

Question 1

Much of the empirical evidence on the behavior of costs for real-world firms suggests that:

- A) average costs functions are U-shaped as suggested by economic theory.
- B) for most firms, marginal costs are declining in the range in which the firms operate.
- C) for many firms, marginal and average variable costs are constant over wide ranges of output.
- D) there is no relationship between the marginal and average variable costs of production.

Answer: <https://biology-forums.com/index.php?topic=543340>

Question 2

One of the implications of the kinked demand curve model is that even if a firm's costs change by a measurable amount, market price is unlikely to change. This helps explain the price rigidity observed in many oligopolistic markets.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543758>

Question 3

Assuming the inverse demand function for good Z can be written as $P = 90 - 3Q$, when $P = 20$, the point price elasticity of demand is equal to (approximately):

- A) -0.22.
- B) -0.29.
- C) -0.67.
- D) -4.5.

Answer: <https://biology-forums.com/index.php?topic=543135>

Question 4

In the case of a linear demand curve, average revenue is equal to price, while (with the exception of $Q = 1$) marginal revenue is less than price.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543187>

Question 5

An increase in the number of people in the United States with health insurance could cause the cost of providing health care services to increase as the incentive for health care providers to minimize costs decreases.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543449>

Question 6

Government expenditure does not include transfer payments.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=544045>

Question 7

Which of the following statements is false? In the circular flow model:

- A) the funds needed to finance investment spending come from the saving of households.
- B) GDP can be measured either by the income received or by the expenditures made.
- C) factor payments are made to business firms.
- D) consumption expenditures are made by households.

Answer: <https://biology-forums.com/index.php?topic=542949>

Question 8

Assume an analyst has been hired to estimate the price elasticity of demand for Levi's brand blue jeans and for blue jeans in general. Ceteris paribus, we would expect the price elasticity of demand in absolute value to be:

- A) larger for Levi's brand blue jeans than for blue jeans in general.
- B) larger for blue jeans in general than for Levi's brand blue jeans.
- C) approximately the same for both Levi's brand blue jeans and blue jeans in general.
- D) none of the above because the market for blue jeans cannot be analyzed using the model of supply and demand.

Answer: <https://biology-forums.com/index.php?topic=543123>

Question 9

When calculating the price elasticity of demand, it is assumed that all of the other determinants of demand are to be held constant.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543170>

Question 10

Borrowing from another country that occurs when the country has a trade deficit and its citizens sell real and financial assets to foreigners is called a capital inflow.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=544347>

Question 11

The level toward which the economy is moving and where it will stay unless spending patterns of the economy will change is called the equilibrium level of output and income.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543943>

Question 12

If a firm is successful in its efforts to reduce the price elasticity of demand for its product, all else constant, the optimal markup that can be used in setting price will increase.

Is this statement true or false, please advise

Answer: <https://biology-forums.com/index.php?topic=543831>

Question 13

The action taken by a country's central bank to prevent balance of payments policies from influencing the country's domestic money supply is called a:

- A) fiscal policy intervention.
- B) monetary policy intervention.
- C) sterilized intervention.
- D) non-sterilized intervention.

Answer: <https://biology-forums.com/index.php?topic=544329>

Question 14

Briefly explain the behavior of the Federal Reserve considering a balance of payments disequilibria within a fixed exchange rate system.

Answer: <https://biology-forums.com/index.php?topic=544377>

Question 15

Holding everything else constant, a country's exports will decrease if the:

- A) country's currency appreciates.
- B) country's currency depreciates.
- C) country's currency is revalued.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=544303>

Question 16

You are given the following linear consumption function: $C = 200 + 0.80Y_d$. What is the size of the autonomous consumption expenditures and induced expenditures?

Answer: <https://biology-forums.com/index.php?topic=544056>

Question 17

Why are isoquants negatively sloped?

- A) Along a single isoquant, the firm can substitute the use of one input for another while holding the total level of output constant.
- B) Due to the effects of diseconomies of scale.
- C) Because the farther the isoquant is from the origin, the higher the level of output.
- D) Because price and quantity demanded are inversely related.

Answer: <https://biology-forums.com/index.php?topic=543423>

Question 18

For much of 2001 and 2002, McDonalds faced a(n):

- A) decrease in demand.
- B) increase in demand.

- C) increase in profits.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=544396>

Question 19

Economies of scale are illustrated by:

- A) a downward sloping long-run average cost curve.
- B) a flat long-run average cost curve.
- C) an upward-sloping long-run average cost curve.
- D) a downward-sloping short-run average total cost curve.

Answer: <https://biology-forums.com/index.php?topic=543403>

Question 20

Demand for a good will tend to be more price elastic if it exhibits which of the following characteristics?

- A) It accounts for a small part of the consumer's total income.
- B) The good has many available substitutes.
- C) It is a non-durable (as opposed to a durable good).
- D) There is little time for the consumer to adjust to the price change.

Answer: <https://biology-forums.com/index.php?topic=543126>