

Questions

- 1. A drug company's manager wants to add a new drug to lines of production. He studied what will be the additional benefits and costs before making the decision. Which of these situations will make him refuse to produce the new drug?**
 - A) If the marginal cost will exceed the marginal benefit
 - B) If the marginal benefit will exceed the marginal cost
 - C) If other drug companies already produce the same drug
 - D) If there is an inflation in the country
 - E) If the opportunity costs will be minimal

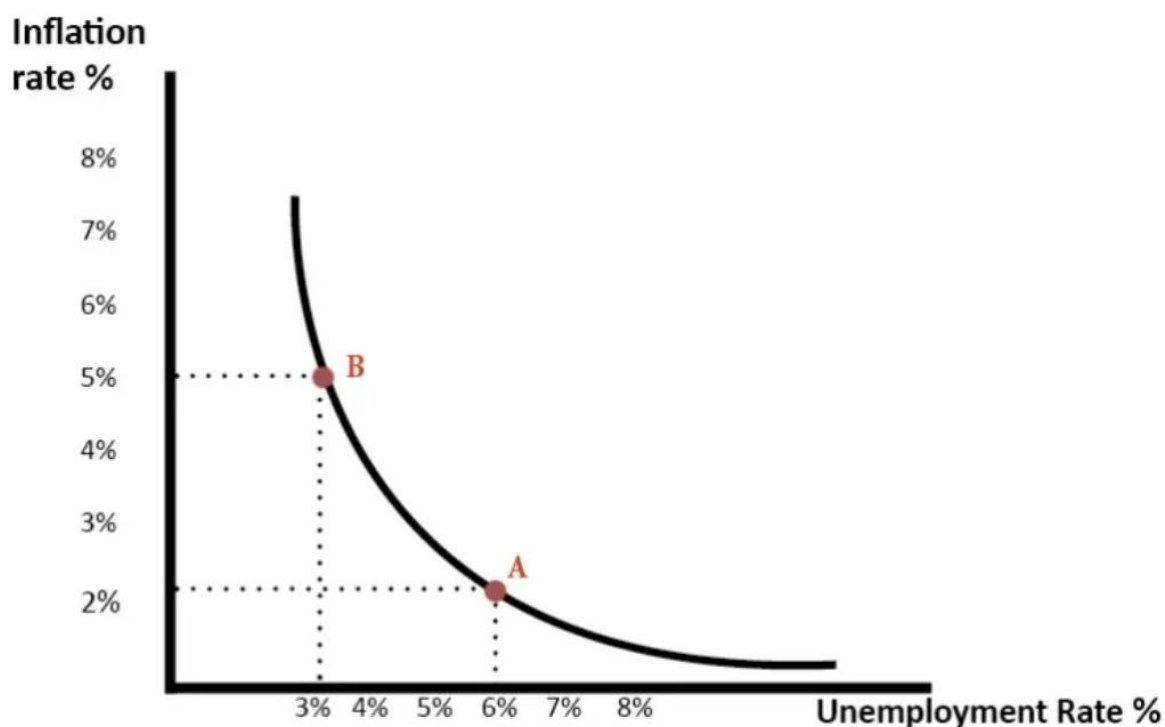
- 2. The decentralised economy can organise economic through :**
 - A) Trade that can make every side win
 - B) Responding to incentives
 - C) The invisible hand
 - D) The Philips theory
 - E) Governmental direct interventions

- 3. In a certain country, endoscopic medical supplies are produced by only one company. The company decided to increase the selling price by 100% suddenly. What is this called?**
 - A) command economy
 - B) Market economy
 - C) Opportunity cost
 - D) Market power
 - E) Inflation

- 4. When deciding a new policy, policy makers have to study what will be the**
 - A) Inflation rate
 - B) Productivity
 - C) Market economy rewards
 - D) Promotion of centrally-planned economy
 - E) Tradeoffs

- 5. Which of the following principles explain how people interact with each other?**
 - A) The cost of something is what you give up to get it.
 - B) Markets are usually a good way to organise economic activity
 - C) The standard of living depends on a country's production
 - D) Society faces a short-run tradeoff between inflation and unemployment
 - E) People face tradeoffs

6. What is the interpretation of this curve?



- A) There is no relation between inflation and unemployment on the long run.
- B) There is a negative relationship between inflation and unemployment on the long run.
- C) There is a positive relationship between inflation and unemployment on the short run.
- D) There is a negative relationship between inflation and unemployment on the short run.
- E) There is no relation between inflation and unemployment on the short run.

7. Which situation of the following will need a governmental action to improve efficiency?

- A) Economic prosperity
- B) Command economy system.
- C) Presence of many buyers and sellers.
- D) Presence of incentives.
- E) Market failure.

8. Jordan exports textile products to Saudi Arabia and imports foods from Saudi Arabia. Which principle does this situation belong to?

- A) People Respond to Incentives
- B) People Face Tradeoffs
- C) Trade Can Make Everyone Better Off
- D) Governments Can Sometimes Improve Market Outcomes
- E) The Standard of Living Depends on a Country's Production

9. Suppose that a face masks company comes up with an idea of giving one packet free with every two packets of masks that a customer purchases. A customer who wanted to buy one packet is now buying two packets and getting one free. Which principle of economics does this situation belong to?

- A) How people interact with each other
- B) The cost of something is what you give up to get it.
- C) Markets are usually a good way to organise economic activity
- D) The standard of living depends on a country's production
- E) People respond to incentives.

10. Which one of the following will lead to loss of consumer sovereignty?

- A) command economy
- B) Market economy
- C) Decentralised economy
- D) Inflation
- E) Unemployment

Answers

1. A
2. C
3. D
4. B
5. B
6. D
7. E
8. C
9. E
10. A