

### Question 1

A condition necessary for a country to achieve economic growth is

- A) high tax rates so the government can purchase a lot of capital equipment.
- B) strict environmental regulations.
- C) economic freedom.
- D) government control of the banking system.
- E) democracy.

Answer: <https://biology-forums.com/index.php?topic=322236>

### Question 2

The Federal Open Market Committee consists of

- A) 12 members, all of whom are the presidents of Federal Reserve Banks.
- B) 12 members, seven of whom are the members of the Board of Governors, four of whom are presidents of Federal Reserve Banks, and the president of the United States.
- C) 12 members, seven of whom are the members of the Board of Governors and five of whom are presidents of Federal Reserve Banks.
- D) 12 committees, all serving on the Board of Governors.
- E) 12 members, split evenly so that six of whom are members of the Board of Governors and six of whom are presidents of Federal Reserve Banks.

Answer: <https://biology-forums.com/index.php?topic=322685>

### Question 3

"Because monetary policy must be approved by the president of the United States, the president is chair of the Federal Open Market Committee." Analyze the previous statement—is it correct or incorrect?

Answer: <https://biology-forums.com/index.php?topic=323087>

### Question 4

If a tariff is imposed on imports of shrimp into the United States, U.S. consumer surplus from shrimp will \_\_\_\_\_ and U.S. producer surplus from shrimp will \_\_\_\_\_.

- A) increase; increase
- B) increase; decrease
- C) decrease; increase
- D) decrease; decrease
- E) increase; not change

Answer: <https://biology-forums.com/index.php?topic=317191>

### Question 5

With regard to its profits and losses, how is the short run different from the long run for a perfectly competitive firm?

Answer: <https://biology-forums.com/index.php?topic=319181>

### Question 6

The average fixed cost curve

- A) is always positively sloped.
- B) is U-shaped.
- C) has an upside-down U shape.
- D) is always negatively sloped.
- E) is horizontal.

Answer: <https://biology-forums.com/index.php?topic=318375>

### Question 7

Which of the following is NOT considered one of the factors of production?

- A) land
- B) labor
- C) capital
- D) technology
- E) entrepreneurship

Answer: <https://biology-forums.com/index.php?topic=311309>

### Question 8

Under which of the following conditions will a profit-maximizing perfectly competitive firm shut down in the short run?

- A) when it is making a normal profit
- B) whenever its marginal cost is less than its marginal revenue
- C) when the price is less than its minimum average variable cost
- D) whenever its total cost is greater than its total revenue
- E) when the price is less than its minimum average total cost

Answer: <https://biology-forums.com/index.php?topic=318820>

### Question 9

In monopolistic competition, there are \_\_\_\_\_ barriers to entry and so firms in monopolistic competition \_\_\_\_\_ earn an economic profit in the long run.

- A) high; can
- B) high; cannot
- C) no; can
- D) no; cannot
- E) sometimes; can sometimes

Answer: <https://biology-forums.com/index.php?topic=320134>

### Question 10

Which of the following statements is correct?

- A) An increase in people's expected future income shifts the aggregate demand curve leftward.
- B) A tax increase shifts the aggregate demand curve leftward.
- C) An increase in potential GDP shifts the aggregate demand curve rightward.
- D) An increase in exports shifts the aggregate demand curve leftward.
- E) The higher the price level, the larger is the quantity of real GDP demanded.

Answer: <https://biology-forums.com/index.php?topic=323383>

### Question 11

A hike in the federal funds rate results in \_\_\_\_\_ in the real interest rate, which leads to \_\_\_\_\_ in investment.

- A) an increase; an increase
- B) an increase; a decrease
- C) a decrease; an increase
- D) a decrease; a decrease
- E) a decrease; no change

Answer: <https://biology-forums.com/index.php?topic=323993>

### Question 12

Which of the following statements about price discrimination is false?

- A) Price discrimination is a method for a seller to capture some consumer surplus.
- B) Compared to a single-price monopoly, the number of units sold increases when a monopoly price discriminates.
- C) Charging less for a second pizza that is identical to the first is an example of price discrimination.
- D) Price discrimination increases a monopoly's profit.
- E) All forms of price discrimination are illegal.

Answer: <https://biology-forums.com/index.php?topic=319605>

### Question 13

Demand for a product tends to be more elastic the longer the time period considered because

- A) sellers have more time to expand production.
- B) buyers have more time to search for substitutes.
- C) price increases over time make the price larger relative to buyers' incomes.
- D) the inverse relationship between the price and the quantity demanded weakens over time.
- E) buyers get used to the new price.

Answer: <https://biology-forums.com/index.php?topic=313861>

### Question 14

Investment is defined as the purchase of

- A) any financial asset only.
- B) additions to inventories only.
- C) financial assets and inventories only.
- D) new capital goods and additions to inventories.
- E) new capital goods but not additions to inventories.

Answer: <https://biology-forums.com/index.php?topic=320662>

### Question 15

When the minimum wage is raised, the \_\_\_\_\_ union labor \_\_\_\_\_.

- A) demand for; increases
- B) demand for; decreases
- C) supply of; increases
- D) supply of; decreases
- E) demand for; does not change

Answer: <https://biology-forums.com/index.php?topic=316538>

### Question 16

When a nation exports a good or service in which it has a comparative advantage, production of the good or service

- A) decreases.
- B) stays the same.
- C) increases.
- D) might change, but more information about what the country imports is needed to determine if production increases, decreases, or does not change.
- E) might change, but more information about what else the country exports is needed to determine if production increases, decreases, or does not change.

Answer: <https://biology-forums.com/index.php?topic=317063>

### Question 17

If a rent ceiling is imposed that is less than the equilibrium rent, which of the following outcomes is most likely to occur?

- A) reduced search activity
- B) black market activity
- C) a building boom
- D) a housing surplus
- E) None of the above answers is correct because to have an impact, the rent ceiling must be above the equilibrium rent.

Answer: <https://biology-forums.com/index.php?topic=316294>

### Question 18

If the cross elasticity of demand between car insurance and new cars is -0.41, then car insurance and new cars are

- A) complements.
- B) substitutes.
- C) normal goods.
- D) inferior goods.
- E) unrelated goods.

Answer: <https://biology-forums.com/index.php?topic=314382>

### Question 19

Which of the following changes aggregate supply and shifts the AS curve?

- i. a change in the price of a major resource
  - ii. increases in the amount of capital
  - iii. a change in the money income of consumers
- A) i only
  - B) ii only
  - C) iii only
  - D) i and ii
  - E) i, ii, and iii

Answer: <https://biology-forums.com/index.php?topic=323240>

### Question 20

Scott and Cindy both produce only pizza and tacos. In one hour, Scott can produce 20 pizzas or 40 tacos. In one hour, Cindy can produce 30 pizzas or 40 tacos. Based on these data,

- A) Cindy has a comparative advantage at producing tacos.
- B) Scott has a comparative advantage at producing tacos.
- C) Cindy and Scott have the same comparative advantage in producing tacos.
- D) neither Cindy nor Scott has a comparative advantage in producing tacos.
- E) Cindy and Scott have the same comparative advantage in producing pizzas.

Answer: <https://biology-forums.com/index.php?topic=312526>