Learning Economics Concepts through Game-Play: An Experiment

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Appendix C. Multiple-Choice Questions

PART 2 – Multiple Choice Questions

For the following multiple choice questions, please enter the correct answer on your computer screen. You have 15 minutes to complete this part.

Question 1

Suppose both Greece and Turkey produce olives and lamb. The table shows the combinations of both goods that each country can produce in a day measured in thousands of kilograms.

Turkey		Greece	
Olives ('000 KG)	**Lamb ('000 KG)**	**Olives ('000 KG)**	**Lamb ('000 KG)**
0	8	0	15
1	6	1	12
2	4	2	9
3	2	3	6
4	0	4	3
		5	0

Which of the following statements is **true**?

a) Greece has a comparative advantage in producing olives and an absolute advantage in producing lamb

b) Greece has a comparative advantage in producing lamb and an absolute advantage in producing olives

c) Turkey has a comparative advantage in producing olives and an absolute advantage in producing lamb

d) Turkey has comparative advantage in producing lamb and an absolute advantage in producing olives

Question 2

Suppose both Greece and Turkey produce olives and lamb. The table shows the combinations of both goods that each country can produce in a day measured in thousands of kilograms.

Turkey		Greece	
Olives ('000 KG)	**Lamb ('000 KG)**	**Olives ('000 KG)**	**Lamb ('000 KG)**
0	8	0	15
1	6	1	12
2	4	2	9
3	2	3	6
4	0	4	3
		5	0

Which of the following statement is **true**?

a) Turkey should specialise in producing olives
b) Greece should specialise in producing olives
c) Turkey should specialise in producing lamb
d) Greece should remain self sufficient and produce both goods

Question 3

Given the table below showing the resource costs (hours of labour per unit of output) of producing cars and wheat in Australia and Canada, which of the following is true?

	Canada (Labour hours)	**Australia (Labour hours)**
Cars	10	40
Wheat	20	30

a) Australia has an absolute advantage in producing cars
b) Australia has an absolute advantage in producing wheat
c) Canada has an absolute advantage in producing cars and wheat
d) Australia has a comparative advantage in producing cars

Question 4

A Canadian worker can produce four tonnes of rye in a year or produce three bales of wheat in a year. An Australian worker can produce two tonnes of rye in a year or one bale of wheat in a year. With trade, the price of rye in terms of wheat will be:

a) 1 bale of wheat
b) Between ½ and 1 bale of wheat
c) Between ¾ and ½ bale of wheat
d) Between 1 and 4 bales of wheat

Question 5

Given the following table showing the resource costs (hours of labour per unit of output) of producing cars and wheat in Australia and Canada.

	Canada (Labour hours)	**Australia(Labour hours)**
Cars	20	40
Wheat	40	30

a) Australia has an absolute advantage in producing cars
b) Australia has an absolute advantage in producing wheat
c) Canada has a comparative advantage in producing cars and wheat
d) Canada has a comparative advantage in producing wheat

Question 6

In a two person economy, William can produce 6 watches and 18 boxes per day, while Kate can produce 8 watches and 12 boxes per day. Which of the following combinations of watches and boxes is on the Production Possibility Curve?

a) 8 watches and 10 boxes
b) 10 watches and 12 boxes
c) 16 watches and 0 boxes
d) 14 watches and 6 boxes

Question 7

A community producing two goods, nuts and coffee, using two factors or productions which are not perfect substitutes, faces a production possibilities curve on which 40 units of nuts and 27 units of coffee can be found. Which of the following combinations can not be on the production possibilities curve?

a) 0 nuts : 80 coffee
b) 38 nuts : 25 coffee
c) 25 nuts : 38 coffee
d) 45 nuts : 0 coffee

Question 8

Assume two countries Newland and Oldland use only labour in producing goods. Each country can produce two goods: Nuts and Coffee. The table below shows the number of labour hours need in each country to produce one unit of the good.

	Newland	Oldland
Nuts	20 hours	30 hours
Coffee	10 hours	20 hours

Which of the following statements is correct?

a) The opportunity cost of producing one more unit of nuts in Newland is 2 units of coffee
b) The opportunity cost of producing one more unit of nuts in Newland is 2/3 unit of coffee
c) The opportunity cost of producing one more unit of coffee in Oldland is 1/2 unit of nuts
d) The opportunity cost of producing one more unit of coffee in Oldland is 1/3 unit of nuts