

### Question 1

"If the wage rate paid to one form of labor is twice the cost of another form of labor, the first type of labor must be twice as productive." Comment.

Answer: <https://biology-forums.com/index.php?topic=785208>

### Question 2

"Supporters of import restrictions and protectionist policies place greater weight on producer welfare than on consumer welfare." Comment.

Answer: <https://biology-forums.com/index.php?topic=785469>

### Question 3

$2 + 2 = 5$  is

- A) a normative statement.
- B) a moral judgment.
- C) correct, given common assumptions.
- D) a positive statement.

Answer: <https://biology-forums.com/index.php?topic=784503>

### Question 4

A "twinkie tax" on fatty foods would aim to

- A) reduce the consumption of fatty foods.
- B) reduce the production of fatty foods.
- C) raise tax revenues for other uses.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=784485>

### Question 5

A backward-bending labor supply curve implies that

- A) the substitution effect dominates the income effect at higher wage rates but not at lower wage rates.
- B) the substitution effect dominates the income effect at lower wage rates but not at higher wage rates.
- C) leisure is an inferior good.
- D) workers are irrational.

Answer: <https://biology-forums.com/index.php?topic=784977>

### Question 6

A ban on imports, a tariff, or a quota raise the price to domestic consumers. This means that consumers will buy less of the product at a higher price. The loss associated with this is called

- A) production associated loss.
- B) productive consumption loss.
- C) consumption distortion loss.
- D) consumer misperception loss.

Answer: <https://biology-forums.com/index.php?topic=785454>

### Question 7

A bond issuer agrees to pay a stated nominal amount each year. An increase in the nominal interest rate will cause

- A) the price of the bond to fall.
- B) the price of the bond to rise.
- C) the nominal value of the bond's coupon to rise.
- D) the nominal value of the bond's coupon to fall.

Answer: <https://biology-forums.com/index.php?topic=786146>

### Question 8

A cake is to be shared by two people. Both desire the largest piece possible. One of the two will cut the cake. Under which of the following situations will the cutter adopt a Rawlsian social welfare function?

- A) The person cutting the cake chooses the first piece.
- B) The person not cutting the cake chooses the first piece.
- C) The two individuals will bid for the right to cut the cake and choose first.
- D) The two individuals will toss a coin for the right to cut the cake and choose first.

Answer: <https://biology-forums.com/index.php?topic=785555>

### Question 9

A capital gains tax acts to

- A) reduce the interest rate received by loan demanders.
- B) increase the interest rate received by loan demanders.
- C) increase the interest rate received by loan suppliers.
- D) reduce the interest rate received by loan suppliers.

Answer: <https://biology-forums.com/index.php?topic=786204>

### Question 10

A cartel is a group of firms that attempts to

- A) maximize joint revenue.
- B) maximize joint profit.
- C) behave independently.
- D) increase consumer surplus.

Answer: <https://biology-forums.com/index.php?topic=785837>

### Question 11

A change in relative factor prices will always result in

- A) a change in the slope of the isoquants.
- B) a tangency between the new isocost line and a new isoquant.
- C) a rotation of the isocost lines.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=785190>

### Question 12

A change in the wage causes a shift in the supply curve for labor and a

- A) shift along the demand curve for labor.
- B) shift in the demand curve for labor.
- C) rotation in the demand curve for labor.
- D) It cannot be determined by the information provided.

Answer: <https://biology-forums.com/index.php?topic=786037>

### Question 13

A common resource is best described as a resource where

- A) there is a positive externality in consumption.
- B) there is a negative externality in consumption.
- C) there is a positive externality in production.
- D) there is a negative externality in production.

Answer: <https://biology-forums.com/index.php?topic=786390>

### Question 14

A competitive equilibrium is not Pareto efficient if some members of society are unable to afford a necessary good.

True or False? Provide an explanation.

Answer: <https://biology-forums.com/index.php?topic=785519>

### Question 15

A competitive equilibrium is Pareto efficient because at the competitive equilibrium

- A) prices have been allowed to adjust.
- B) there are no further gains from trade.
- C) the final outcome is different from the original inefficient endowment.
- D) all members of society can be made better off.

Answer: <https://biology-forums.com/index.php?topic=785511>

### Question 16

A competitive firm's supply curve is identical to its marginal cost curve.

True or False? Provide an explanation.

Answer: <https://biology-forums.com/index.php?topic=785305>

### Question 17

A competitive market maximizes social welfare because in a competitive market

- A) profits are zero.
- B) price equals marginal cost of the last unit produced.
- C) price equals average cost of the last unit produced.
- D) there is free entry and exit.

Answer: <https://biology-forums.com/index.php?topic=785396>

### Question 18

A consumer buys food (F) and shelter (S). If the consumer's income rises and there is no change in the prices of F or S, the marginal rate of transformation of F for S will

- A) increase.
- B) decrease.
- C) stay the same.
- D) change, but there is not enough information to know how.

Answer: <https://biology-forums.com/index.php?topic=784834>

### Question 19

A consumer is likely to avoid adverse selection and get a high-quality lunch at

- A) a snack bar at a traveling carnival.
- B) a vendor who parks her cart at a different location every noon.
- C) a restaurant in the center of a business district.
- D) a restaurant located next door to Disneyland.

Answer: <https://biology-forums.com/index.php?topic=786478>

### Question 20

A Consumer Price Index (CPI) adjustment overcompensates for inflation because it ignores

- A) the income effect when relative prices change.
- B) the substitution effect when relative prices change.
- C) that some goods are inferior.
- D) that the substitution effect may offset the income effect.

Answer: <https://biology-forums.com/index.php?topic=784957>