Basic Economic Principles

1. (TESAT 55회 기출)
John is choosing between three goods: A, B, and C. The table below shows the benefit and price of each good. He will choose only one.

(Unit: Won)

	A	B	C
Benefit	14,000	12,000	9,000
Cost	10,000	10,000	8,000

Note: Net benefit is defined as the benefit minus the opportunity cost.

① The amount remaining after substracting explicit costs from benefits is smallest for B.
② The implicit costs of choosing B and C are different.
③ The opportunity cost of choosing C is the greatest.
④ The net benefit of A is greater than of C.
⑤ John will choose B.

2. (TESAT 68회 기출)
Five college students are discussing the following definition of economics:

"Economics is the study of how scarce resources with alternative uses are allocated."

Which of the following students demonstrates the least understanding of this concept?

① **Mark:** The way scarce resources are allocated can affect the overall quality of life in a society.
② **Chris:** Economics is mainly concerned with how inputs are turned into outputs using scarce resources.
③ **Isabel:** If each resource had only one possible use, economics would be much simpler.
④ **Kyle:** Using resources for goods with no demand is inefficient; those resources should be redirected to other uses.
⑤ **Daniel:** Since all scarce resources are valuable, their allocation should be decided through agreements by Congress or consumer advocacy groups to prevent misuse.

3. (TESAT 53회 기출)
Which of the following best explains the reason why scarcity exists?

① Because there are differences in production methods across countries.
② Because the government imposes regulations on the production of goods and services.
③ Because available resources are limited and cannot satisfy all human wants.
④ Because income is distributed unequally among people.
⑤ Because people consume more goods and services than they actually need.

4. (TESAT 79회 기출)
What is the most fundamental reason why economic problems arise?

① Because wages increase rapidly.
② Because human behavior is altruistic.
③ Because consumption patterns remain constant.
④ Because resources are scarce relative to human wants.
⑤ Because food production is rapidly accelerating due to technological advancement.

5. (TESAT 79회 기출)
Read the passage below and choose the correct statement regarding economic systems.
(Assume that A and B refer to either a market economy or a command economy.)

Economic systems can be categorized into A and B based on how resources are allocated. Unlike B, in A, resource allocation is carried out through government orders and control.

Which of the following statements is correct?

① A emphasizes resource allocation through the market.
② In A, economic problems caused by scarcity do not occur.
③ B, in principle, does not recognize private ownership of the means of production.
④ B places more emphasis on market-based economic incentives than A.
⑤ B prioritizes equity over efficiency in solving economic problems.

6. (TESAT 56회 특별 기출)
Mary has received job offers from three companies after completing his job search.

Company A offers a monthly salary of \$2,000. Company B offers \$1,500. Company C offers \$2,500.

After careful consideration, Gapdol chooses Company A, believing it to be the best personal fit.
Based on this information, what is Mary's opportunity cost?

① \$0
② \$1,000
③ \$1,500
④ \$2,000
⑤ \$2,500

7. (TESAT 79회 기출)
Microeconomics focuses on analyzing the behavior of individual economic agents.
Which of the following is NOT a typical subject of microeconomic analysis?

① Industry structure
② Business (firm) behavior
③ Consumer behavior
④ Market efficiency
⑤ Business cycle fluctuations

8.
You are planning to open a sushi restaurant.
Which of the following expenses best represents a sunk cost?

① Employee wages
② Product development costs
③ A pressure rice cooker
④ Live fish purchased for sushi
⑤ A refundable store deposit

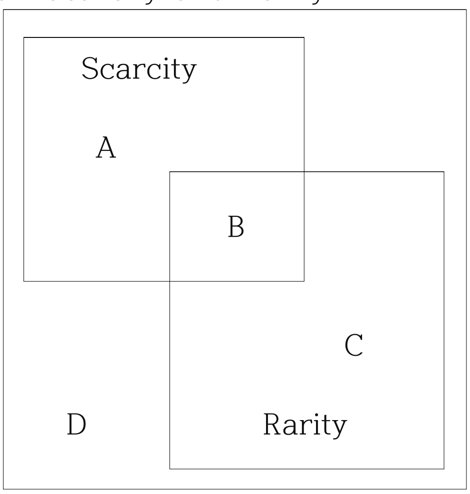
9.
Country A produces only two goods: ships and cars.
Due to a technological advancement in ship production, the production possibilities curve has changed, resulting in economic growth.
Which of the following statements is <u>NOT</u> correct?

① The opportunity cost of producing cars increases.
② The opportunity costs of producing ships and cars remain unchanged.
③ The trade-off rate on the PPC can vary depending on the position on the curve.
④ The trade-off rate on the PPC can change over time.
⑤ The opportunity cost of producing ships decreases.

10.
Read the following passage and choose the correct statements based on the diagram.

When resources exist in relatively smaller quantities compared to human wants, the condition is called **scarcity.**
In contrast, when resources are absolutely limited regardless of human desires, the condition is referred to as **rarity**.

<Categorization of Goods Based on Scarcity and Rarity>



(A) Goods that fall under category A are considered free goods.
(B) Goods that fall under category C are considered economic goods.
(C) Compared to the past, clean water today is becoming less of a free good as represented by category D.
(D) An original artwork by a famous painter falls under category B.

Please choose the correct combination:

① (A) and (B)
② (A) and (C)
③ (B) and (C)
④ (B) and (D)
⑤ (C) and (D)

11.
A group of art school students planned to attend a concert by a famous international pop star. However, the concert was suddenly canceled. In response, the students decided to watch a musical instead and purchased non-refundable musical tickets. A few days later, the pop star announced a new concert date.

*Note: The musical tickets are **non-refundable** and cannot be resold.*

Based on this situation, who among the following students makes a rational economic decision by treating the cost of the musical tickets as a sunk cost?

Statements:

Mike: "We already paid for the musical, so we should go and make sure the money isn't wasted."

Chris: "We like the pop star's concert more, so let's get tickets to that instead."

Ben: "Forget about the money we already spent on the musical. Just focus on which one we'd enjoy more."

Sarah: "We didn't spend anything yet on the pop concert, so let's just go ahead and buy tickets."

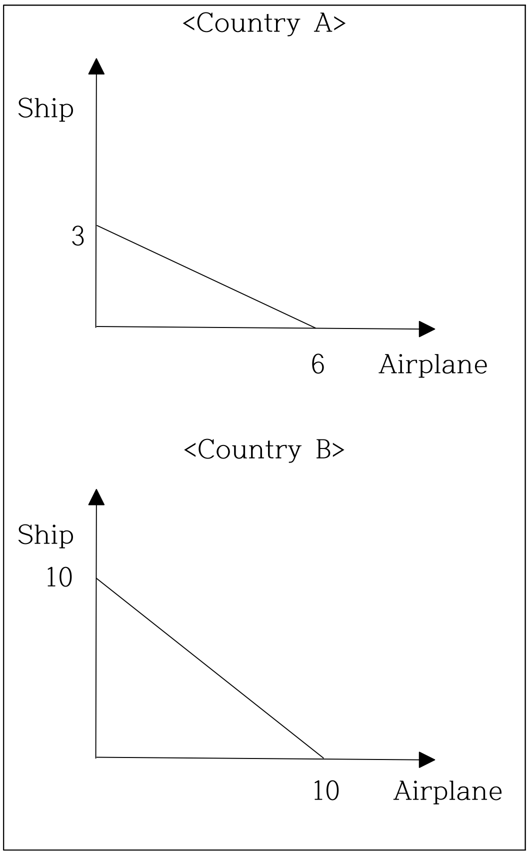
Which pair of students demonstrates rational decision-making under the sunk cost principle?

① Mike and Ben
② Mike and Sarah
③ Chris and Ben
④ Chris and Sarah
⑤ Ben and Sarah

12. Which of the following statements about the Production Possibilities Curve (PPC) is NOT correct?

① If the PPC is bowed inward from the origin, it implies that the opportunity cost decreases as more of a good is produced.
② When economies of scale occur in production, the PPC may take a bowed-inward shape.
③ If consumers begin to prefer good X over good Y, producers will shift resources to produce more X, making the shape of the PPC flatter.
④ If opportunity cost remains constant, the PPC is a straight downward-sloping line, and the marginal rate of transformation is constant.
⑤ Although constant opportunity cost is rare in real life, Ricardo's theory of comparative advantage assumes it.

13.
The following graph shows the production possibilities curves (PPCs) of Country A and Country B, each of which produces only ships and airplanes using a fixed set of resources.



Based on the graph, which of the following statements is NOT correct?

① The curves show the maximum combinations of ships and airplanes each country can produce using all available resources.
② Producing 2 ships and 1 airplane in Country A is inefficient.
③ In Country B, the opportunity cost of producing one more airplane is one ship.
④ Country B would benefit by importing ships from Country A instead of producing them domestically.
⑤ Under certain conditions, the two countries can gain from trade through specialization.

14. (TESAT 32회 기출, 단원외 문제)
The market demand curve for stuffed rabbits is given by
$Q = 3600 - 20P$.
The government is planning to impose a $5 per-unit tax on stuffed rabbits.
When the supply curve is given by $Q = 500$, what is the deadweight loss (DWL) resulting from this tax?

① $0
② $50
③ $100
④ $150
⑤ $200