14. (Figure: Hot Drinks Sold and Temperature) Use Figure: Hot Drinks Sold and Temperature. If we move from point *J* to point *L* in the figure, the outside temperature has ______ degrees and the number of hot drinks sold has _____.
 - A) decreased by 30; increased by 30
 - B) increased by 20; decreased by 20
 - C) increased by 30; decreased by 30
 - D) increased by 40; decreased by 40

- 15. (Figure: Hot Drinks Sold and Temperature) Use Figure: Hot Drinks Sold and Temperature. If we move from point *L* to point *M* in the figure, the outside temperature has ______ degrees and the number of hot drinks sold has _____.
 - A) decreased by 30; increased by 30
 - B) increased by 20; decreased by 20
 - C) increased by 30; decreased by 30
 - D) increased by 40; decreased by 40

Use the following to answer questions 16-17:

Figure: Good X and Good Y



- 16. (Figure: Good X and Good Y) Use Figure: Good X and Good Y. If we move from point *B* to point *C* in the figure, the *x*-variable has _____ units and the *y*-variable has _____ units.
 - A) decreased by 2; increased by 15
 - B) increased by 2; decreased by 15
 - C) decreased by 15; increased by 2
 - D) increased by 15; decreased by 2

- 17. (Figure: Good X and Good Y) Use Figure: Good X and Good Y. If we move from point *C* to point *B* in the figure, the *x*-variable has _____ units and the *y*-variable has units.
 - A) decreased by 2; increased by 15
 - B) increased by 2; decreased by 15
 - C) decreased by 15; increased by 2
 - D) increased by 15; decreased by 2
- 18. In the graph of a curve, the vertical intercept is the:
 - A) value of the y-variable when the value of the x-variable is equal to zero.
 - B) change in the *y*-variable between two points divided by the change in the *x*-variable between those same two points.
 - C) value of the y-variable when the value of the slope is equal to zero.
 - D) value of the x-variable when the value of the y-variable is equal to zero.

Use the following to answer question 19:

Table: Hours Studied and Quiz Score

Hours Studied for Economics Quiz	Score on the Economics Quiz (maximum 10 points)		
0	2		
1	4		
2	6		
3	8		
4	10		

19. (Table: Hours Studied and Quiz Score) Use Table: Hours Studied and Quiz Score. The table shows data for students in an economics class. If we were to graph these data and draw a line through the points, we would choose _____ to be the independent variable; the vertical intercept of our line would be _____; and the slope of our line would be

A) quiz score; y = 2; -2

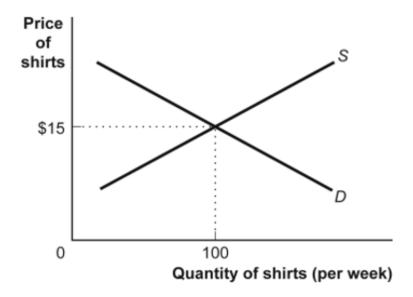
B) quiz score; x = 0; -2

C) hours studied; y = 0; +2

D) hours studied; y = 2; +2

Use the following to answer questions 20-21:

Figure: Demand and Supply of Shirts



- 20. (Figure: Demand and Supply of Shirts) Use Figure: Demand and Supply of Shirts. In the graph, if the line labeled *D* shows how many shirts per week will be demanded at various prices, then it is clear that, as the price of shirts falls:
 - A) fewer shirts will be demanded.
 - B) more shirts will be demanded.
 - C) the same quantity of shirts will be demanded.
 - D) it is unclear what will happen to the quantity of shirts demanded.
- 21. (Figure: Demand and Supply of Shirts) Use Figure Demand and Supply of Shirts. If the line labeled *S* shows how many shirts per week will be offered for sale at various prices, then it is clear that, for supply, quantity and price are:
 - A) the same.
 - B) positively related.
 - C) negatively related.
 - D) not related.

Use the following to answer question 22:

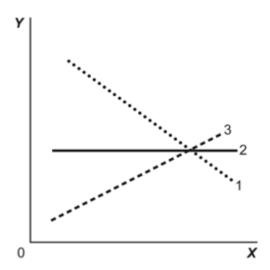
Table: Wages and Hours Willing to Work

		Hours
Point	Wage	Worked
A	6	0
В	8	5
C	12	20
D	20	40
E	30	45

- 22. (Table: Wages and Hours Willing to Work) Use Table: Wages and Hours Willing to Work. If it was graphed, the relationship between wage per hour and hours willing to work would be:
 - A) linear.
 - B) coordinated.
 - C) non-linear.
 - D) negatively sloped.

Use the following to answer questions 23-24:

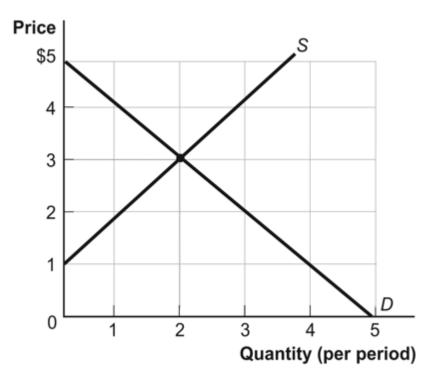
Figure: Illustrating Slope



- 23. (Figure: Illustrating Slope) Use Figure: Illustrating Slope. In the graph, line 1 depicts *X* and *Y* to be:
 - A) positively related.
 - B) non-linearly related.
 - C) unrelated.
 - D) negatively related.
- 24. (Figure: Illustrating Slope) Use Figure: Illustrating Slope. In the graph, line 3 depicts *X* and *Y* to be:
 - A) positively related.
 - B) unrelated.
 - C) negatively related.
 - D) both fixed in value.

Use the following to answer questions 25-26:

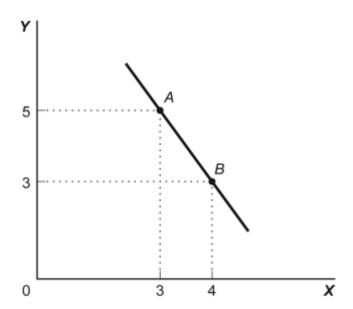
Figure: Demand and Supply



- 25. (Figure: Demand and Supply) Use Figure: Demand and Supply. The curve labeled *D* indicates that a price of \$2 is associated with a quantity of:
 - A) 0.
 - B) 1.
 - C) 2.
 - D) 3.
- 26. (Figure: Demand and Supply) Use Figure: Demand and Supply. The curve labeled *S* indicates that a price of \$2 is associated with a quantity of:
 - A) 0.
 - B) 1.
 - C) 2.
 - D) 3.

Use the following to answer question 27:

Figure: Slope



- 27. (Figure: Slope) Use Figure: Slope. This graph depicts _____ relationship between the *X* and *Y* variables.
 - A) a positive
 - B) a negative
 - C) an independent
 - D) no

Use the following to answer questions 28-29:

Table: Wages and Hours Worked

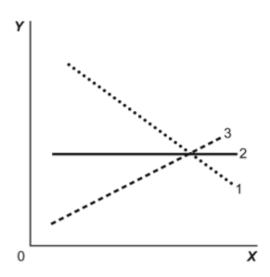
		Hours
Point	Wage	Worked
A	6	0
В	8	5
С	12	20
D	20	40
E	30	45

- 28. (Table: Wages and Hours Worked) Use Table: Wages and Hours Worked. Graphing the relation with wages on the vertical axis and hours worked on the horizontal axis, the slope between point *D* and point *E* is:
 - A) 0.5.
 - B) 5.
 - C) 45.
 - D) 2.
- 29. (Table: Wages and Hours Worked) Use Table: Wages and Hours Worked. Graphing the relation with wages on the vertical axis and hours worked on the horizontal axis, the slope between point *A* and point *B* is:
 - A) 2.5.
 - B) 5.
 - C) 2.
 - D) 2/5.
- 30. Two points on a non-linear curve have coordinates given by (5, 15) and (17, 13). The average slope of the curve between these points is:
 - A) -1/6.
 - B) -6.
 - C) 1/4.
 - D) 2.5.

- 31. If two points on a graph are (0, 8) and (12, 15):
 - A) X is 0 when Y is 12.
 - B) X and Y have a positive relation.
 - C) the horizontal intercept is given by the point (0, 8).
 - D) the slope of a line connecting the two points is negative.

Use the following to answer question 32:

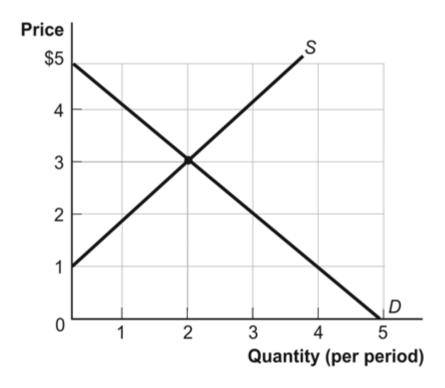
Figure: Illustrating Slope



- 32. (Figure: Illustrating Slope) Use Figure: Illustrating Slope. In the graph, line 2 has a slope of:
 - A) +1.
 - B) 0.
 - C) -1.
 - D) infinity.

Use the following to answer questions 33-34:

Figure: Demand and Supply

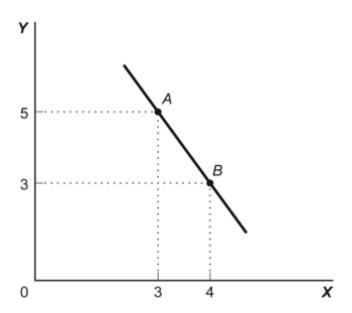


- 33. (Figure: Demand and Supply) Use Figure: Demand and Supply. The slope of the curve labeled D is:
 - A) -1.
 - B) 0.
 - C) 1.
 - D) 3.
- 34. (Figure: Demand and Supply) Use Figure: Demand and Supply. The slope of the curve labeled *S* is:
 - A) -1.
 - B) 0.
 - C) 1.
 - D) 3.

- 35. The slope of a straight line is the ratio of the:
 - A) vertical change to the horizontal change.
 - B) horizontal change to the vertical change.
 - C) run over the rise.
 - D) vertical change to the horizontal change, and it must be positive.

Use the following to answer questions 36-37:

Figure: Slope



- 36. (Figure: Slope) Use Figure: Slope. In the graph, the slope of the line between points *A* and *B* is:
 - A) +8.
 - B) -8.
 - C) -2.
 - D) +2.
- 37. (Figure: Slope) Use Figure: Slope. The slope of the line in the graph can be calculated by:
 - A) dividing the horizontal change by the vertical change.
 - B) dividing the vertical change by the horizontal change.
 - C) subtracting the sum of the Y values from the sum of the X values.
 - D) adding the sum of the *X* values to the sum of the *Y* values.

- 38. The ratio of the change in the variable on the vertical axis to the change in the variable on the horizontal axis, measured between two points on the curve, is the:
 - A) axis.
 - B) slope.
 - C) dependent variable.
 - D) independent variable.

Use the following to answer questions 39-42:

Table: Price, Quantity Demanded, and Quantity Supplied

Price	1	2	3	4	5
Quantity demanded	16	8	4	2	1
Quantity supplied	3	5	7	9	11

- 39. (Table: Price, Quantity Demanded, and Quantity Supplied) Use Table: Price, Quantity Demanded, and Quantity Supplied. A linear relationship exists between:
 - A) price and quantity demanded.
 - B) price and quantity supplied.
 - C) price and quantity demanded minus quantity supplied.
 - D) quantity demanded and quantity supplied.
- 40. (Table: Price, Quantity Demanded, and Quantity Supplied) Use Table: Price, Quantity Demanded, and Quantity Supplied. The data in the figure suggest a non-linear relation between:
 - A) price and quantity demanded.
 - B) price and quantity supplied.
 - C) price and quantity demanded, as well as price and quantity supplied.
 - D) The table does not show a non-linear relation.
- 41. (Table: Price, Quantity Demanded, and Quantity Supplied) Use Table: Price, Quantity Demanded, and Quantity Supplied. The slope of the line representing the relation between price on the vertical axis and quantity supplied on the horizontal axis is:
 - A) equal to 1/2.
 - B) equal to 1.
 - C) equal to 2.
 - D) different at different points on the line.

- 42. (Table: Price, Quantity Demanded, and Quantity Supplied) Use Table: Price, Quantity Demanded, and Quantity Supplied. The slope of the line representing the relationship between price on the vertical axis and quantity demanded on the horizontal axis is:
 - A) equal to 1/2.
 - B) equal to 1.
 - C) equal to 2.
 - D) different at different points on the line.

Use the following to answer question 43:

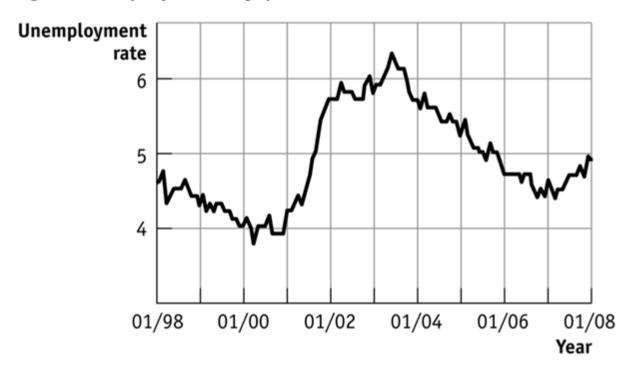
Figure: Y = f(X)



- 43. (Figure: y = f(x)) Use Figure: y = f(x). The slope of the relation between x and y is:
 - A) positive and constant.
 - B) negative and getting steeper.
 - C) positive and getting steeper.
 - D) positive and getting flatter.

Use the following to answer questions 44-48:

Figure: Seasonally Adjusted Unemployment Rate

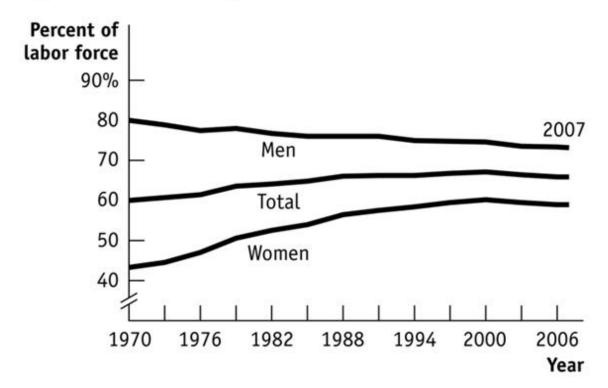


- 44. (Figure: Seasonally Adjusted Unemployment Rate) Use Figure: Seasonally Adjusted Unemployment Rate. The distance between each labeled point on the horizontal axis is 1 year, and the distance between each labeled point on the vertical axis is 1 percentage point of unemployment. What is the approximate slope of the graph between 1/2004 and 1/2006 (using percentage point and years as the units on the vertical and horizontal axes, respectively)?
 - A) 1/2
 - B) 1
 - C) -1/2
 - D) –2

45.	(Figure: Seasonally Adjusted Unemployment Rate) Use Figure: Seasonally Adjusted Unemployment Rate. The distance between each labeled point on the horizontal axis is 1 year, and the distance between each labeled point on the vertical axis is 1 percentage point of unemployment. What is the approximate slope of the graph between 1/2001 and 1/2003 (using percentage point and years as the units on the vertical and horizontal axes, respectively)? A) 2 B) 1 C) -1 D) -2
46.	(Figure: Seasonally Adjusted Unemployment Rate) Use Figure: Seasonally Adjusted Unemployment Rate. The distance between each labeled point on the horizontal axis is 1 year, and the distance between each labeled point on the vertical axis is 1 percentage point of unemployment. Unemployment was between 1/2001 and 1/2002 and between 1/1999 and 1/2000. A) increasing; decreasing B) increasing; increasing C) decreasing; increasing D) decreasing; decreasing
47.	(Figure: Seasonally Adjusted Unemployment Rate) Use Figure: Seasonally Adjusted Unemployment Rate. The distance between each labeled point on the horizontal axis is 1 year, and the distance between each labeled point on the vertical axis is 1 percentage point of unemployment. Unemployment was between 1/2001 and 1/2003 and between 1/2007 and 1/2008. A) increasing; decreasing B) increasing; increasing C) decreasing; increasing D) decreasing; decreasing
48.	(Figure: Seasonally Adjusted Unemployment Rate) Use Figure: Seasonally Adjusted Unemployment Rate. The distance between each labeled point on the horizontal axis is 1 year, and the distance between each labeled point on the vertical axis is 1 percentage point of unemployment. Using this graph, the unemployment rate was at its lowest point (in the time window shown) in and at its highest point (in the time window shown) in A) 2003; 2000 B) 2007; 2001 C) 2003; 1999 D) 2000; 2003

Use the following to answer questions 49-50:

Figure: Labor Force Participation Rate



- 49. (Figure: Labour Force Participation Rate) Use Figure: Labour Force Participation Rate. Using the figure, the labour force participation rate for women was _____ during 1970–1985 and _____ during 1998–2006.
 - A) increasing; slightly decreasing
 - B) increasing; increasing
 - C) decreasing; increasing
 - D) decreasing; constant
- 50. (Figure: Labour Force Participation Rate) Use Figure: Labour Force Participation Rate. During 1970–1985, the labour force participation rate was _____ for women and ____ for men.
 - A) increasing; decreasing
 - B) increasing; increasing
 - C) decreasing; increasing
 - D) decreasing; decreasing

- 51. Your boss asks you to graph company profits for the past 10 years. The BEST way to show this information is with a(n):
 - A) scatter diagram.
 - B) pie chart.
 - C) time-series graph.
 - D) independent graph.
- 52. The owner of the Dismal Philosopher, one of the five bookstores on University Road, asks you to make a graph showing each College Road bookstore's share of all five stores' book purchases. The BEST way to show this information is with a(n):
 - A) scatter diagram.
 - B) pie chart.
 - C) time-series graph.
 - D) independent graph.
- 53. Professor Macro wants to use a numerical graph to show the percentage of government spending accounted for by its various components. Which graph is MOST suitable for this purpose?
 - A) a bar graph
 - B) a pie chart
 - C) a time-series graph
 - D) a scatter diagram
- 54. A positive relationship between swimsuits purchased and ice cream purchased could be the result of:
 - A) reverse causality.
 - B) a magnified scale on the swimsuit axis.
 - C) a truncation of the ice cream axis.
 - D) an omitted variable, such as the external temperature.
- 55. Taylor sees a bar graph showing the average weight of adult males over the past 200 years and concludes that men get more obese over time. Taylor's conclusion may be wrong since she did not consider:
 - A) the features of construction.
 - B) omitted variables.
 - C) reverse causality.
 - D) tangent lines.

Use the following to answer questions 56-59:

Figure: Unemployment Rate over Time



Source: Bureau of Labor Statistics.

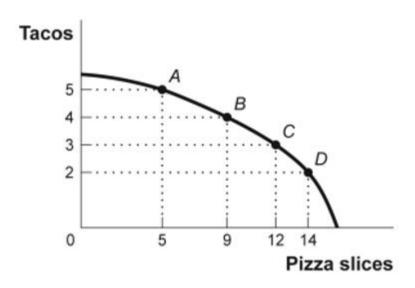
- 56. (Figure: Unemployment Rate over Time) Look at the figure Unemployment Rate over Time. In the time-series graph, as we move from the beginning of 2001 to the beginning of 2003, we see that the unemployment rate has _____ from approximately _____ to approximately _____.
 - A) decreased; 5%; 4%
 - B) increased; 5.3%; 7.3%
 - C) decreased; 7.7%; 5.5%
 - D) increased; 4%; 6%
- 57. (Figure: Unemployment Rate over Time) Use Figure: Unemployment Rate over Time. In the time-series graph, as we move from 1993 to 1995, we see that the unemployment rate has ______ from approximately ______% to approximately ______%.
 - A) decreased; 5; 4
 - B) increased; 5.3; 7.3
 - C) decreased; 7; 5.5
 - D) increased; 4; 6.3

58.	In the time-series graph, as we move from 1991 to 1993, we see that the unemployment rate has from approximately% to approximately%. A) decreased; 5; 4 B) increased; 5.5; 7 C) decreased; 7.8; 5 D) increased; 4; 6.3
59.	(Figure: Unemployment Rate over Time) Use Figure: Unemployment Rate over Time. In the time-series graph, as we move from 1997 to 2001, we see that the unemployment rate has from approximately% to approximately%. A) decreased; 5; 4 B) increased; 5.3; 7.3 C) decreased; 7.8; 5.5 D) increased; 4; 6.3
60.	A graph shows how the value of one or more variables has changed over some period. A) linear B) time-series C) non-linear D) periodic table
61.	 The scaling of the axes of a time-series graph: A) is not a critical element in presenting the intended information. B) may change the visual interpretation of the data. C) generally places the time period on the vertical axis. D) generally puts values of a variable, such as the unemployment rate, on the vertical axis.
62.	 In a time-series graph, large changes can be made to appear insignificant by: A) changing the scale of the axes. B) labeling more intervals. C) defining the dependent variable. D) defining the independent variable.

- 63. A scatter diagram shows:
 - A) how far apart dependent variables are.
 - B) individual points of data showing both variable values.
 - C) the slope of a line.
 - D) the intercept of a curve.
- 64. The fact that two variables always move together over time:
 - A) does not prove that one of the variables is dependent on the other.
 - B) proves that one of the variables is dependent on the other.
 - C) proves that changes in one variable cause changes in the other.
 - D) is often illustrated or depicted using either a pie chart or a bar chart.
- 65. A pie chart is used to depict information about:
 - A) the relative shares of categories of data.
 - B) the changes of a particular variable over time.
 - C) positive, not negative, relationships among variables.
 - D) the changes of a particular variable over time and positive relationships.
- 66. A bar graph:
 - A) is useful when showing what has happened over time.
 - B) may be shown by vertical bars to illustrate the comparative sizes of different observations.
 - C) is useful when the true direction of causality between two variables is reversed.
 - D) shows the percentages of a total amount that can be attributed to various components.
- 67. In looking at a chart of the positive relationship between police officers and crime, the mayor remarks that more police officers cause more crime. The mayor may be wrong because she did not consider:
 - A) the features of construction.
 - B) omitted variables.
 - C) reverse causality.
 - D) tangent lines.

Use the following to answer questions 68-69:

Figure: Consumption of Pizza and Tacos



- 68. (Figure: Consumption of Pizza and Tacos) Use Figure: Consumption of Pizza and Tacos. The figure shows the number of tacos and pizza slices Matt can eat in a day. The relation is non-linear, and there is a negative relation between the number of tacos and pizza slices that Matt can eat in a day.
 - A) True
 - B) False
- 69. (Figure: Consumption of Pizza and Tacos) Use Figure: Consumption of Pizza and Tacos. The figure shows the number of tacos and pizza slices Matt can eat in a day. The best estimate of the slope between point *A* and point *B* is –4.
 - A) True
 - B) False
- 70. A linear curve has the same slope between every pair of points.
 - A) True
 - B) False

- 71. The owner of the Dismal Philosopher, one of the five bookstores on University Road, asks you to make a graph showing each University Road bookstore's share of all five stores' book purchases. A good way to show this information is with a pie chart.
 - A) True
 - B) False
- 72. A town hires more police officers and then has an increase in arrests. One can conclude that the larger police force caused more crime.
 - A) True
 - B) False
- 73. An economist wishes to build a model to explain the relationship between the number of diamonds purchased every year and the average income of consumers in that year. Which variable should be the dependent variable and which should be the independent variable? All else equal, do you expect this relationship to be positive or negative? Explain.

Answer Key

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

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- 45. B
- 46. A
- 47. B
- 48. D
- 49. A
- 50. A 51. C
- 52. B
- 53. B
- 54. D
- 55. B
- 56. D
- 57. C 58. B
- 59. A
- 60. B
- 61. B
- 62. A
- 63. B
- 64. A
- 65. A
- 66. D
- 67. C
- 68. A
- 69. B
- 70. A
- 71. A
- 72. B
- 73.