

### Question 1

Which of the following is an example of an ad valorem tax?

- A) 5% of price.
- B) 5% of quantity sold.
- C) \$0.50 per unit sold.
- D) Government regulation.

Answer: <https://biology-forums.com/index.php?topic=784767>

### Question 2

Newspaper accounts of the U.S. labor market often point out that many people are working more hours than their parents did. What might explain this phenomenon?

- A) the substitution effect
- B) the endowment effect
- C) bounded rationality
- D) the income effect

Answer: <https://biology-forums.com/index.php?topic=784986>

### Question 3

If two firms produce the same product but have different supply curves

- A) this would indicate that some other variable differs across the two firms.
- B) this would indicate that all variables are the same across the two firms.
- C) this would indicate that one or both of the firm's managers are misinformed.
- D) this would indicate a need for government regulation.

Answer: <https://biology-forums.com/index.php?topic=784565>

### Question 4

The profitability of the second mover in a Stackelberg model is

- A) guaranteed to be negative.
- B) smaller than that of the first mover.
- C) greater than that of the first mover.
- D) greater than the Cournot profits.

Answer: <https://biology-forums.com/index.php?topic=785878>

### Question 5

Suppose the market for grass seed is expressed as

Demand:  $QD = 100 - 2p$

Supply:  $QS = 3p$

Price elasticity of supply is constant at 1. If the supply curve is changed to  $Q = 8p$ , price elasticity of supply is still constant at 1. Yet, with the new supply curve, consumers pay a larger share of a specific tax. Why?

Answer: <https://biology-forums.com/index.php?topic=784774>

### Question 6

Consider Johnson Mechanical is the only seller in its particular regional market. On the other hand, Amato Mechanical is one of twenty sellers in its particular regional market. All else equal, we would expect

- A) Johnson Mechanical to be relatively more productive than Amato Mechanical.
- B) Amato Mechanical to be relatively more productive than Johnson Mechanical.
- C) no difference in productivity between the two firms.
- D) Amato Mechanical might be more productive than Johnson Mechanical, but only if management for Amato Mechanical is a sole proprietorship.

Answer: <https://biology-forums.com/index.php?topic=785110>

### Question 7

Behavioral economics under uncertainty documents that

- A) people's behavior often differs from what standard expected utility theory predicts.
- B) people's behavior can change with their circumstances.
- C) people might put considerable weight on certain outcomes.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=786308>

### Question 8

How can a firm be made better off by limiting its options?

Answer: <https://biology-forums.com/index.php?topic=786006>

### Question 9

Which of the following is the geometric mean of 4 and 9?

- A) 6.5
- B) 6
- C) 36
- D) 3.6

Answer: <https://biology-forums.com/index.php?topic=784969>

### Question 10

Suppose the market for grass seed can be expressed as

Demand:  $Q_D = 100 - 2p$

Supply:  $Q_S = 3p$

Price elasticity of supply is constant at 1. If the demand curve is changed to  $Q = 10 - .2p$ , price elasticity of demand at any given price is the same as before. Yet, the incidence of a tax falling on consumers will be higher. Why?

Answer: <https://biology-forums.com/index.php?topic=784775>

### Question 11

In a market where one unit of labor produces one unit of output, consumers prefer

- A) a competitive labor market and a monopoly output market.
- B) a competitive output market and a monopoly labor market.
- C) a monopoly output market and a monopoly labor market.
- D) None of the above—they are indifferent between A and B.

Answer: <https://biology-forums.com/index.php?topic=786060>

### Question 12

Economic growth can be depicted as a

- A) shift in the contract curve.
- B) a change in the dimensions of the Edgeworth box.
- C) a change in the preference curves of individuals.
- D) a change in the number of people in the Edgeworth box.

Answer: <https://biology-forums.com/index.php?topic=785543>

### Question 13

A firm's advertising can help rivals

- A) if it focuses on a general problem that the product addresses.
- B) if it focuses on a secret ingredient that only this firm possesses.
- C) if rivals do not advertise.
- D) if rivals advertise.

Answer: <https://biology-forums.com/index.php?topic=785806>

### Question 14

Some companies subject their applicants to extensive tests. Why?

- A) to reduce the informational asymmetry between the firm and the applicant
- B) to screen the applicant to avoid the problem of adverse selection
- C) to gather more information about the applicant
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=786462>

### Question 15

The more block prices a monopoly can set instead of setting a single price, the

- A) smaller the deadweight loss.
- B) the more producer surplus.
- C) the larger the total welfare.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=785742>

### Question 16

If two goods, "x" and "y", are perfect substitutes, then which of the following best represents the utility function for the two goods?

- A)  $U = x + y$
- B)  $U = x * y$
- C)  $U = x^2 + y^2$
- D) Any of the above.

Answer: <https://biology-forums.com/index.php?topic=784814>

### Question 17

Which of the following is most likely to cause the demand curve in the capital market to shift leftward?

- A) Government borrows to finance a war.
- B) All firms project higher future revenue streams for all of their projects.
- C) All firms project lower future revenue streams for all of their projects.
- D) Government institutes a high tax on savings.

Answer: <https://biology-forums.com/index.php?topic=786193>

### Question 18

Advertising for Milk and Beef is usually done by

- A) interest groups that represent the whole industry.
- B) a single firm in the market.
- C) a small set of firms in a market.
- D) It is not done because it doesn't pay to advertise homogenous products.

Answer: <https://biology-forums.com/index.php?topic=785804>

### Question 19

Sports announcers often refer to a batter in a hitting slump as "being due." If they are correct, then it must be the case that

- A) a batter's hits are randomly distributed.
- B) a batter's at-bats are related to each other.
- C) a batter's at-bats are independent of each other.
- D) baseball players are acting irrationally.

Answer: <https://biology-forums.com/index.php?topic=786306>

### Question 20

Suppose that the interest rate paid to savers increases. As a result, Tom wishes to save more. This suggests that, for Tom,

- A) the substitution effect is greater than the income effect.
- B) the income effect is greater than the substitution effect.
- C) utility maximization is not occurring.
- D) future consumption is a luxury.

Answer: <https://biology-forums.com/index.php?topic=784947>