

### Question 1

The theory of public choice deals primarily with

- A) collective decision making.
- B) individual decisions in a free market.
- C) government actions that do not reflect the preferences of consumers.
- D) how government regulations affect the decisions of individual consumers.

Answer: <https://biology-forums.com/index.php?topic=1864473>

### Question 2

To find economic profit from accounting profit, it is necessary to

- A) subtract dividends.
- B) add retained earnings.
- C) subtract the opportunity cost of capital.
- D) add depreciation expense.

Answer: <https://biology-forums.com/index.php?topic=1865074>

### Question 3

The price of coffee increases. Which of the following is NOT part of the likely chain of events that follows from this price change?

- A) Some coffee consumers reduce their consumption of coffee.
- B) Coffee producers increase their production of coffee.
- C) The producers of coffee beans increase production.
- D) The manufacturers of coffee machines lay off some workers.

Answer: <https://biology-forums.com/index.php?topic=1864333>

### Question 4

A monopoly sells 10 units of output at \$10. If the MR of the 11th unit is \$4.50, then the price of the 11th unit is

- A) also \$10.
- B) \$9.50.
- C) greater than \$10.
- D) \$7.25.

Answer: <https://biology-forums.com/index.php?topic=1865758>

### Question 5

Unlimited liability is found in

- A) proprietorships and corporations.
- B) partnerships and corporations.
- C) proprietorships and partnerships.
- D) proprietorships, partnerships, and corporations.

Answer: <https://biology-forums.com/index.php?topic=1865131>

### Question 6

The European Union started out as a

- A) regional trade agreement.
- B) union of nations with identical currency.
- C) union of nations where the same language was spoken.
- D) union of nations with identical tariffs.

Answer: <https://biology-forums.com/index.php?topic=1867118>

### Question 7

In principle, how do we determine a perfectly competitive firm's profit-maximizing output and maximum profits given information about the market clearing price, and about the marginal cost and average total cost curves of the firm? Explain in words.

Answer: <https://biology-forums.com/index.php?topic=1907740>

### Question 8

When the price of a pound of oranges is \$1.00, 7500 pounds of oranges are demanded. When the price of a pound of oranges decreases to \$0.80, 10,000 pounds of oranges are demanded. In this price range the demand for oranges is

- A) elastic.
- B) inelastic.

- C) unit elastic.
- D) perfectly elastic.

Answer: <https://biology-forums.com/index.php?topic=1864626>

### Question 9

Phil found that as he continued to crowd laborers into his hot dog stand, the extra output he was receiving from each additional laborer was beginning to fall off. This is an example of the

- A) law of increasing opportunities.
- B) law of demand.
- C) law of diminishing marginal utility.
- D) law of diminishing product.

Answer: <https://biology-forums.com/index.php?topic=1865337>

### Question 10

Each of the following is a source of financial capital for a corporation EXCEPT

- A) issuing new stock.
- B) reinvestment of profit or retained earnings.
- C) issuing bonds or borrowing funds from a bank.
- D) dividends.

Answer: <https://biology-forums.com/index.php?topic=1865215>

### Question 11

The difference between exports and imports of goods is the

- A) balance of trade.
- B) balance of payments.
- C) balance of accounts.
- D) balance of paying.

Answer: <https://biology-forums.com/index.php?topic=1867176>

### Question 12

The CIO was formed as a(n)

- closed shop.
- association of industrial unions.
- bilateral monopoly.
- union shop.

Answer: <https://biology-forums.com/index.php?topic=1907564>

### Question 13

Jamal earns \$160,000 per year and Josephina earns \$80,000 per year. They both pay the same price to buy the identical automobile and each pays \$1,600 in sales tax. In relation to their relative incomes, this is an example of a

- A) regressive tax.
- B) progressive tax.
- C) proportional tax.
- D) marginal tax.

Answer: <https://biology-forums.com/index.php?topic=1864491>

### Question 14

Medicare subsidies will cause people to

- A) consume less medical services than in the absence of the subsidies.
- B) consume more medical services than in the absence of the subsidies.
- C) consume the same amount medical services as they would if there were no subsidies.
- D) be sicker because of inferior care.

Answer: <https://biology-forums.com/index.php?topic=1864448>

### Question 15

According to the capture hypothesis

- A) regulators eventually support the views of consumers instead of the firms or the taxpayers, regardless of the reasons why the regulatory agency was established.
- B) regulators support the view of the regulated firms all along because that is the reason the regulatory agency was established.
- C) regulators eventually support the views of the regulated firms instead of the consumers or taxpayers, regardless of why the regulatory agency was

established.

D) regulators eventually support the views of either the firms or the consumers, but at the expense of the taxpayers, regardless of the reasons why the regulatory agency was established.

Answer: <https://biology-forums.com/index.php?topic=1866086>

### Question 16

Explain how a market for pollutant emission allowances can induce firms to reduce the amount of emissions.

Answer: <https://biology-forums.com/index.php?topic=1866895>

### Question 17

The general form for discounting is

A)  $PV = FVt * (1 + i)t$ .

B)  $PV = FVt / (1 + i)t$ .

C)  $PV = (1 + i)t / FVt$ .

D)  $PV = 1 / (1 + i)t$ .

Answer: <https://biology-forums.com/index.php?topic=1865193>

### Question 18

Ashley decreases her consumption of Good A after the price of Good B decreased. For Ashley

A) Good A and Good B are substitutes.

B) Good A and Good B are complements.

C) Good A is an inferior good.

D) Good B is an inferior good.

Answer: <https://biology-forums.com/index.php?topic=1864230>

### Question 19

The Uruguay round of GATT (1993) talks

A) reduced trade barriers and tariffs.

B) increased trade barriers and tariffs.

C) lowered some trade barriers but increased tariffs.

D) left tariffs and trade barriers unchanged.

Answer: <https://biology-forums.com/index.php?topic=1867073>

### Question 20

Which of the following is an argument against free trade?

A) protecting infant industries

B) protecting against dumping

C) protecting domestic jobs

D) all of the above

Answer: <https://biology-forums.com/index.php?topic=1867030>