Quiz 1 - Econ 101 section 5 - Spring 2004

Completion
Complete each sentence or statement.

1. A critical assumption is one which will affect the conclusions of a given model in an important way.

2. For the equation: \( Y=0.5X +10 \) where \( Y \) is on the vertical (up and down) axis and \( X \) is on the horizontal (side to side) axis, the slope of the line is 0.5 and the \( Y \) intercept is 10.

Short Answer

3. What is the study of choice under conditions of scarcity? **Economics**

4. What type of statement is in reference to value judgments, and suggests how to solve problems? **Normative**

5. What do economists use to simplify complex economic markets and systems to make them easier to understand? **(economic) models**

6. What do we call the skills and knowledge used in the production of goods and services that are embedded in a person's mind? **Human Capital**

7. What word would best describe items like machines, buildings used in the production of goods and services? **Physical Capital**

8. What type of assumption will make a model simpler without affecting the major conclusions derived from the model? **Simplifying Assumption**

9. What type of economics is concerned with “what is” going on in an economy rather than what “should be” happening? **Positive (economics)**

10. In the following graph what is the slope of the line over the range from A to B? **3**