

### Question 1

"A bank can only use its excess reserves to make loans, while required reserves can only be used to buy U.S. government securities." Explain whether the previous statement is correct or incorrect.

Answer: <https://biology-forums.com/index.php?topic=323102>

### Question 2

"A firm in monopolistic competition maximizes its profit by producing where its price is equal to its marginal cost." Is the previous statement correct or incorrect?

Answer: <https://biology-forums.com/index.php?topic=320510>

### Question 3

"A Nash equilibrium occurs when both parties to a game end up worse off as a result of the decisions that are made." Is the previous definition of a Nash equilibrium correct or incorrect?

Answer: <https://biology-forums.com/index.php?topic=320571>

### Question 4

"A perfectly competitive firm is called a price maker because all the firms together must make the market price." Is the previous statement correct or incorrect? Briefly explain your answer.

Answer: <https://biology-forums.com/index.php?topic=319113>

### Question 5

"A single-price monopoly charges a higher price and produces more output than a perfectly competitive industry." Is the previous statement correct or incorrect? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=319886>

### Question 6

"A single-price monopoly will always charge a price that is on the elastic range of the demand for the monopoly's output." Explain why the previous statement is correct or incorrect.

Answer: <https://biology-forums.com/index.php?topic=319864>

### Question 7

"According to the Coase theorem, if Gabriel wants the local television station to cease having helicopters fly over his house at night, he will be more likely to be able to reach an agreement with the station if the property right to the airspace is clearly defined and the transaction costs of negotiating are high." Is this statement true or false? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=318037>

### Question 8

"Allocative efficiency in the production of cherries means that consumers can eat all of the cherries they desire." Is this statement true or false? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=315678>

### Question 9

"Allocative efficiency requires that the maximum number of people have access to all of the goods and services that our economy produces." Is this statement true or false? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=315681>

### Question 10

"An increase in Mexican income decreases aggregate demand in the United States." Is the preceding statement correct or incorrect? Briefly explain your answer.

Answer: <https://biology-forums.com/index.php?topic=323723>

### Question 11

"As long as supply-side effects are ignored, the balanced budget multiplier is equal to zero." Is the previous statement correct or incorrect? Define the balanced budget multiplier and then explain your answer.

Answer: <https://biology-forums.com/index.php?topic=324156>

### Question 12

"As the saying goes, the only sure things in life are death and taxes. This saying points out the result that everything having to do with taxes is an automatic fiscal policy." Is the preceding analysis correct or incorrect? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=324152>

### Question 13

"Banks hold about 50 percent of their assets as reserves." Is the previous statement correct or not?

Answer: <https://biology-forums.com/index.php?topic=323065>

### Question 14

"Banks make a profit by paying depositors a high rate to attract funds and making loans at a low rate to encourage borrowing." Is the previous statement correct or not?

Answer: <https://biology-forums.com/index.php?topic=323063>

### Question 15

"Because firms in an oligopoly are so large, they do not need to consider each other's actions." Is the previous statement correct or incorrect? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=320544>

### Question 16

"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 17

"Because of rent seeking, a monopoly may end up earning a normal profit." Is the previous statement correct or incorrect? Why?

Answer: <https://biology-forums.com/index.php?topic=319902>

### Question 18

"Because the United States is the largest economy in the world and can produce anything it needs domestically, there are no gains from trade for the United States." Is the previous statement correct or incorrect?

Answer: <https://biology-forums.com/index.php?topic=312720>

### Question 19

"By definition, all parts of M2 are money." Is the previous statement correct or not? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=323051>

### Question 20

"Comparative advantage" is defined as a situation in which one person can produce

- A) more of all goods than another person.
- B) more of a good than another person.
- C) a good for a lower dollar cost than another person.
- D) a good for a lower opportunity cost than another person.
- E) all goods for lower opportunity costs than another person.

Answer: <https://biology-forums.com/index.php?topic=312517>