Introduction to International Economics – First Quiz
Answer all of the questions.
There are thirty questions and each question is valued at three points.

1. Economics is one of several disciplines that are generally referred to as what type of science?
2. The science of economics is the study of whose behavior?
3. The economy is the institutional structure that we utilize to perform what task?
4. How would human behavior in an economy of infinite resources and unlimited wants differ from an economy of scarce resources and unlimited wants?
5. In economics we divide all individuals into what two groups?
6. What is the difference in the behavior of these two groups?
7. Demand is the study of what group’s behavior?
8. Supply is the study of what group’s behavior?
9. What do consumers maximize?
10. What do producers maximize?
11. The economic decision rule requires individuals to think about costs and benefits in what unique way?
12. What do economists construct when they think about economic problems?
13. What are the two purposes of economic theory?
14. In order to construct an economic theory we need at least two what?
15. What are the three assumptions we can make about the relationship between economic variables?
16. The theory of demand is based on what assumption about price and quantity demanded?
17. The theory of supply is based on what assumption about price and quantity?
18. For what purpose do government officials use economic theory?
19. How can we measure the degree of economic interdependence in a country?
20. Compare the economic interdependence of the United States and Germany?
21. How has economic interdependence changed in the United States during the past fifteen years?
22. What are three major economic problems in the world?
23. Yesterday I saw the following sign in a pizza restaurant. Buy one large pizza for $10 or two for $14.
   A. What is the maximum dollar amount it costs the vendor to produce a pizza?
   B. What is the minimum amount of profit the vendor makes when a customer buys one pizza?
   C. If it costs the vendor $3 to produce each pizza, what is the vendor’s total profit when she sells one pizza?
   D. If it costs the vendor $3 to produce each pizza, what is the vendor’s total profit on the second pizza?
   E. If it costs the vendor $3 to produce each pizza, what is the vendor’s total profit if she sells two pizzas?
   F. If it costs the vendor $3 to produce each pizza, why doesn’t the vendor simply charge $11 for one large pizza?
G. If it costs the vendor $3 to produce each pizza, why doesn’t the vendor simply charge $7 for each pizza?

H. To answer the pizza questions correctly you had to think about the problem in what unique way?