

Question 1

An advantage of Microsoft Windows is its compatibility with the widest range of hardware and software. The dominance of Windows is self-reinforcing: hardware and software manufacturers ensure that their products are compatible with Windows in order to have access to the large number of Windows users. Which situation best describes this scenario?

- endowment effects
- endorsement effects
- economies of scale
- network externalities

Answer: <https://biology-forums.com/index.php?topic=1906976>

Question 2

The bargaining power of buyers of inputs increases if

- there are many large buyers.
- the input in question has few substitutes.
- the input in question is not a critical component of production.
- there are wide variations in the quality of inputs from supplier to supplier.

Answer: <https://biology-forums.com/index.php?topic=1907188>

Question 3

Figure 10-10

Refer to Figure 10-10. Consider the budget constraint BC1. If the price of DVDs is \$20 and the price of CDs is \$10, what is the consumer's income?

- \$120
- \$240
- \$360
- \$480

Answer: <https://biology-forums.com/index.php?topic=1907015>

Question 4

Suppose the following two events occur in the domestic market for radiologists:

a. Some hospitals are outsourcing some radiology services such as reading x-rays. b. Some medical schools have closed down their radiology departments as fewer students enroll in this field.

What is likely to happen to the equilibrium wage and quantity of radiologists following these two events?

- The equilibrium wage and the equilibrium quantity of radiologists rise.
- The equilibrium wage and the equilibrium quantity of radiologists fall.
- The equilibrium quantity falls and the effect on the equilibrium wage of radiologists is indeterminate.
- The equilibrium wage falls and the effect on equilibrium quantity of radiologists is indeterminate.

Answer: <https://biology-forums.com/index.php?topic=1907381>

Question 5

Question 1. Perfectly inelastic demand is represented by a demand curve which is _____, and relatively inelastic demand is represented by a demand curve which is _____.

- downward sloping; vertical
- horizontal; downward sloping
- vertical; downward sloping
- upward sloping; horizontal

Question 2. Which of the following statements about the price elasticity of demand along a downward-sloping linear demand curve is true?

- It is inelastic at high prices and elastic at low prices.
- It is unit elastic throughout the demand curve.
- It is elastic at the highest prices and inelastic at the lowest prices.
- It is perfectly elastic at very high prices and perfectly inelastic at very low prices.

Answer: <https://biology-forums.com/index.php?topic=1906862>

Question 6

Figure 10-7

The above panels show various combinations of indifference curves and budget constraints for two products: Popcorn and Candy.

Refer to Figure 10-7. A change in the price of candy only is shown in

- Panel A.
- Panel B.
- Panel C.

- None of these panels.

Answer: <https://biology-forums.com/index.php?topic=1907002>

Question 7

Firms use two marketing tools to differentiate their products. What are these two tools?

- lobbying and word of mouth
- market research and demand estimation
- brand management and advertising
- consumer surveys and market experiments

Answer: <https://biology-forums.com/index.php?topic=1907109>

Question 8

Consider the market for blackjack dealers in Las Vegas. In each of the following cases, explain what happens to the equilibrium wage rate and the quantity of blackjack dealers hired.

- Three new large resort casinos open in Las Vegas.
- Fewer students are attending classes to learn to become blackjack dealers.
- Traditionally, blackjack dealing is a field that attracts foreign workers. However, changes in immigration laws have made it more difficult for foreign workers to come to Las Vegas to obtain jobs. The demand for blackjack dealers, however, does not change.
- Advances in technology have increased the popularity of electronic blackjack machines and decreased the popularity of live table games which require the use of a dealer.

Answer: <https://biology-forums.com/index.php?topic=1907390>

Question 9

Question 1. All else equal, a decrease in the supply of labor will shift the labor supply curve to the left and decrease the equilibrium wage.

- true
- false

Question 2. If the demand for labor is unchanged, population growth will increase the supply of labor and increase the equilibrium wage.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907388>

Question 10

Of the factors that are within the control of the firm's owners, the most important factors that make a firm successful are

- the establishment of trademarks for its products and the aggressive defense of those trademarks.
- lobbying government to erect or enforce entry barriers in its markets and the marketing of its products as widely as possible.
- the differentiation of its products and the production of products at a lower average cost than competing firms.
- the selection of the prices of its products and the selection of the most productive and loyal employees.

Answer: <https://biology-forums.com/index.php?topic=1907128>

Question 11

Question 1. If the price of chewing gum is represented by P in equation $P = 25 - 0.5 QD$, then the corresponding quantity of chewing gum demanded is represented by the demand equation

- $QD = 2P - 0.5$.
- $QD = 0.5P + 25$.
- $QD = 50 - 2P$.
- $QD = -5 + 10P$.

Question 2. If the quantity of fishing poles demanded is represented by the demand equation $QD = 60 - P$, then to solve for the price of fishing poles, the equation would be rewritten as

- $P = 0.6QD + 10$.
- $P = 60 - QD$.
- $P = -60 + QD$.
- $P = QD + 60$.

Answer: <https://biology-forums.com/index.php?topic=1906837>

Question 12

If economies of scale are relatively important in an industry, the typical firm's

- marginal cost curve will decline continuously until it reaches minimum efficient scale.
- long-run average cost curve will begin rising before it reaches minimum efficient scale.
- long-run average cost curve will reach a minimum at a level of output that leaves room for a large number of firms to enter the industry.
- long-run average cost curve will reach a minimum at a level of output that is a relatively large fraction of total industry sales.

Answer: <https://biology-forums.com/index.php?topic=1907146>

Question 13

A successful trademark is one that becomes a generic name for a product, for example, "Kleenex" has become a generic term for tissues.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907112>

Question 14

Question 1. Linesha, a college student working part-time received a wage increase. An avid movie buff, she increased her purchases of Blu-ray discs and reduced her purchases of DVDs. Based on this information

- DVDs and Blu-ray discs are substitutes.
- Blu-ray discs are normal goods and DVDs are inferior goods.
- DVDs and Blu-ray discs are normal goods.
- the cross-price elasticity between DVDs and Blu-ray discs is negative.

Question 2. If a good has a negative income elasticity of demand, this indicates that the good is

- a substitute with another good.
- a complement with another good.
- inferior.
- normal.

Answer: <https://biology-forums.com/index.php?topic=1906875>

Question 15

The slope of an isoquant is equal to the ratio of the price of the input on the horizontal axis divided by the price of the input on the vertical axis, multiplied by -1.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907052>

Question 16

The Bay Area subway system, BART, offers senior citizens discounted fares for BART rides. This suggests that BART authorities believe that senior citizens have a _____ demand for subway rides.

- more income elastic
- less income elastic
- more price elastic
- less price elastic

Answer: <https://biology-forums.com/index.php?topic=1907275>

Question 17

Which of the following is not a requirement for a successful price discrimination strategy?

- A firm must have the ability to charge a price greater than marginal cost.
- Some consumers must have a greater willingness to pay for the product than other consumers, and the firm must be able to know what prices consumers are willing to pay.
- The firm must be able to prevent arbitrage.
- Transactions costs must be the same for all consumers.

Answer: <https://biology-forums.com/index.php?topic=1907309>

Question 18

Question 1. At low wages, the labor supply curve for most people slopes upward because

- the supply of labor is perfectly inelastic at low wages.
- as wages increase the opportunity cost of leisure increases.
- as wages increase income also increases unless hours worked decrease.
- the demand for labor is perfectly elastic at low wages.

Question 2. The substitution effect of a wage increase is observed when

- the higher wage income causes workers to take more leisure and work less.
- leisure's higher opportunity cost causes workers to take less leisure and work more.
- the higher wage income causes workers to take more leisure and work more.
- leisure's higher opportunity cost causes workers to take more leisure and work less.

Answer: <https://biology-forums.com/index.php?topic=1907368>

Question 19

Joss is a marketing consultant. Iris and Daphne are potential customers interested in commissioning Joss to undertake a market survey and compile the findings in a report. Iris is willing to pay \$500 for the service while Daphne is willing to pay \$800. Suppose that the opportunity cost of Joss's time is \$1,200. Assume that Iris and Daphne do not know each other. Which of the following statements is true?

- Joss should charge each customer \$600; that way he will earn his opportunity cost and it will be fair to both Iris and Daphne.
- Joss should charge Iris \$500 and Daphne no more than \$700; that way he earns his opportunity cost and there is no loss in economic surplus.
- Joss should charge Iris \$500 and Daphne \$800; that way economic surplus is maximized.
- Joss should charge Iris \$500 but charging Daphne \$800 is unfair because it allows Joss to earn more than his opportunity cost.

Answer: <https://biology-forums.com/index.php?topic=1907287>

Question 20

Joe Santos owns the only pizza parlor in a small town that is also home to a McDonald's, a Taco Bell, and a Kentucky Fried Chicken. Using a broad definition of a monopoly, Joe has a monopoly if the menu items sold at the other restaurants are not considered close substitutes for the food sold at the pizza parlor.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907209>

Question 21

Firms in different countries that face different input prices may produce the same good using different combinations of inputs, even though they have access to the same technology.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907053>

Question 22

When you buy at a low price in one market then sell at a higher price in another market you are engaging in

- odd pricing.
- arbitrage.
- an antitrust prohibited practice.
- price discrimination.

Answer: <https://biology-forums.com/index.php?topic=1907243>

Question 23

Question 1. All of the following are part of the "regulation of health insurance" provision of the Patient Protection and Affordable Care Act (ACA) except

- individuals with pre-existing medical conditions are able to acquire health insurance.
- all policies must provide coverage for dependant children up to age 26.
- lifetime dollar maximums on coverage are prohibited.
- limits on the size of deductibles and on waiting periods before coverage takes effect have been eliminated.

Question 2. All of the following are part of the "taxes" provision of the Patient Protection and Affordable Care Act (ACA) except

- pharmaceutical firms and health insurance firms pay new taxes.
- investors earning more than \$200,000 pay a new tax on their investment income.
- beginning in 2018, all taxes on employer-provided health insurance plans will be reduced or eliminated.
- workers earning more than \$200,000 pay higher Medicare payroll taxes.

Answer: <https://biology-forums.com/index.php?topic=1906930>

Question 24

Question 1. Some firms practice odd pricing because

- they believe that customers will buy a larger quantity with an odd price.
- it is a way to price discriminate.
- it is too difficult for sellers to reeducate buyers into accepting even prices.
- it lowers transactions costs.

Question 2. Suppose the per-unit production cost of a book is \$4.00 and the retail price is \$32. If the book publisher sells books to a bookstore at a 40 percent discount, what is the amount of the publisher's markup per book? Assume that bookstores sell books at the retail price.

- \$12.80
- \$15.20
- \$19.20
- \$21.60

Answer: <https://biology-forums.com/index.php?topic=1907339>

Question 25

Question 1.If the labor demand curve shifts to the right and the labor supply curve remains unchanged, what will happen to the equilibrium wage and the equilibrium level of employment? Illustrate your answer with a graph.
Question 2.If the labor supply curve shifts to the left and the labor demand curve remains unchanged, what will happen to the equilibrium wage and the equilibrium level of employment? Illustrate your answer with a graph.
Answer: <https://biology-forums.com/index.php?topic=1907392>

Question 26

During a study session for an economics exam with three other students, Peter Daltry commented on an example of a consumer who had to decide on number of slices of pizza and cups of Coca-Cola he would consume. Peter explained that "To maximize his utility this consumer must equate the marginal utility per dollar for pizza and Coca-Cola." Was Peter's analysis correct?
• Peter described one of the conditions necessary for utility maximization. The consumer also must equate the marginal utility of pizza and the marginal utility of cups of Coca-Cola.
• Peter's statement is correct.
• Peter's statement is correct, but we must also assume that the consumer is rational.
• Peter describes one of the conditions necessary for utility maximization. The second condition is that total spending on both goods must equal the amount available to be spent.
Answer: <https://biology-forums.com/index.php?topic=1906964>

Question 27

Question 1.An increase in the demand for orthodontic services leads to
• an increase in the supply of orthodontists.
• lower prices for orthodontic care.
• an increase in the demand for orthodontists.
• a rise in the rates of dental insurance.
Question 2.Which of the following describes a difference between the marginal product of labor and the marginal revenue product of labor?
• The marginal product of labor declines as each additional worker is hired because of the law of diminishing returns. The marginal revenue product of labor declines as each additional worker is hired because of diseconomies of scale.
• The marginal product of labor declines as each additional worker is hired because of the law of diminishing returns. The marginal revenue product increases as each additional worker is hired because of increases in the productivity of labor.
• The marginal product of labor is inelastic. The marginal revenue product of labor is elastic.
• The marginal product of labor measures the change in output as additional workers are hired. The marginal revenue product measures the change in revenue as additional workers are hired.
Answer: <https://biology-forums.com/index.php?topic=1907353>

Question 28

Question 1.If an 8 percent decrease in the price of lobster leads to a 15 percent decrease in the quantity of lobster supplied, then the supply of lobster is
• unit elastic.
• unitarily elastic.
• elastic.
• perfectly inelastic.
Question 2.Inelastic supply occurs whenever the elasticity of supply value is
• negative and < -1 .
• any positive number.
• positive and > 1 .
• positive and < 1 .
Answer: <https://biology-forums.com/index.php?topic=1906913>

Question 29

Question 1.State whether each of the following goods and services is nonrival, nonexcludable or both:
a.A toll road b.A public park c.A lighthouse d.An art museum e.A radio broadcast of "A Prairie Home Companion"
Question 2.How does a public good differ from a quasi-public good? In your answer give an example of each type of good.
Answer: <https://biology-forums.com/index.php?topic=1906861>

Question 30

Question 1.If a soda tax is implemented and demand for soda is price elastic, the decline in equilibrium quantity would be _____ and the increase in equilibrium price would be _____ than if demand were inelastic.
• larger; larger
• larger, smaller
• smaller; larger
• smaller; smaller

Question 2.If a soda tax is implemented and demand for soda is price elastic, the effect on discouraging soda consumption would be _____ and _____ tax revenue would be collected than if demand were inelastic.

- larger; more
- larger; less
- smaller; more
- smaller; less

Answer: <https://biology-forums.com/index.php?topic=1906896>

Question 31

If, for the last bushel of apples produced and sold by an apple farm, marginal revenue exceeds marginal cost, then in producing that bushel, the farm

- added more to total cost than it added to total revenue.
- added an equal amount to both total revenue and total cost.
- added more to total revenue than it added to total cost.
- maximized its profits or minimized its losses.

Answer: <https://biology-forums.com/index.php?topic=1907065>

Question 32

The relationship between the inputs employed by a firm and the maximum output that it can produce with those inputs is the firm's

- production function.
- supply curve, or supply schedule.
- marginal product of labor.
- average product of labor.

Answer: <https://biology-forums.com/index.php?topic=1907032>

Question 33

Which of the following statements applies to a monopolist but not to a perfectly competitive firm at their profit-maximizing outputs?

- Marginal revenue is less than price.
- Marginal revenue equals marginal cost.
- Price equals marginal cost.
- Average revenue equals average cost.

Answer: <https://biology-forums.com/index.php?topic=1907223>

Question 34

Question 1.If, as your taxable income decreases, you pay a smaller percentage of your taxable income in taxes, then the tax is

- regressive.
- proportional.
- progressive.
- unfair.

Question 2.If, as your taxable income decreases, you pay a larger percentage of your taxable income in taxes, then the tax is

- regressive.
- proportional.
- progressive.
- unfair.

Answer: <https://biology-forums.com/index.php?topic=1907426>

Question 35

Question 1.Table 4-7

$$\text{Demand} \text{Supply} P = 50 - 2Q \quad P = 35 + QS \quad Q = 25 - 0.5P \quad Q = P - 35$$

Refer to Table 4-7. The equations above describe the demand and supply for Bubba's Fried Jellybeans. The equilibrium price and quantity for Bubba's Fried Jellybeans are \$40 and 5 thousand units. What is the value of economic surplus in this market?

- \$5 thousand
- \$12.5 thousand
- \$25 thousand
- \$37.5 thousand

Question 2."A competitive market achieves economic efficiency by maximizing the sum of consumer surplus and producer surplus." This statement

- is true only if there are positive externalities in production in the market.
- is true only if there are no negative externalities in the market.
- is true only if there are no positive or negative externalities in the market.
- is true in theory, but economic efficiency cannot be achieved in a real market.

Answer: <https://biology-forums.com/index.php?topic=1906844>

Question 36

Assuming consumers have transitive preferences, a consumer's indifference curves can never cross.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907019>

Question 37

An industry's long-run supply curve shows

- the relationship in the long run between market price and quantity supplied.
- how the government determines the price of the product.
- how average productivity is changing.
- greater than normal profit.

Answer: <https://biology-forums.com/index.php?topic=1907089>

Question 38

Which of the following is an example of market "production," as used by economists?

- Garvey takes out a low-cost government loan to start his pet-sitting business.
- Heidi makes a pizza for her family's dinner.
- Katrina works as a cashier at the local produce stand.
- The theatre and film studies department in Fine Art's College stages a play at the local theatre.

Answer: <https://biology-forums.com/index.php?topic=1907029>

Question 39

If, for a given output level, a perfectly competitive firm's price is less than its average variable cost, then the firm

- is earning a profit.
- should shut down.
- should increase output.
- should increase price.

Answer: <https://biology-forums.com/index.php?topic=1907083>

Question 40

Question 1. The social benefit of a given level of a public good is the vertical sum of all private benefits for that level.

- true
- false

Question 2. A modern example of the tragedy of the commons is the forests in many poor countries.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906860>

Question 41

Question 1. At a product's equilibrium price

- the product's demand curve is the same as the product's supply curve.
- the quantity of the product demanded is greater than the quantity of the product supplied.
- the quantity of the product demanded is less than the quantity of the product supplied.
- the product's demand curve crosses the product's supply curve.

Question 2. Figure 3-5

Refer to Figure 3-5. At a price of \$5, the quantity sold

- is 2 units.
- is 4 units.
- is 6 units.
- cannot be determined.

Answer: <https://biology-forums.com/index.php?topic=1906792>

Question 42

Of the following industries, which are perfectly competitive? For those that are not perfectly competitive, explain why.

a. Restaurants b. Corn c. College education d. Local radio and television

Answer: <https://biology-forums.com/index.php?topic=1907062>

Question 43

Question 1. Households _____ factors of production and _____ goods and services.

- supply; demand
- supply; supply
- demand; supply
- demand; demand

Question 2. The U.S. Bureau of Labor Statistics forecasts that by 2024, total employment in U.S. manufacturing will

- decline to 11.4 million.
- increase to 12.3 million.
- remain the same as it was in 2016.
- virtually cease to exist.

Answer: <https://biology-forums.com/index.php?topic=1906761>

Question 44

Horizontal equity means that two people in identical economic situations should pay the same amount of taxes.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907451>

Question 45

Question 1. If it costs Danitra \$225 to create 4 necklaces and \$275 to create 5 necklaces, then the marginal cost of producing the 5th necklace is \$50.

- true
- false

Question 2. Suppose the extra cost to a city of lowering the speed limits in all school zones by 10 mph is \$10,000 per year. Then, the city should lower the school-zone speed limits by 10 mph if doing so results in an additional benefit of less than \$10,000 per year.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906751>

Question 46

Question 1. Use the following demand schedule for apples to draw a graph of the demand curve. Be sure to label the demand curve and each axis, and show each point on the demand curve.

Price (dollars per bushel)	Quantity (thousands of bushels)
30	20
25	40
20	60
15	80
10	100

Question 2. In October 2005, the U.S. Fish and Wildlife Service banned the importation of beluga caviar, the most prized of caviars, from the Caspian Sea. What happened in the market for caviar in the United States?

- The supply curve shifted to the left.
- The supply curve shifted to the right.
- The demand curve shifted to the right.
- The demand curve shifted to the left.

Answer: <https://biology-forums.com/index.php?topic=1906790>

Question 47

A perfectly competitive firm's supply curve is its

- marginal cost curve.
- marginal cost curve above its minimum average total cost.
- marginal cost curve above its minimum average variable cost.
- marginal cost curve above its minimum average fixed cost.

Answer: <https://biology-forums.com/index.php?topic=1907084>

Question 48

When Walmart decides to build a new retail store in a town, it will decide to build a large store rather than a small store if the large store is expected to earn a greater economic profit. What other motive would Walmart have for choosing to build a large store?

- A larger store will help Walmart maintain its position as the leading retail company in the world more than a smaller store would.
- A larger store will give Walmart greater political influence in the community.
- A larger store may deter entry into the town by a rival firm.
- Because of economies of scale, the average total cost of production is less for a larger store than a smaller store.

Answer: <https://biology-forums.com/index.php?topic=1907162>

Question 49

Question 1. In recent years, the prices of new domestically produced cars have been falling. Suppose consumers respond by reducing their demand for used cars and mass transport services such as bus travel. This information suggests that the cross-price elasticity between new cars and used cars, and the cross-price elasticity between new cars and bus travel, are negative.

- true
- false

Question 2. According to the Apply the Concept feature in the textbook, in the alcohol industry, both wine and spirits are considered to be substitutes for beer.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906888>

Question 50

Figure 10-7

The above panels show various combinations of indifference curves and budget constraints for two products: Popcorn and Candy.

Refer to Figure 10-7. A change in the price of popcorn only is shown in

- Panel A.
- Panel B.
- Panel C.
- None of these panels.

Answer: <https://biology-forums.com/index.php?topic=1907003>

Question 51

Question 1. What is yield management? How is yield management being used in the airline industry?

Question 2. Are restaurant coupons a form of price discrimination? Why or why not?

Answer: <https://biology-forums.com/index.php?topic=1907332>

Question 52

Question 1. The government of Bassaland is looking for new revenue sources. It is considering imposing an excise tax on two goods: palm wine and diapers. If the price elasticity of demand for the goods are -0.47 and -1.89 respectively, which good should it tax if the goal is to raise revenue? If the government wants to tax only one good, which good should it tax if the goal is to discourage consumption? Explain your answer.

Question 2. The price elasticity of an upward-sloping supply curve is always

- positive.
- negative.
- greater than one.
- impossible to determine.

Answer: <https://biology-forums.com/index.php?topic=1906902>

Question 53

Question 1. If a 5 percent increase in income leads to a 10 percent increase in quantity demanded for airline travel, then airline travel is

- a necessity.
- a substitute for another good.
- a luxury.
- an inferior good.

Question 2. If a 5 percent increase in income leads to a 10 percent decrease in quantity demanded for a product, this product is

- an income elastic good.
- an inferior good.
- a necessity.
- a luxury good.

Answer: <https://biology-forums.com/index.php?topic=1906876>

Question 54

Figure 15-3

Figure 15-3 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-3. Suppose the monopolist represented in the diagram above produces positive output. What is the profit-maximizing/loss-minimizing output level?

- 630 units
- 800 units
- 850 units
- 880 units

Answer: <https://biology-forums.com/index.php?topic=1907224>

Question 55

Question 1. The income effect of a decrease in the price of legal services, a normal good, results in

- a decrease in the demand for legal services.
- a decrease in the quantity of legal services demanded.
- an increase in the quantity of legal services demanded.
- an increase in the demand for legal services.

Question 2. A change in the price of a good has two effects on the quantity consumed. What are these effects?

- the income effect and the substitution effect
- the utility effect and the budget effect
- the total utility effect and marginal utility effect
- the consumption effect and expenditure effect

Answer: <https://biology-forums.com/index.php?topic=1906969>

Question 56

Figure 18-1

Refer to Figure 18-1. Area E + H represents

- the portion of sales tax revenue borne by consumers.
- the portion of sales tax revenue borne by producers.
- the excess burden of the sales tax.
- sales tax revenue collected by the government.

Answer: <https://biology-forums.com/index.php?topic=1907465>

Question 57

Question 1. When firms adopt successful dynamic pricing strategies, typically

- all consumers gain by paying lower prices.
- all consumers lose by paying higher prices.
- some consumers gain and some lose, but as a group, consumers gain.
- some consumers gain and some lose, but as a group, consumers lose.

Question 2. If a firm knew every consumer's willingness to pay and could prevent arbitrage, it could charge every consumer a different price. This practice is known as

- first-degree exploitation, or perfect price discrimination.
- maximization of producer surplus, or perfect price discrimination.
- first-degree price discrimination, or perfect price discrimination.
- first-degree transfer of consumer surplus, or perfect price discrimination.

Answer: <https://biology-forums.com/index.php?topic=1907318>

Question 58

Figure 16-3

Chantal owns a hairdressing salon which caters to two main groups of customers: residents of "The Chateau," a retirement community, and other residents in the neighborhood. Figure 16-3 shows the demand curves for the residents of the retirement community, labeled Market A, and other residents in the neighborhood, labeled Market B. The demand curves are not identical.

Refer to Figure 16-3. Suppose Chantal practices price discrimination. Which of the following statements is true?

- Chantal's profits will be higher if she has uniform pricing instead of different prices for different groups of customers.
- By charging a higher price in market B, Chantal has transferred some of the consumer surplus from customers in market B to customers in market A.
- By charging different prices in markets A and B, Chantal can transfer some producer surplus into economic profit.
- By charging a higher price in market B, Chantal can convert some consumer surplus into economic profit.

Answer: <https://biology-forums.com/index.php?topic=1907322>

Question 59

Question 1. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to practice perfect price discrimination. What is the total revenue collected by the firm?

- \$6,720
- \$7,680
- \$10,240
- \$13,440

Question 2. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to act as a monopolist and charge a single price. What is the profit-maximizing quantity produced and what is the price charged?

- Q = 240 units; P = \$28

- Q = 320 units; P = \$24
- Q = 480 units; P = \$16
- Q = 560 units; P = \$12

Answer: <https://biology-forums.com/index.php?topic=1907349>

Question 60

Collusion is common in oligopoly and monopolistically competitive industries.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907158>

Question 61

The slope of an isocost line _____ and equals the negative of _____.

- increases as we move down the line; the ratio of input prices
- decreases as we move down the line; the ratio of the marginal products
- is constant; the ratio of input prices
- is constant; the ratio of the marginal products

Answer: <https://biology-forums.com/index.php?topic=1907044>

Question 62

Question 1. In the United States, out-of-pocket spending on health care as a percentage of all spending on health care has _____ since 1960.

- slowly risen
- steadily declined
- more than doubled
- remained stable

Question 2. Because consumers who have insurance provided by their employers usually only pay a deductible for a visit to the doctor's office,

- they demand a larger quantity of health care services than they would if they paid a price that better represented the true cost of providing the service.
- they demand a smaller quantity of health care services than they would if they paid a price that better represented the true cost of providing the service.
- the doctors supply a smaller quantity of health care services than they would if the consumer paid a price that better represented the true cost of providing the service.
- the insurance companies provide a larger quantity of health care services than they would if the consumer paid a price that better represented the true cost of providing the service.

Answer: <https://biology-forums.com/index.php?topic=1906928>

Question 63

Question 1. If a supply curve is a horizontal line, supply is said to be

- perfectly inelastic.
- unit elastic.
- inelastic.
- perfectly elastic.

Question 2. Which of the following is a key determinant of the price elasticity of supply?

- the slope of the supply curve
- the availability of substitutes in production
- the available technology
- the time it takes to change output in response to a change in price

Answer: <https://biology-forums.com/index.php?topic=1906914>

Question 64

Table 12-4

Quantity	Average Fixed Cost	Average Variable Cost	Marginal Cost
20	\$40	\$18	\$18
40	20	14	10
60	13.1	16	20
80	10	22	40
100	8	30	62
120	6.61	40	90

Table 12-4 shows the short-run cost data of a perfectly competitive firm. Assume that output can only be increased in batches of 20 units. Refer to Table 12-4. If the market price is \$45 the firm will produce

- 60 units.
- 80 units.
- 100 units.
- 120 units.

Answer: <https://biology-forums.com/index.php?topic=1907081>

Question 65

Figure 14-7

Refer to Figure 14-7. Uniquet, Inc. is a company that provides PCs with Internet access and touch-sensitive screens to hotels. Suppose the Hard Rock Hotel and Casino in Las Vegas informs Uniquet that it is considering installing these systems in its hotel rooms. The Hard Rock expects to be able to charge higher prices for these rooms if it installs Uniquet's systems in its rooms. The two companies begin bargaining over what price the Hard Rock will pay Uniquet for its systems, and the decision tree shown above illustrates this bargaining game. Note that the profit figures listed in the decision tree are additional profits for the Hard Rock and total profits for Uniquet.

- Suppose the Hard Rock offers Uniquet \$1,200 per system. Will Uniquet accept or reject this offer? Why?
- Suppose the Hard Rock offers Uniquet \$800 per system. Will Uniquet accept or reject this offer? Why?
- Suppose Uniquet attempts to obtain a favorable outcome from the bargaining by telling the Hard Rock it will reject an \$800-per-system offer. If the Hard Rock does not believe the threat is credible, what will it do? Why? What will Uniquet do? Why?
- Is there a subgame-perfect equilibrium in this situation? Explain.

Answer: <https://biology-forums.com/index.php?topic=1907174>

Question 66

For decades, the NCAA restricted the number of college football and basketball games that could be televised, and in 1982 the University of Georgia and the University of Oklahoma sued the NCAA under the federal antitrust laws. In 1984, the Supreme Court decided the case

- for the NCAA, citing the fact that belonging to the NCAA was voluntary.
- against the NCAA, citing that the NCAA did not control what television networks put on the air.
- against the NCAA, citing anticompetitive practice.
- against the NCAA, citing explicit collusion among the larger colleges.

Answer: <https://biology-forums.com/index.php?topic=1907208>

Question 67

College students and faculty members have a more elastic demand than the general public for Apple's MacBook Pro laptop computers. From this we can conclude that

- Apple will charge college students and faculty members higher prices than it charges the general public.
- Apple will charge college students and faculty members lower prices than it charges the general public.
- the general public will earn arbitrage profits by buying MacBook Pro Laptop computers from Apple and reselling them to college students and faculty members.
- Apple will earn economic profits from the computers it sells to the general public but will break even on the computers it sells to college students and faculty members.

Answer: <https://biology-forums.com/index.php?topic=1907317>

Question 68

Table 2-4

Possible Output Combinations Apples
(thousands of pounds) Pears

(thousands of pounds) A70 0B6020C5036D4048E3056F2060G1063H 065

Refer to Table 2-4. The Fruit Farm produces only apples and pears. The table above shows the maximum possible output combinations of the two fruits using all resources and currently available technology.

- Graph the Fruit Farm's production possibilities frontier. Put apples on the horizontal axis and pears on the vertical axis. Be sure to identify the output combination points on your diagram.
- Suppose the Fruit Farm is currently producing at point D. What is the opportunity cost of producing an additional 8,000 pounds of pears?
- Suppose the Fruit Farm is currently producing at point D. What happens to the opportunity cost of producing more and more pears? Does it increase, decrease, or remain constant? Explain your answer.
- Suppose the Fruit Farm is currently producing at point G. What happens to the opportunity cost of producing more and more apples? Does it increase, decrease, or remain constant? Explain your answer.
- Suppose the Fruit Farm is plagued by the apple maggot infestation which destroys apple trees but not pear trees. Show in a graph what happens to its PPF.

Answer: <https://biology-forums.com/index.php?topic=1906776>

Question 69

Stan owns a software design business. He obtained a bank loan to buy computer equipment for his business. He pays \$1,000 per month for interest on the loan. He has 10 employees, each of whom is paid \$4,000 per month. Because his business has been successful, next month he will increase employee wages to \$5,000. If the revenue from his business remains at its current level, Stan is considering an addition to his office. Which of the following statements regarding Stan's business is false?

- The payments Stan makes to his employees are variable costs and explicit costs.
- The monthly payment Stan makes for his bank loan is an implicit cost.
- The monthly payment Stan makes for his bank loan is a fixed cost.

- The addition Stan is considering to make to his office would be an implicit cost.

Answer: <https://biology-forums.com/index.php?topic=1907033>

Question 70

For productive efficiency to hold,

- price must equal the marginal cost of the last unit produced.
- price must equal marginal revenue of the last unit sold.
- the average variable cost must be minimized in production.
- the average total cost must be minimized in production.

Answer: <https://biology-forums.com/index.php?topic=1907103>

Question 71

Article Summary

In a January, 2017 report, the World Economic Forum stated that the growing income gap has become one of the biggest threats to the global economy and cannot be remedied solely by higher economic growth. Although income inequality has fallen over the past 30 years on a global level, in high-income countries like the United States and the United Kingdom, the top 1% of income earners have benefitted disproportionately from economic growth. This has led a growing belief that the traditional model for economic growth does not result in a population-wide increase in income. According to the report, "The growing mood of anti-establishment populism suggests we may have passed the stage where [reviving economic growth] alone would remedy fractures in society: reforming market capitalism must also be added to the agenda."

Source: Lauren Gensler, "Rising Income Inequality Is Throwing The Future Of Capitalism Into Question, Says World Economic Forum," Forbes, January 11, 2017.

Refer to the Article Summary. The article discusses income inequality and how economic growth alone is no longer resulting in a more equitable distribution of income. If governments increased equity by reducing the incomes of high-income people and increasing the incomes of the poor, would it be possible that fewer goods and services would be produced and less saving would take place?

- No, an increase in equity will result in a more efficient level of production and saving.
- No, greater production and saving will take place regardless of the level of equity.
- Yes, there is often a trade-off between efficiency and equity.
- Yes, a reduction of the income gap necessitates a reduction in production and saving.

Answer: <https://biology-forums.com/index.php?topic=1906757>

Question 72

Draw a graph that shows the impact on a firm's profit when it increases spending on advertising and the increased advertising has no effect on the demand for a firm's product.

Answer: <https://biology-forums.com/index.php?topic=1907120>

Question 73

Which of the following is an example of a way in which an oligopolistic firm can escape the prisoner's dilemma?

- producing more of its product
- advertising that it will match its rival's price
- reneging on a previous tacit agreement with rival firms to charge identical high prices
- ignoring the pricing decisions of the other firms

Answer: <https://biology-forums.com/index.php?topic=1907153>

Question 74

Table 12-4

Quantity	Average Fixed Cost	Average Variable Cost	Marginal Cost
20	\$40	\$18	\$18
40	20	14	10
60	13.1	16	20
80	10	22	40
100	8	30	62
120	6.61	40	90

Table 12-4 shows the short-run cost data of a perfectly competitive firm. Assume that output can only be increased in batches of 20 units.

Refer to Table 12-4. If the market price is \$45, the firm

- will earn a profit of \$3,600.
- will suffer a loss of \$200.
- will break even.
- will earn profit of \$1,040.

Answer: <https://biology-forums.com/index.php?topic=1907082>

Question 75

With perfect price discrimination, the marginal revenue curve

- is below the demand curve.
- is above the demand curve.
- is equal to the demand curve.
- is horizontal.

Answer: <https://biology-forums.com/index.php?topic=1907291>

Question 76

Suppose a firm uses labor and capital to produce output. The last unit of labor hired has a marginal product of 12 units of output, and the last unit of capital employed has a marginal product of 20 units. Use the optimal combination of inputs rule to calculate the price of capital if the price of labor is \$6 per unit. The price of capital is

- \$2.
- \$10.
- \$20.
- impossible to determine with the information given.

Answer: <https://biology-forums.com/index.php?topic=1907049>

Question 77

If a firm could practice perfect price discrimination, it would

- allow resale of its product.
- charge every buyer a different price.
- charge a price based on the quantity of a product bought.
- use odd pricing.

Answer: <https://biology-forums.com/index.php?topic=1907281>

Question 78

Grant has \$200 to spend each month on restaurant meals and jazz performances at his neighborhood jazz club. The price of a typical restaurant meal is \$20 and the price of a jazz performance ticket is \$10. Grant is maximizing his utility by consuming 6 restaurant meals and attending 8 jazz performances. Suppose Grant still has \$200 to spend, but the price of restaurant meal rises to \$25, while the price of jazz performance ticket drops to \$8. Can it be determined if Grant is better off or worse off than he was before the price change? Use a budget constraint/indifference curve graph to illustrate your answer.

Answer: <https://biology-forums.com/index.php?topic=1907027>

Question 79

The corporate income tax is ultimately paid by all of the following except

- owners of the corporation.
- the corporation's debtors in the form of lower rates of return on the corporation's bonds.
- customers in the form of higher prices.
- employees in the form of lower wages.

Answer: <https://biology-forums.com/index.php?topic=1907467>

Question 80

Figure 15-9

Figure 15-9 shows the demand and cost curves for a monopolist.

Refer to Figure 15-9. What is the difference between the monopoly output and the perfectly competitive output?

- 140 units
- 240 units
- 340 units
- 560 units

Answer: <https://biology-forums.com/index.php?topic=1907234>

Question 81

Question 1. In a competitive market equilibrium,

- total consumer surplus equals total producer surplus.
- marginal benefit and marginal cost are maximized.
- consumers and producers benefit equally.
- the marginal benefit equals the marginal cost of the last unit sold.

Question 2. Figure 4-6

Figure 4-6 shows the demand and supply curves for the almond market. The government believes that the equilibrium price is too low and tries to help almond growers by setting a price floor at Pf.

Refer to Figure 4-6. What area represents consumer surplus after the imposition of the price floor?

- A + B + E
- A + B
- A + B + E + F
- A

Answer: <https://biology-forums.com/index.php?topic=1906817>

Question 82

What is an isocost line? What is the slope of an isocost line?

Answer: <https://biology-forums.com/index.php?topic=1907055>

Question 83

Figure 15-4

Figure 15-4 shows the demand and cost curves for a monopolist.

Refer to Figure 15-4. What is the amount of the monopoly's total revenue?

- \$21,600
- \$20,400
- \$19,740
- \$7,800

Answer: <https://biology-forums.com/index.php?topic=1907229>

Question 84

The marketing of the first ballpoint pen by Milton Reynolds showed

- that first-mover advantages can make it more difficult for new firms to enter a market and compete against the first mover.
- that being the first firm to market a new product can result in a natural monopoly.
- that being the first firm to market a product may not lead to a long-lived advantage over later entrants into the market.
- how important it is to receive patent protection for a new product.

Answer: <https://biology-forums.com/index.php?topic=1907132>

Question 85

Figure 6-12

Refer to Figure 6-12. Suppose the diagram shows the supply curves for a product in the short run and in the long run. Which supply curve represents supply in the short run and which curve represents supply in the long run?

- SB represents supply in the short run and SA represents supply in the long run.
- Either SA or SB could represent supply in the short run; in the long run the supply curve must be a vertical line.
- Either SA or SB could represent supply in the long run; in the short run the supply curve must be a horizontal line.
- SA represents supply in the short run and SB represents supply in the long run.

Answer: <https://biology-forums.com/index.php?topic=1906915>

Question 86

Question 1. The economists at the New York Fed estimate that the return the typical person receives from an investment in a college education is

- 4.5 percent per year.
- 12.5 percent per year.
- 15 percent per year.
- more than 40 percent per year.

Question 2. Daniel Hamermesh and Stephen Donald studied the determinants of the earnings of college graduates years after they graduated. Which of the following is one result of their study?

- The earnings of identical twins were about 9 percent higher than the earnings of all other students.
- Students who had taken 15 credits of upper-division science and mathematics courses and earned high grades in these courses earned about 10 percent more than students who took no upper-division classes in these subjects.
- Students who took more Advanced Placement (AP) courses while still in high school earned significantly more income for each AP course they passed with a grade of 4 or 5.
- Students who took at least three economics courses earned about 9 percent more income than students who took no college economics courses.

Answer: <https://biology-forums.com/index.php?topic=1907386>

Question 87

Article Summary

Inventories of SUVs, the most popular class of automobile in the United States, have been growing, and automakers have been increasing incentives to reduce the supply. According to J.D. Power and Associates, incentives on SUVs rose an average of 24 percent from 2016 to 2017. Specials for Presidents' Day included no-money-down leases, cash rebates, and zero-interest loans on many SUV models from automakers including Ford, General Motors, Fiat Chrysler, Toyota, and Honda. Automakers have been able to afford larger incentives on SUVs due to the profitability of that segment of the auto market, but according to data from J.D. Power, while incentives are rising, the average sales price of SUVs has also started to decline.

Source: Keith Naughton and Jamie Butters, "Automakers Offer Massive Rebates to Move Surplus of SUVs," bloomberg.com, February 17, 2017.

Refer to the Article Summary. What happens to the profit a car company makes on each car sold if it offers incentives such as cash rebates,

low-interest loans, or lease incentives to customers? How might a car company decide which of these strategies to use?

Answer: <https://biology-forums.com/index.php?topic=1907205>

Question 88

Question 1.If you pay a constant percentage of your taxable income in taxes, the tax is

- regressive.
- proportional.
- progressive.
- random.

Question 2.If you pay \$2,000 in taxes on an income of \$20,000, and a tax of \$2,700 on an income of \$30,000, then over this range of income the tax is

- regressive.
- proportional.
- progressive.
- There is insufficient information to answer the question.

Answer: <https://biology-forums.com/index.php?topic=1907427>

Question 89

Question 1.Policymakers focus on marginal tax rate changes when making changes in the tax code because the marginal tax rate

- determines how tax revenue will change as national income increases.
- affects people's willingness to work, save, and invest.
- always equals the average tax rate which is harder to measure.
- determines how much revenue the government will have to spend.

Question 2.The federal corporate income tax is

- regressive.
- proportional.
- progressive.
- unfair.

Answer: <https://biology-forums.com/index.php?topic=1907433>

Question 90

Figure 4-10

Refer to Figure 4-10. Suppose the market is initially in equilibrium at price P_1 and then the government imposes a tax on every unit sold. Which of the following statements best describes the impact of the tax?

- The consumer will bear a smaller share of the tax burden if the demand curve is D_1 .
- The consumer's share of the tax burden is the same whether the demand curve is D_1 or D_2 .
- The consumer will bear a smaller share of the tax burden if the demand curve is D_2 .
- The consumer will bear the entire burden of the tax if the demand curve is D_2 and the producer will bear the entire burden of the tax if the demand curve is D_1 .

Answer: <https://biology-forums.com/index.php?topic=1906824>

Question 91

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D_1 and S_1 (point A). If there is a shortage of apples, how will the equilibrium point change?

- The equilibrium point will move from A to B.
- The equilibrium point will move from A to C.
- There will be no change in the equilibrium point.
- The equilibrium point will move from A to E.

Answer: <https://biology-forums.com/index.php?topic=1906807>

Question 92

Question 1.The division of the burden of a tax between buyers and sellers in a market is called tax allocation.

- true
- false

Question 2.A tax is efficient if it imposes a large excess burden relative to the tax revenue it raises.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906830>

Question 93

Question 1. Suppose at the going wage rate of \$20 per hour, firms can hire as many hours of janitorial services as they desire. If any firm tries to lower the wage rate to \$19, it will not be able to hire any janitor. What does this indicate about the supply curve for janitorial services?

- Supply is unit-elastic.
- Supply is perfectly elastic.
- Supply is perfectly inelastic.
- Supply is relatively inelastic.

Question 2. Suppose the demand curve for a product is represented by a typical downward-sloping curve. Now suppose the demand for this product decreases. Which of the following statements accurately predicts the resulting decrease in price?

- The more elastic the supply curve, the greater the price increase.
- The more elastic the supply curve, the smaller the price decrease.
- The increase in price is not affected by the elasticity of the supply curve.
- The decrease in price will always be proportional to the magnitude of the demand shift.

Answer: <https://biology-forums.com/index.php?topic=1906912>

Question 94

Question 1. In general, the labor supply curve

- slopes downward because firms will hire fewer workers at higher wages.
- slopes upward because as the wage rises, the opportunity cost of leisure increases.
- is vertical at the equilibrium wage rate.
- is perfectly elastic at the equilibrium wage rate.

Question 2. Which of the following helps to explain why the supply curve of labor is upward sloping?

- The supply curve of labor is a derived supply curve; since the output supply curve is upward-sloping, so is the labor supply curve.
- As the wage rate rises, the income effect causes the quantity of labor supplied to increase.
- The substitution effect of a price change makes a good less expensive relative to other goods.
- As the wage rate rises, the opportunity cost of leisure rises.

Answer: <https://biology-forums.com/index.php?topic=1907369>

Question 95

Question 1. Your text refers to airlines as "The Kings of Price Discrimination." Why is price discrimination common in the airline industry?

Question 2. Suppose a restaurant is trying to determine how much to charge for a bowl of chili, and decides to run an experiment to see how much its customers are willing to pay by allowing them to set their own price for this menu item.

- Is charging a customer the price he or she is willing to pay for the bowl of chili an example of price discrimination? Briefly explain.
- What is it called when a firm knows every consumer's willingness to pay, and can charge every consumer a different price? What happens to consumer surplus in this situation?

Answer: <https://biology-forums.com/index.php?topic=1907335>

Question 96

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for sugar at the intersection of D1 and S1 (point A). If there is an increase in the price of fertilizer used on sugar cane and there is a decrease in tastes for sugar-sweetened soft drinks, how will the equilibrium point change?

- The equilibrium point will move from A to B.
- The equilibrium point will move from A to C.
- There will be no change in the equilibrium point.
- The equilibrium point will move from A to E.

Answer: <https://biology-forums.com/index.php?topic=1906808>

Question 97

The ability to engage in product differentiation is one of the factors a manager or owner of a firm can control in order to create value for consumers.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907136>

Question 98

If the long-run average cost curve is U-shaped, the optimal scale of production from society's viewpoint is

- the minimum efficient scale.
- where maximum economic profit is earned by producers.
- where firm profit is large enough to finance research and development.
- one which guarantees economic profit.

Answer: <https://biology-forums.com/index.php?topic=1907090>

Question 99

Question 1. The substitution effect of a decrease in the price of movie tickets results in

- an increase in the quantity of movie tickets demanded.
- a decrease in the quantity of movie tickets demanded.
- an increase in the demand for movie tickets.
- a decrease in the demand for movie tickets.

Question 2. The income effect of a decrease in the price of macaroni and cheese (assume this is an inferior good) results in

- a decrease in the demand for macaroni and cheese.
- an increase in the quantity of macaroni and cheese demanded.
- a decrease in the quantity of macaroni and cheese demanded.
- an increase in the demand for macaroni and cheese.

Answer: <https://biology-forums.com/index.php?topic=1906967>

Question 100

Question 1. The labor supply for an industry would decrease if

- the wage rate falls.
- the percentage of the population from age 16 to 65 decreases.
- the government welcomes foreign workers into the country.
- a greater percentage of women want to work outside the home.

Question 2. How will an increase in population affect the labor market?

- It will shift the market supply curve.
- It will cause a decrease in the quantity of labor demanded.
- It will increase the supply of jobs.
- It will increase the opportunity cost of leisure.

Answer: <https://biology-forums.com/index.php?topic=1907365>

Question 101

Question 1. Which of the following products allows the seller to identify different groups of consumers (segment the market) and practice price discrimination?

- clothing items sold through Macy's Department Store
- a hamburger sold at Burger King
- a cafe latte sold at Starbucks
- tickets to matinee shows at a movie theatre

Question 2. Why might a producer practice price discrimination?

- to make its products more affordable to those with low incomes
- to maximize economic efficiency
- to maximize profits
- to maximize quantity demanded

Answer: <https://biology-forums.com/index.php?topic=1907319>

Question 102

Figure 10-6

Refer to Figure 10-6. Which of the following statements is true?

- The consumer gets more utility from bundle r than from bundle v.
- The consumer gets less utility from bundle w than from bundle v.
- Bundles r, s, t, and u all cost the same.
- Bundles r and w are not affordable.

Answer: <https://biology-forums.com/index.php?topic=1906999>

Question 103

Question 1. An increase in liabilities will reduce a firm's net worth.

- true
- false

Question 2. How is accounting profit calculated?

Answer: <https://biology-forums.com/index.php?topic=1906946>

Question 104

Dell Computers allows potential consumers to customize personal computers to their desires. Dell's strategy is successful because offering bundles that more exactly meet a consumer's preference allows Dell to extract more consumer surplus.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907251>

Question 105

Figure 15-9

Figure 15-9 shows the demand and cost curves for a monopolist.

Refer to Figure 15-9. What is the difference between the monopoly's price and perfectly competitive industry's price?

- The monopoly's price is higher by \$9.50.
- The monopoly's price is higher by \$13.
- The monopoly's price is higher by \$3.50.
- The monopoly's price is higher by \$21.

Answer: <https://biology-forums.com/index.php?topic=1907235>

Question 106

In discussions of barriers to entry, what is meant by the term "virtuous cycle"?

- A virtuous cycle refers to successful research and development that leads to information that is used to develop other new products.
- A virtuous cycle refers to a firm using the profits from a monopoly in one market to establish a monopoly in another market.
- A virtuous cycle refers to the situation where the pursuit of self-interest in establishing an entry barrier leads to an increase in social welfare (the "invisible hand").
- A virtuous cycle refers to a situation where if a firm can attract enough customers initially, it can attract additional customers because its product's value has been increased by other customers using it, which attracts even more customers.

Answer: <https://biology-forums.com/index.php?topic=1907211>

Question 107

Question 1. The resource income earned by those who supply _____ is called wages.

- labor
- capital
- natural resources
- entrepreneurship

Question 2. A major factor contributing to the slow growth rate of less-developed economies is

- the lack of well-defined and enforceable property rights.
- the lack of natural resources.
- the lack of workers.
- the high rate of illiteracy.

Answer: <https://biology-forums.com/index.php?topic=1906785>

Question 108

What is an isoquant? What is the slope of an isoquant?

Answer: <https://biology-forums.com/index.php?topic=1907054>

Question 109

What is the difference between the poverty line and the poverty rate?

Answer: <https://biology-forums.com/index.php?topic=1907484>

Question 110

Figure 10-4

Refer to Figure 10-4. Best friends Laurel and Hardy, both enjoy watching romantic comedies and science fiction movies. Based on the diagrams above what can you conclude about their movie preferences?

- They have identical movie preferences.
- Laurel enjoys romantic comedies more than Hardy.
- Laurel enjoys science fiction movies more than Hardy.
- The diagrams do not provide any information about relative preferences.

Answer: <https://biology-forums.com/index.php?topic=1906987>

Question 111

In 2004, hurricanes destroyed a large portion of Florida's orange and grapefruit crops. In the market for citrus fruit in 2004

- the supply curve shifted to the right resulting in an increase in the equilibrium price.
- the supply curve shifted to the left resulting in an increase in the equilibrium price.
- the demand curve shifted to the right resulting in an increase in the equilibrium price.

- the demand curve shifted to the left resulting in a decrease in the equilibrium price.

Answer: <https://biology-forums.com/index.php?topic=1906800>

Question 112

Question 1. Figure 6-12

Refer to Figure 6-12. The diagram shows two supply curves, SA and SB. As price rises from P0 to P1, which supply curve is more elastic?

- SA
- SB
- They are equally inelastic.
- They are equally elastic.

Question 2. Suppose the demand curve for a product is represented by a typical downward-sloping curve. Now suppose the demand for this product increases. Which of the following statements accurately predicts the resulting increase in price?

- The more elastic the supply curve, the greater the price increase.
- The more elastic the supply curve, the smaller the price increase.
- The increase in price is not affected by the elasticity of the supply curve.
- There will be no increase in price if the supply curve is perfectly inelastic.

Answer: <https://biology-forums.com/index.php?topic=1906916>

Question 113

Question 1. Table 4-6

Demand: $P = 80 - Q$ Supply: $P = 50 + \frac{1}{2}Q$ $QD = 80 - PQS = 2P - 100$

Refer to Table 4-6. The equations above describe the demand and supply for Chef Ernie's Sushi-on-a-Stick. The equilibrium price and quantity for Chef Ernie's sushi are \$60 and 20 thousand units. What is the value of economic surplus in this market?

- \$300 thousand
- \$600 thousand
- \$1,200 thousand
- \$1,600 thousand

Question 2. Table 4-7

Demand: $P = 50 - 2Q$ Supply: $P = 35 + Q$ $QD = 25 - 0.5P$ $QS = P - 35$

Refer to Table 4-7. The equations above describe the demand and supply for Bubba's Fried Jellybeans. What are the equilibrium price and quantity (in thousands) for Bubba's Fried Jellybeans?

- \$80 and 40 thousand
- \$60 and 10 thousand
- \$20 and 20 thousand
- \$40 and 5 thousand

Answer: <https://biology-forums.com/index.php?topic=1906841>

Question 114

Question 1. The largest source of revenue for the federal government of the United States is from

- tariffs collected on imported goods.
- property taxes imposed on private property.
- sales taxes on items purchased for consumption.
- individual income taxes.

Question 2. At the state and local levels in the United States, the largest source of tax revenue is

- the individual income tax.
- the property tax on real estate.
- the sales tax.
- grants from the federal government.

Answer: <https://biology-forums.com/index.php?topic=1907424>

Question 115

Question 1. Suppose a competitive firm is paying a wage of \$12 an hour. Assume that labor is the only input. If hiring another worker would increase output by four units per hour, then to maximize profits the firm should

- not change the number of workers it currently hires.
- hire the extra worker.
- layoff some workers.
- There is not enough information to answer the question.

Question 2. Suppose a competitive firm is paying a wage of \$12 an hour and sells its product at \$3 per unit. Assume that labor is the only input. If the last worker hired produces four units of output per hour, then to maximize profits the firm should

- not change the number of workers it currently hires.
- lay off some workers.

- hire another worker.
- There is not enough information to answer the question.

Answer: <https://biology-forums.com/index.php?topic=1907359>

Question 116

Question 1.If the demand curve for a product is vertical, any tax increase on the product is paid for entirely by the consumer.

- true
- false

Question 2.The incidence of a tax depends on whether the government collects the tax from buyers or sellers.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906831>

Question 117

The term tax incidence refers to

- the degree of progression of a tax.
- the actual division of the burden of a tax between buyers and sellers in a market.
- the amount of revenue government collects from a tax imposed on a good or service.
- whether the burden of a tax rests more heavily on those with higher incomes or those with lower incomes.

Answer: <https://biology-forums.com/index.php?topic=1907473>

Question 118

Suppose we want to use game theory to analyze how an oligopolist selects its optimal price. The payoff matrix shows

- the profit that each producer can expect to earn by pursuing a single strategy.
- the profit that each producer can expect to earn from every combination of strategies by the firms in the market.
- the strategy that a firm must pursue to earn various levels of profit.
- the expected profits of rival firms.

Answer: <https://biology-forums.com/index.php?topic=1907151>

Question 119

Peet's Coffee and Teas produces some flavorful varieties of Peet's brand coffee. Is Peet's a monopoly?

- Yes, there are no substitutes to Peet's coffee.
- No, although Peet's coffee is a unique product, there are many different brands of coffee that are very close substitutes.
- Yes, Peet's is the only supplier of Peet's coffee in a market where there are high barriers to entry.
- No, Peet's is not a monopoly because there are many branches of Peet's.

Answer: <https://biology-forums.com/index.php?topic=1907207>

Question 120

An example of a supplier that used its bargaining power to charge high prices to its customers is

- Walmart, which required many of its suppliers to alter their distribution systems to accommodate Walmart's need to control the flow of goods to its stores.
- the firms that supply paper napkins to McDonald's restaurants.
- the Technicolor Company, the sole producer of cameras and film that movie studios needed to produce color movies in the 1930s and 1940s.
- the publishers of the Encyclopedia Britannica.

Answer: <https://biology-forums.com/index.php?topic=1907194>

Question 121

Question 1.The federal government and some state governments levy taxes on specific goods such as gasoline, cigarettes, and beer. These are known as

- sales taxes.
- sin taxes.
- specific taxes.
- excise taxes.

Question 2.In 2016, over 75 percent of the revenue of the U.S. federal government was raised through

- individual income and social insurance taxes.
- property and social insurance taxes.
- sales and corporate income taxes.
- individual income and property taxes.

Answer: <https://biology-forums.com/index.php?topic=1907439>

Question 122

In a perfectly competitive market, in the long run, arbitrage profits will be bid away.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907246>

Question 123

A consumer's utility-maximizing combination of goods is given by the bundle that corresponds to the point on

- the indifference curve that intersects the horizontal axis.
- the indifference curve that intersects the vertical axis.
- an indifference curve that is tangent to the budget constraint.
- the budget constraint where it intersects one of the axes.

Answer: <https://biology-forums.com/index.php?topic=1906997>

Question 124

Question 1. What is meant by the statement that "optimal decisions are made at the margin"?

Question 2. Assume that an additional \$50,000 in benefits will be received each year if a town hires an additional police officer whose only job would be to catch drivers who drive over the speed limit on its only street. What must the additional cost of this additional police officer be to make this hiring economically rational?

Answer: <https://biology-forums.com/index.php?topic=1906753>

Question 125

Which of the following is necessary in order for a firm to successfully practice price discrimination?

- The firm must practice product differentiation.
- The demand for the firm's product is inelastic.
- The firm must be able to segment the market for the product.
- The firm's transactions costs must be zero.

Answer: <https://biology-forums.com/index.php?topic=1907307>

Question 126

Question 1. If the quantity demanded for a good rises as income rises then the income elasticity of demand for this good is _____ than 0, and the good is _____ good.

- greater; an inferior
- less; a normal
- less; an inferior
- greater; a normal

Question 2. Demand for a luxury item, such as a yacht, is likely to be

- both income inelastic and price inelastic.
- both income elastic and price elastic.
- income elastic and price inelastic.
- income inelastic and price elastic.

Answer: <https://biology-forums.com/index.php?topic=1906877>

Question 127

Figure 10-6

Refer to Figure 10-6. The consumer can afford consumption bundles

- r, s, t, and u.
- r, s, v, and u.
- s, v, and u only.
- s, v, t, and u.

Answer: <https://biology-forums.com/index.php?topic=1906998>

Question 128

Figure 10-9

Refer to Figure 10-9. Given the budget constraint in the diagram, which of the following statements is false?

- The consumer receives the same level of utility from consumption bundles d, e, and f.
- Consumption bundles b and c yield the same level of utility, which is higher than the utility represented by bundle a.
- Although the consumer receives the same level of utility from bundles d and e, she cannot afford to purchase bundle d.
- The consumer's optimal bundle could be bundle d, e, or f.

Answer: <https://biology-forums.com/index.php?topic=1907011>

Question 129

Question 1. The most direct effect of immigration is

- an increase the labor demand.
- a decrease the labor demand.
- an increase the labor supply.
- a decrease the labor supply.

Question 2. In 2017, full-time workers aged 25 and over with a college degree earned _____ school dropouts.

- roughly the same amount as
- 2.5 times as much as high
- 5 times as much as high
- 20 times as much as high

Answer: <https://biology-forums.com/index.php?topic=1907383>

Question 130

Molly received an autographed poster of David Hasselhoff for her 21st birthday. Her friend Helga offered her \$50 for the poster, but Molly refused to sell the poster even though she knows she would never pay that much to replace it if it was ever damaged or destroyed. Explain this inconsistency in Molly's behavior.

Answer: <https://biology-forums.com/index.php?topic=1906983>

Question 131

Question 1. Figure 2-5

Refer to Figure 2-5. If the economy is currently producing at point Y, what is the opportunity cost of moving to point W?

- 2 million tons of steel
- zero
- 9 million tons of paper
- 16 million tons of paper

Question 2. Figure 2-5

Refer to Figure 2-5. If the economy is currently producing at point W, what is the opportunity cost of moving to point X?

- 3 million tons of steel
- 19 million tons of steel
- 5 million tons of paper
- 9 million tons of paper

Answer: <https://biology-forums.com/index.php?topic=1906767>

Question 132

Figure 14-5

Netflix (N) was one of the first companies to offer streaming video services and is still considered a leader in the industry. Spotify (S) offers a music streaming service and in 2015 considered entering the video streaming business. At that point, Netflix had to decide whether or not to lower its subscription price in order to deter Spotify's entry into the market. Figure 14-5 shows a hypothetical decision tree for the Netflix-Spotify entry game.

Refer to Figure 14-5. If Netflix lowers its price, will this deter Spotify from setting up a streaming video service?

- yes, because Spotify stands to lose \$1 million if it competes with Netflix
- yes, because Spotify will make a smaller profit than Netflix if it chooses to compete
- no, because Spotify will make a profit if it competes with Netflix
- no, because Spotify will make a larger profit than Netflix if it chooses to compete

Answer: <https://biology-forums.com/index.php?topic=1907164>

Question 133

What is an indifference curve?

- It is a curve that shows the total utility and the marginal utility derived from consuming a bundle of goods.
- It is a curve that shows the combinations of consumption bundles that give the consumer the same utility.
- It is a curve that ranks a consumer's preference for various consumption bundles.
- It is a curve that shows the tradeoff a consumer faces among different combinations of consumption bundles.

Answer: <https://biology-forums.com/index.php?topic=1906986>

Question 134

In a survey of consumers, Daniel Kahneman, Jack Knetsch and Richard Thaler asked their opinion of a hardware store's decision to

- go out of business because a larger hardware store opened in the same city; 82 percent of those surveyed believed it was unfair for the larger store to compete with the smaller store.

- raise the price of snow shovels the day following a snowstorm; 82 percent of those surveyed believed this was unfair.
- sell tickets to sporting and cultural events at prices higher than prices paid at the ticket windows for the same events; 82 percent of those surveyed believed this was unfair.
- remain in business even though the store was not making an economic profit; 82 percent of those surveyed believed it would be unfair for the store to go out of business if there were no other hardware stores in the same area.

Answer: <https://biology-forums.com/index.php?topic=1906977>

Question 135

Which of the following is an example of a compensating wage differential?

- Nurse anesthetists are paid less than anesthesiologists (who have medical degrees).
- Workers in a uranium mine receive higher wages than if they worked in other jobs that require the same level of skills.
- In the market for lawyers, top graduates from the top programs earn starting salaries that are significantly higher than the starting salaries earned by lower-ranked graduates from the lower-ranked programs.
- Popular movie stars like George Clooney command much higher salaries than other talented but lesser-known actors.

Answer: <https://biology-forums.com/index.php?topic=1907397>

Question 136

Which of the following is a reason why airline yield management is an effective method to increase revenue?

- because airlines have invested heavily in developing computer models that identify optimal pricing strategies in the various market segments
- because airlines have successfully induced customers to reveal their resources and preferences by offering them different versions of the product such as business class and coach plane tickets
- because a ticket is a contract to transport a specific person, and is not transferable
- because airlines have a monopoly in long-distance carriage

Answer: <https://biology-forums.com/index.php?topic=1907279>

Question 137

Are sellers who practice arbitrage taking advantage of buyers?

Answer: <https://biology-forums.com/index.php?topic=1907252>

Question 138

Consider the following methods of taxing a corporation's income:

a. A flat tax, as opposed to a progressive tax, is levied on corporate profits. b. A system whereby a corporation calculates its annual profit and notifies each shareholder of her portion of the profits. The shareholder would then be required to include this amount as taxable income for her personal income tax. The corporation does not pay a tax.

c. A system where the federal government continues to tax corporate income through the corporate income tax but allows individual taxpayers to receive, tax free, corporate dividends and capital gains.

Which of the methods above would avoid double taxation?

- a, b, and c
- a and b only
- a and c only
- b and c only

Answer: <https://biology-forums.com/index.php?topic=1907468>

Question 139

A perfectly competitive apple farm produces 1,000 bushels of apples at a total cost of \$36,000. The price of each bushel is \$50. Calculate the firm's short-run profit or loss.

- loss of \$14,000
- profit of \$14,000
- profit of \$50,000
- There is insufficient information to answer the question.

Answer: <https://biology-forums.com/index.php?topic=1907067>

Question 140

Central Grocery in New Orleans is famous for its muffaletta, a large round sandwich filled with deli meats and topped with a tangy olive salad. Suppose the following table represents cost and revenue data for Central Grocery.

Illustrate this data by graphing the demand, MR, MC, and ATC curves. Identify the profit-maximizing price and quantity, and show the area representing the total profit received by Central Grocery.

Answer: <https://biology-forums.com/index.php?topic=1907098>

Question 141

Question 1.What is "tax incidence"? What determines tax incidence in a competitive market?

Question 2.What do economists mean by an efficient tax?

Answer: <https://biology-forums.com/index.php?topic=1906833>

Question 142

In the highly competitive fast-food restaurant market, brand name restaurants have a strong profit incentive to maintain high sanitary conditions and avoid any negative consequences.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907113>

Question 143

The observation that people tend to value something more highly when they own it than when they don't is called the

- wealth effect.
- endowment effect.
- path-dependent effect.
- endorsement effect.

Answer: <https://biology-forums.com/index.php?topic=1906978>

Question 144

Which of the following is most likely to exert the bargaining power of a buyer?

- Barnes and Noble purchases books from publishers for sale in its online stores.
- Walmart, the world's largest discount store, seeks vendors to supply products made exclusively for its stores.
- Ground beef producers seek to purchase cattle from ranchers.
- Cowgirl Creamery, a small cheese producer, seeks a dairy farm for its organic milk supplies.

Answer: <https://biology-forums.com/index.php?topic=1907181>

Question 145

Entrepreneurs who earn arbitrage profits are able to do so by extracting the total consumer surplus from buyers.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907250>

Question 146

If the marginal tax rate is greater than the average tax rate, the tax structure is described as regressive.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907450>

Question 147

What is a sequential game? How are decision trees used to analyze sequential games?

Answer: <https://biology-forums.com/index.php?topic=1907171>

Question 148

Question 1.One method of setting price using the cost-plus method is to add

- a given percentage of marginal cost to marginal cost of production.
- a given percentage of fixed cost to total fixed cost.
- a given percentage of average total cost to average total cost.
- a given percentage of average variable cost to average total cost.

Question 2.With an optimal two-part tariff

- consumer surplus equals producer surplus.
- all consumer surplus is transformed into profit.
- consumers maximize consumer surplus.
- the firm earns zero profit.

Answer: <https://biology-forums.com/index.php?topic=1907340>

Question 149

Question 1.The median voter theorem implies that

- many people will be satisfied with the amount of spending on government funded projects.

- many people will be dissatisfied with the amount of spending on government funded projects.
- people in the political middle will be dissatisfied with the amount of spending on government funded projects.
- spending on government funded projects reflects the preferences of only those far away from the median.

Question 2. Which of the following is not an example of rent-seeking behavior?

- competition for subsidies
- lobbying the government to impose tariffs on certain imported products
- competition for the exclusive right to import a product
- engaging in aggressive advertising that slams a competitor's product

Answer: <https://biology-forums.com/index.php?topic=1907408>

Question 150

Question 1. When demand is unit elastic, a change in price causes total revenue to stay the same because

- the percentage change in quantity demanded exactly offsets the percentage change in price.
- buyers are buying the same quantity.
- total revenue never changes with price changes.
- the change in profit is offset by the change in production cost.

Question 2. If the demand for a product is perfectly inelastic, a decrease in the price of the product

- will increase total revenue.
- will decrease total revenue.
- will not change total revenue.
- Any of these are possible.

Answer: <https://biology-forums.com/index.php?topic=1906868>

Question 151

Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the competitive price. (This is also called an optimal two-part tariff.) What is the per-unit price it should charge, if any?

- It should not charge a price per unit; just a flat fee to consume as much of the product as desired.
- It should charge a range of prices from \$40 to \$12.
- \$12
- \$16

Answer: <https://biology-forums.com/index.php?topic=1907346>

Question 152

The music streaming industry, where a firm's profitability depends on its interactions with other firms, is an example of

- perfect competition.
- monopolistic competition.
- oligopoly.
- monopoly.

Answer: <https://biology-forums.com/index.php?topic=1907142>

Question 153

Which of the following correctly comments on the following statement? "The only way to increase the revenue from selling a product is to increase the product's price."

- It is not true. Revenue will increase as the price of the product increases only if demand is elastic.
- This statement is not true. Revenue will increase as the price of the product increases only if demand is inelastic.
- The statement is true.
- This statement is not true. Revenue will decrease as the price of the product increases because quantity demanded will fall.

Answer: <https://biology-forums.com/index.php?topic=1906869>

Question 154

Question 1. What happens to the equilibrium wage and quantity of labor if output price rises?

- The equilibrium wage and the equilibrium quantity of labor rise.
- The equilibrium wage and the equilibrium quantity of labor fall.
- The equilibrium wage falls and the equilibrium quantity of labor rises.
- The equilibrium wage rises and the equilibrium quantity of labor falls.

Question 2. Consider the market for opticians. What is likely to happen to the equilibrium wage and quantity of opticians if more and more people turn to laser eye surgery instead of wearing glasses or contact lens?

- The equilibrium wage and the equilibrium quantity of opticians rise.
- The equilibrium wage and the equilibrium quantity of opticians fall.
- The equilibrium wage rises and the equilibrium quantity of opticians falls.

- The equilibrium wage falls and the equilibrium quantity of opticians rises.

Answer: <https://biology-forums.com/index.php?topic=1907379>

Question 155

Question 1. The Arrow impossibility theorem states that

- no system of voting can be devised that will always consistently represent the underlying preferences of voters.
- it is impossible for a majority voting system not to consistently represent the preferences of voters.
- it is impossible to separate corporate desires from public bureaucracy.
- no system of voting can be devised that will ensure a 100 percent voter turnout.

Question 2. The median voter theorem will be an accurate predictor of the outcomes of elections

- only when voter turnout is very high.
- when a majority of voters have preferences very similar to those of the median voter.
- when a majority of voters have preferences different from those of the median voter.
- regardless of whether preferences among voters are similar or different from those of the median voter.

Answer: <https://biology-forums.com/index.php?topic=1907407>

Question 156

Differentiating products to suit customers' tastes is a form of price discrimination.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907247>

Question 157

Question 1. In 2015, the foreign-born population in the United States was almost half of the total U.S. population.

- true
- false

Question 2. Compared to high school graduates, what is likely to happen to employment and wages for college graduates during a recession?

Answer: <https://biology-forums.com/index.php?topic=1907389>

Question 158

Suppose the consumer's income increases while the prices of the goods remain constant. Then the

- budget constraint shifts inward parallel to the original budget constraint.
- budget constraint shifts outward parallel to the original budget constraint.
- indifference curves shift outward away from the origin.
- indifference curves become flatter.

Answer: <https://biology-forums.com/index.php?topic=1907004>

Question 159

Economists have shown that the burden of a tax is the same whether the tax is collected from the buyer or the seller. Why, then, are gasoline and cigarette taxes imposed on sellers?

- Sellers are more honest than buyers.
- The demand for both gasoline and cigarettes is very elastic.
- The Equal Protection Clause of the U.S. Constitution prohibits the government from imposing taxes like these on buyers.
- It is more difficult for buyers to keep track of their purchases, and for the government to verify that the right amount of tax revenue is collected.

Answer: <https://biology-forums.com/index.php?topic=1906829>

Question 160

Most movie theatres charge different prices to different groups of customers for movie admission but not on movie popcorn. Which of the following is a reason for this?

- because the markup on movie popcorn is very high and movie theatres do not want to forgo this source of revenue
- because the demand for popcorn is very high relative to the demand for movie admissions
- because it is easier to limit resale in movie admissions but not in popcorn
- because the cost of operating a concession stand in a movie theatre is very high compared to the cost of showing a movie

Answer: <https://biology-forums.com/index.php?topic=1907260>

Question 161

Question 1. What is a firm's balance sheet?

Question 2. How is economic profit calculated?

Answer: <https://biology-forums.com/index.php?topic=1906947>

Question 162

Question 1. Which of the following is a solution to the principal-agent problem?

- threaten to liquidate the firm
- link top manager salaries to the profits of the firm or the price of the firm's stock
- have the CEO be a rotating position
- forbid managers from owning any company stock

Question 2. When a business is set up as a partnership, the owners of the business face unlimited liability.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906937>

Question 163

Question 1. Figure 2-5

Refer to Figure 2-5. If the economy is currently producing at point X, what is the gain in production if the economy moves to point Y?

- 5 million tons of steel
- 9 million tons of paper
- 5 million tons of paper
- 14 million tons of steel

Question 2. Figure 2-6

Refer to Figure 2-6. If the economy is currently producing at point A, what is the opportunity cost of moving to point B?

- 8 thousand wrenches
- 6 thousand hammers
- 30 thousand wrenches
- 23 thousand hammers

Answer: <https://biology-forums.com/index.php?topic=1906768>

Question 164

Question 1. Examining the conditions that could lead to a recession in an economy is an example of a macroeconomic topic.

- true
- false

Question 2. Examining the conditions that could lead to unemployment in an economy is an example of a microeconomic topic.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906759>

Question 165

Question 1. Explain what potential conflict exists between shareholders in a corporation and the corporation's managers.

Question 2. Who decides control of a corporation?

Answer: <https://biology-forums.com/index.php?topic=1906938>

Question 166

Consider the following actions undertaken by a firm:

- a. charging a higher price for products of higher quality
- b. charging different prices to different consumers for the same product when the variation cannot be explained by cost differences
- c. charging different prices for products of different qualities
- d. charging a lower price to match a competitor's price

Which of the above will be considered price discrimination?

- a, b, c, and d
- a, b, and d only
- b and d only
- b only

Answer: <https://biology-forums.com/index.php?topic=1907263>

Question 167

Question 1. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for Fruitopia, a soft drink. Which panel describes what happens in the market for Fruitopia when the price of Snapple, a substitute product, decreases?

- Panel (a)
- Panel (b)
- Panel (c)

- Panel (d)

Question 2. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for potatoes and that steak and potatoes are complements. What panel describes what happens in this market when the price of steak rises?

- Panel (a)
- Panel (b)
- Panel (c)
- Panel (d)

Answer: <https://biology-forums.com/index.php?topic=1906803>

Question 168

Question 1. Donnie's Donuts incurs \$450,000 per year in explicit costs and \$200,000 in implicit costs. The bakery earns \$800,000 in revenues and has \$2 million in net worth. Based on this information, what is the accounting profit for Donnie's Donuts?

- \$150,000
- \$350,000
- \$600,000
- \$1.2 million

Question 2. Economic profit is the difference between a firm's revenue and its opportunity costs.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906945>

Question 169

Successful price discrimination cannot take place if

- the market is perfectly competitive.
- the market can be segmented into different buyer groups.
- customers are not able to resell the product.
- the demand curve facing the firm is downward sloping.

Answer: <https://biology-forums.com/index.php?topic=1907262>

Question 170

In the long run, the entry of new firms in an industry

- harms consumers by forcing prices up above the level of average cost
- benefits consumers by forcing prices down to the level of total cost.
- harms consumers by forcing prices up above the level of total cost
- benefits consumers by forcing prices down to the level of average cost.

Answer: <https://biology-forums.com/index.php?topic=1907091>

Question 171

Question 1. Using a supply and demand graph, illustrate the effect of the addition of a \$10.00 per-unit unit tax on digital cameras, where the entire tax burden falls on the seller. Assume the equilibrium price before the tax is \$125 and the equilibrium quantity is 50,000. What happens to the price and quantity after the tax is implemented?

Question 2. Figure 4-11

Refer to Figure 4-11. The figure above illustrates the markets for two goods, Good X and Good Y. Suppose an identical dollar tax is imposed on sellers in each market.

- Compare the consumer burden and producer burden in each market. Illustrate your answer graphically.
- If the goal of the government is to raise revenue with minimum impact to quantity consumed, in which market should the tax be imposed?
- If the goal of the government is to discourage consumption, in which market should the tax be imposed?

Answer: <https://biology-forums.com/index.php?topic=1906834>

Question 172

Figure 10-6

Refer to Figure 10-6. Suppose the price of pizza increases while the price of hamburger remains constant. Then, the consumer's

- indifference curve becomes more concave away from the origin.
- indifference curve becomes straighter.
- budget constraint moves inward toward the origin on the pizza axis while the hamburger intercept remains the same.
- budget constraint moves outward away from the origin on the pizza axis while the hamburger intercept remains the same.

Answer: <https://biology-forums.com/index.php?topic=1907000>

Question 173

Question 1. By 2017, spending on federal health care programs such as Medicare and Medicaid had grown to 7 percent of GDP.

- true
- false

Question 2. What has happened to health care's share of gross domestic product in the United States since 1965? How does this compare to what has happened to out-of-pocket spending on health care as a percentage of all spending on health care?

Answer: <https://biology-forums.com/index.php?topic=1906933>

Question 174

Which of the following is the best example of a short-run adjustment?

- A local bakery purchases another commercial oven as part of its capacity expansion.
- Your local Walmart hires two more associates.
- Smith University completed negotiations to acquire a large piece of land to build its new library.
- Toyota builds a new assembly plant in Texas.

Answer: <https://biology-forums.com/index.php?topic=1907030>

Question 175

If a firm can produce a product at a lower average cost than its competitors, it stands a better chance of earning an economic profit.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907137>

Question 176

In the 1930s and 1940s, the Technicolor company was able to leverage its bargaining power over the movie industry because Technicolor was the sole producer of cameras and films needed to produce color films.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907198>

Question 177

Question 1. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the competitive price. (This is also called an optimal two-part tariff.) What is the total revenue it can expect to collect from the fixed fee portion of the price?

- \$2,560
- \$5,760
- \$7,870
- \$10,240

Question 2. Figure 16-5

Refer to Figure 16-5. Consider the following two pricing strategies:

a. a fixed fee and a per-unit price equal to the monopoly price b. a fixed fee and a per-unit price equal to the competitive price

The firm represented in the diagram earns a higher profit under strategy _____ and deadweight loss is eliminated under _____.

- b; b
- a; b
- a; neither strategy
- b; neither strategy

Answer: <https://biology-forums.com/index.php?topic=1907347>

Question 178

Question 1. Increasing opportunity cost is represented by a _____ production possibilities frontier.

- linear
- bowed in
- bowed out
- vertical

Question 2. According to the production possibilities model, if more resources are allocated to the production of physical and human capital, then which of the following is likely to happen?

- Fewer goods will be produced for consumption today.
- The production possibilities frontier will shift inward in the future.

- Future economic growth will decline.
- The country's total production will fall.

Answer: <https://biology-forums.com/index.php?topic=1906766>

Question 179

Question 1. Billie's Billiard Barn has seen its business slow down ever since Patti's Ping Pong Parlour opened up across the street. Since the opening of Patti's Ping Pong Parlour, the opportunity cost of shooting pool at Billie's Billiard Barn has _____ for Billie's customers who also like to play ping pong.

- decreased
- increased
- fallen to zero
- not changed

Question 2. When every good or service is produced up to the point where the last unit provides _____, allocative efficiency occurs.

- a marginal benefit to society equal to the marginal cost of producing it
- a marginal benefit to society greater than the marginal cost of producing it
- a marginal benefit to society less than the marginal cost of producing it
- a marginal benefit to society equal to zero

Answer: <https://biology-forums.com/index.php?topic=1906754>

Question 180

Figure 18-1

Refer to Figure 18-1. Of the tax revenue collected by the government, the portion borne by consumers is represented by the area

- B + C.
- F + G.
- E + H.
- B + C + F + G.

Answer: <https://biology-forums.com/index.php?topic=1907459>

Question 181

To be a natural monopoly, a firm must

- control a key resource input.
- have economies of scale that are so large that it can supply the entire market at a lower cost than two or more firms.
- have significant network externalities.
- be in a government-regulated market.

Answer: <https://biology-forums.com/index.php?topic=1907212>

Question 182

If a firm's long-run average total curve shows that it can produce 5,000 DVDs at an average cost of \$2.00 and 15,000 DVDs at an average cost of \$1.50, this is evidence of

- diminishing returns.
- economies of scale.
- diseconomies of scale.
- the law of supply.

Answer: <https://biology-forums.com/index.php?topic=1907036>

Question 183

Delaware and North Dakota have identical state gasoline taxes of 23.0 cents per gallon. When added to the federal gasoline tax of 18.4 cents per gallon, the total tax on one gallon of gasoline in these two states is 41.4 cents. On October 19, 2017, the average price of one gallon of regular gasoline was \$2.25 in Delaware and \$2.33 in North Dakota. Briefly explain whether this is an example of price discrimination. Assume that the gasoline being sold is identical in both states and there is no cost difference in the gasoline.

Sources: gaspricewatch.com and taxfoundation.org

Answer: <https://biology-forums.com/index.php?topic=1907333>

Question 184

When a monopolistically competitive firm lowers its price, one good thing happens to the firm. What is this "one good thing" called?

- the output effect
- the price effect
- the income effect
- the substitution effect

Answer: <https://biology-forums.com/index.php?topic=1907094>

Question 185

If a firm expects that the price of its product will be higher in the future than it is today, then

- the firm will go out of business.
- the firm has an incentive to increase supply now and decrease supply in the future.
- the firm has an incentive to decrease quantity supplied now and increase quantity supplied in the future.
- the firm has an incentive to decrease supply now and increase supply in the future.

Answer: <https://biology-forums.com/index.php?topic=1906791>

Question 186

How might a monopolistically competitive firm continually earn economic profit greater than zero?

Answer: <https://biology-forums.com/index.php?topic=1907138>

Question 187

A perfectly competitive firm's marginal revenue curve is downward sloping.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907069>

Question 188

Table 18-12

Income Quintile Agraria

Percentage of Total Income Urbana

Percentage of Total Income Lowest 20% 3% 5% Second quintile 9% 14% Third quintile 14% 20% Fourth quintile 24% 24% Highest 20% 50% 37% Table

18-12 shows income distribution data for two countries. Use this data to answer the following questions.

Refer to Table 18-12.

a. Draw a Lorenz curve for each country. b. Which country has the more equal distribution of income? c. Based on the Lorenz curves for the two countries, can you determine which country has the more progressive tax system? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=1907489>

Question 189

Question 1. Table 4-6

Demand Supply $P = 80 - Q$ Demand $P = 50 + \frac{1}{2}Q$ Supply $P = 80 - PQS = 2P - 100$

Refer to Table 4-6. The equations above describe the demand and supply for Chef Ernie's Sushi-on-a-Stick. The equilibrium price and quantity for Chef Ernie's sushi are \$60 and 20 thousand units. What is the value of consumer surplus?

- \$100 thousand
- \$200 thousand
- \$600 thousand
- \$800 thousand

Question 2. Table 4-6

Demand Supply $P = 80 - Q$ Demand $P = 50 + \frac{1}{2}Q$ Supply $P = 80 - PQS = 2P - 100$

Refer to Table 4-6. The equations above describe the demand and supply for Chef Ernie's Sushi-on-a-Stick. The equilibrium price and quantity for Chef Ernie's sushi are \$60 and 20 thousand units. What is the value of producer surplus?

- \$100 thousand
- \$200 thousand
- \$600 thousand
- \$800 thousand

Answer: <https://biology-forums.com/index.php?topic=1906840>

Question 190

Question 1. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. The efficient equilibrium price of gasoline is _____ per gallon.

- \$3.00
- \$3.75
- \$4.25
- \$5.00

Question 2. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. The market equilibrium price of gasoline is _____ per gallon.

- \$3.00
- \$3.75
- \$4.25
- \$5.00

Answer: <https://biology-forums.com/index.php?topic=1906850>

Question 191

Question 1. Alternative approaches for reducing carbon dioxide emissions are

- carbon taxes and carbon scrubbing.
- carbon trading and carbon subsidies.
- carbon taxes and tradable emission allowances.
- burning low carbon coal and deforestation.

Question 2. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. The efficient equilibrium quantity of gasoline is _____ million gallons per month.

- 20
- 32
- 48
- 56

Answer: <https://biology-forums.com/index.php?topic=1906849>

Question 192

A sequential game can be used to analyze whether a retail firm should build a large store or a small store in a city, when the correct choice depends on whether a competing firm will build a new store in the same city. Which of the following is used to analyze this type of decision?

- a decision tree
- a decision matrix
- a sequential matrix
- an either-or graph

Answer: <https://biology-forums.com/index.php?topic=1907160>

Question 193

Question 1. Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D1 and S1 (point A). If there is an increase in the wages of apple workers and an increase in the price of oranges, a substitute for apples, the equilibrium could move to which point?

- none of the points shown
- B
- C
- E

Question 2. Lucinda buys a new GPS system for \$250. She receives consumer surplus of \$75 from the purchase. What value does Lucinda place on her GPS system?

- \$75
- \$175
- \$250
- \$325

Answer: <https://biology-forums.com/index.php?topic=1906813>

Question 194

Question 1. The payroll tax is a tax imposed on _____ that is used to fund Social Security and Medicare.

- employers only
- workers only
- employers and workers
- the unemployed

Question 2. When the government taxes a good or service, it

- affects the market equilibrium for that good or service.
- eliminates the deadweight loss associated with the good or service.
- increases consumer surplus for the good or service.
- increases producer surplus for the good or service.

Answer: <https://biology-forums.com/index.php?topic=1906828>

Question 195

Figure 15-3

Figure 15-3 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-3. Suppose the monopolist represented in the diagram above produces positive output. What is the profit/loss per unit?

- loss of \$7 per unit
- profit of \$30 per unit
- loss of \$21 per unit
- profit of \$14 per unit

Answer: <https://biology-forums.com/index.php?topic=1907226>

Question 196

Figure 18-2

Figure 18-2 shows a demand curve and two sets of supply curves, one set more elastic than the other.

Refer to Figure 18-2. If the government imposes an excise tax of \$1.00 on every unit sold, the producer's burden of the tax

- is $P_a - P_d$ under either supply curve.
- is $P_b - P_e$ under either supply curve.
- is $P_a - P_d$ if the supply curve is S_0 and $P_b - P_e$ if the supply curve is S_1 .
- is $P_c - P_d$ if the supply curve is S_0 and $P_c - P_e$ if the supply curve is S_1 .

Answer: <https://biology-forums.com/index.php?topic=1907470>

Question 197

Which of the following arguments could be made as evidence that the market for cage-free eggs is perfectly competitive?

- The U.S. Department of Agriculture has established standards for the labeling of cage-free eggs.
- Sales of cage-free eggs have increased at a rate of 20 percent per year.
- As more farmers began selling cage-free eggs, the increase in supply has driven down prices to the point where they just cover the cost of production.
- The profits earned by farmers who sell cage-free eggs have continued to grow, despite the increasing number of farmers entering this market.

Answer: <https://biology-forums.com/index.php?topic=1907060>

Question 198

A consumer's budget constraint is

- the limited income that a consumer has to spend on goods and services.
- the rate at which the consumer must give up one good to purchase an additional unit of the other goods in the market.
- the price ratio a consumer faces in the marketplace.
- the extent to which one's preferences are limited by one's income.

Answer: <https://biology-forums.com/index.php?topic=1907008>

Question 199

Question 1. Which of the following factors will not cause the labor demand curve to shift?

- increases in human capital
- changes in technology
- a change in the price of the product produced with labor
- the wage rate

Question 2. An increase in the supply of capital, which is a complement to labor, will lead to

- a decrease in the quantity of labor demanded.
- an increase in the demand for labor.
- a decrease in the demand for labor.
- an increase in the quantity of labor demanded.

Answer: <https://biology-forums.com/index.php?topic=1907360>

Question 200

Figure 14-9

Refer to Figure 14-9. Uniquet, Inc. is a company that provides PCs with Internet access and touch-sensitive screens to hotels. Suppose the Hard Rock Hotel and Casino in Las Vegas informs Uniquet that it is considering installing these systems in its hotel rooms. The Hard Rock expects to be able to charge higher prices for these rooms if it installs Uniquet's systems in its rooms. The two companies begin bargaining over what price the Hard Rock will pay Uniquet for its systems, and the decision tree shown above illustrates this bargaining game. Note that the profit figures listed in the decision tree are additional profits for the Hard Rock and total profits for Uniquet.

- Suppose the Hard Rock offers Uniquet \$1,200 per system. Will Uniquet accept or reject this offer? Why?
- Suppose the Hard Rock offers Uniquet \$800 per system. Will Uniquet accept or reject this offer? Why?
- Suppose Uniquet attempts to obtain a favorable outcome from the bargaining by telling the Hard Rock it will reject an \$800-per-system offer. If the Hard Rock does not believe the threat is credible, what will it do? Why? What will Uniquet do? Why?
- Is there a subgame-perfect equilibrium in this situation? Explain.

Answer: <https://biology-forums.com/index.php?topic=1907179>

Question 201

Question 1. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for women's clothing. Which panel best describes what happens in this market when the wages of seamstresses rise?

- Panel (a)
- Panel (b)
- Panel (c)
- Panel (d)

Question 2. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for almonds. Which panel best describes what happens in this market when there is an increase in the productivity of almond harvesters?

- Panel (a)
- Panel (b)
- Panel (c)
- Panel (d)

Answer: <https://biology-forums.com/index.php?topic=1906802>

Question 202

Figure 13-10

Figure 13-10 shows cost and demand curves for a monopolistically competitive producer of iced tea.

Refer to Figure 13-10. to answer the following questions.

a. What is the profit-maximizing output level? b. What is the profit-maximizing price? c. At the profit-maximizing output level, how much profit will be realized? d. Does this graph most likely represent the long run or the short run? Why?

Answer: <https://biology-forums.com/index.php?topic=1907099>

Question 203

Question 1. Table 18-5

Table 18-5 shows the amount of taxes paid on various levels of income.

Refer to Table 18-5. The tax system is

- progressive throughout all levels of income.
- proportional throughout all levels of income.
- regressive throughout all levels of income.
- regressive between \$20,000 and \$25,000 of income and progressive between \$32,000 and \$42,000.

Question 2. Table 18-6

Table 18-6 shows the income tax brackets and tax rates for single taxpayers in California.

Refer to Table 18-6. How much income tax does Sasha pay if he is a single taxpayer with an income of \$60,000?

- \$22,800
- \$14,400
- \$13,800
- \$13,642

Answer: <https://biology-forums.com/index.php?topic=1907429>

Question 204

Figure 15-4

Figure 15-4 shows the demand and cost curves for a monopolist.

Refer to Figure 15-4. What is the price charged for the profit-maximizing output level?

- \$13
- \$21
- \$27
- \$34

Answer: <https://biology-forums.com/index.php?topic=1907228>

Question 205

Figure 12-7

Figure 12-7 illustrates the cost curves of a perfectly competitive firm.

Refer to Figure 12-7. If the market price is P_2 , the firm

- will break even and produce a quantity of Q_2 .

- will make a profit and produce a quantity of Q2.
- will make a profit and produce a quantity of Q1.
- will make a profit and produce a quantity of Q3.

Answer: <https://biology-forums.com/index.php?topic=1907077>

Question 206

Question 1. Due to adverse selection, very few lemons will be sold in the market for used cars.

- true
- false

Question 2. Suppose you see a 2006 Scion xB Sport Wagon advertised in the local newspaper for \$4,500. If you knew the car was reliable, you would be willing to pay \$6,000 for it. If you knew the car was unreliable, you would only be willing to pay \$2,500 for it. Under what circumstances should you buy the car at the asking price?

Answer: <https://biology-forums.com/index.php?topic=1906927>

Question 207

An oligopolist's demand curve is

- identical to that of a perfectly competitive firm.
- identical to that of a monopolistically competitive firm.
- vertical on a price-quantity diagram.
- unknown because a response of firms to price changes by rivals is uncertain.

Answer: <https://biology-forums.com/index.php?topic=1907144>

Question 208

Question 1. Congressman Flack votes for a program that will benefit the constituents of Congressman Walpole. The public choice model suggests that Flack's vote is best explained by which of the following?

- rational ignorance
- party loyalty
- logrolling
- the voting paradox

Question 2. Many economists believe that when the federal government establishes an agency to regulate a particular industry, the regulated firms try to influence the agency even if these actions do not benefit the public. Economists refer to this result of government regulation by which of the following terms?

- regulatory capture
- logrolling
- special-interest regulation
- the regulatory paradox

Answer: <https://biology-forums.com/index.php?topic=1907416>

Question 209

Suppose an excise tax of \$1 is imposed on every case of beer sold and sellers are responsible for paying this tax. How would the imposition of the tax be illustrated in a graph?

- The supply curve for cases of beer would shift down by \$1.
- The supply curve for cases of beer would shift up by more than \$1.
- The supply curve for cases of beer would shift up by less than \$1.
- The supply curve for cases of beer would shift up by \$1.

Answer: <https://biology-forums.com/index.php?topic=1906825>

Question 210

Which of the following summarizes the impact of immigration growth on the labor market?

- This will increase the labor supply, reduce the equilibrium wage and increase the quantity of labor demanded.
- There will be an increase in the demand for labor. As a result, the wage rate will rise and the quantity of workers supplied will decrease.
- There will be an increase in the demand for jobs. This will result in an increase in the equilibrium wage rate and a movement along the labor supply curve.
- There will be an increase in both the demand for labor and the supply of labor. As a result, the equilibrium wage will not change.

Answer: <https://biology-forums.com/index.php?topic=1907387>

Question 211

Question 1. The demand for most farm products is relatively inelastic. All else constant, what is the effect on farm revenues as a result of the introduction of new and better farm equipment which increases productivity?

- Farm revenues increase.

- Farm revenues decrease.
- Farm revenues remain constant because consumers will not increase their consumption of farm products by much.
- Farm revenues could increase or decrease depending on the cost of this new equipment.

Question 2. Suppose a frost destroys the tomato crop in California but farmers see an increase in their revenues. Which of the following best explains this?

- The decrease in supply led to huge price increases.
- Tomatoes are necessities.
- The demand for tomatoes is price inelastic.
- The cross-price elasticity between tomatoes and most other substitute vegetables is very low.

Answer: <https://biology-forums.com/index.php?topic=1906895>

Question 212

Figure 10-8

Manuri has \$300 to spend on Pilates classes and Yoga classes. The price of a group Pilates class is \$20 and the price of a group Yoga class is \$10. Manuri's optimal bundle is given by "A" in Figure 10-8.

Refer to Figure 10-8. Suppose the price of Pilates sessions rises to \$30 while income and the price of Yoga sessions remain unchanged. What is her new optimal bundle?

- still remains at bundle A
- bundle B
- bundle C
- bundle D

Answer: <https://biology-forums.com/index.php?topic=1907005>

Question 213

Question 1. How much is a bond worth today if it pays \$50 in coupon payments for 3 years and \$1,000 at the end of the third year, and the interest rate is 10%?

- \$876
- \$952
- \$1,045
- \$1,150

Question 2. The value you give today to money you will receive in the future is called the future payment's

- time-sensitive value.
- future value.
- present value.
- historical value.

Answer: <https://biology-forums.com/index.php?topic=1906951>

Question 214

Figure 16-2

Plato Playhouse, a theatre company in the university town of Wegg, caters to two groups of customers: students and the non-student population.

Figure 16-2 shows the demand curves for the two groups of customers.

Refer to Figure 16-2. Suppose Plato Playhouse price discriminates. What is the price charged in the two markets?

- price in the student market = price in the non-student market = P_a
- price in the student market = price in the non-student market = P_b
- price in the student market = P_d ; price in the non-student market = P_e
- price in the student market = P_c ; price in the non-student market = P_e

Answer: <https://biology-forums.com/index.php?topic=1907304>

Question 215

Question 1. Figure 6-10

Refer to Figure 6-10. A perfectly inelastic supply curve is shown in

- Panel A.
- Panel B.
- Panel C.
- Panel D.

Question 2. Figure 6-10

Refer to Figure 6-10. A unit-elastic supply curve is shown in

- Panel A.
- Panel B.

- Panel C.
- Panel D.

Answer: <https://biology-forums.com/index.php?topic=1906906>

Question 216

Question 1. In order to prove that Motrin and Ibuprofen are substitutes, one should measure the _____ and get a _____.

- cross-price elasticity; positive number
- cross-price elasticity; negative number
- price elasticity of demand; number greater than 1 (in absolute value)
- price elasticity of demand; number less than 1 (in absolute value)

Question 2. The cross-price elasticity between Gillette razors and a related good is -3.4. What happens to the demand for the related good if the price of Gillette razors falls by 10 percent?

- The quantity demanded of the related good rises by 3.4 percent.
- The quantity demanded of the related good falls by 34 percent.
- The quantity demanded of the related good rises by 34 percent.
- The quantity demanded of the related good falls by 3.4 percent.

Answer: <https://biology-forums.com/index.php?topic=1906881>

Question 217

Question 1. The following equations represent the demand and supply for bottles of nail polish.

$$QD = 25 - P$$

$$QS = -15 + 3P$$

What is the equilibrium price (P) and quantity (Q - in thousands) of bottles of nail polish?

- P = \$5; Q = 20 thousand
- P = \$15; Q = 30 thousand
- P = \$20; Q = 5 thousand
- P = \$10; Q = 15 thousand

Question 2. If the price of hairspray is represented by P in the equation $P = 10 - 0.2 QD$, then the corresponding quantity of hairspray demanded is represented by the demand equation

- $QD = 5P - 2$.
- $QD = 0.5P + 2$.
- $QD = 50 - 5P$.
- $QD = -10 + 0.2P$.

Answer: <https://biology-forums.com/index.php?topic=1906836>

Question 218

Figure 10-5

Refer to Figure 10-5. What is the marginal rate of substitution for one bar of chocolate between g and h?

- of a cookie
- of a cookie
- 2 cookies
- 3 cookies

Answer: <https://biology-forums.com/index.php?topic=1906992>

Question 219

Question 1. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews.

Refer to Figure 2-9. What is the opportunity cost of producing 1 pound of cashews in Pakistan?

- 3/8 of a bolt of cotton
- 5/8 of a bolt of cotton
- 1 3/5 bolts of cotton
- 240 bolts of cotton

Question 2. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews.

Refer to Figure 2-9. What is the opportunity cost of producing 1 pound of cashews in Indonesia?

- 3/8 of a bolt of cotton
- 5/8 of a bolt of cotton
- 2 2/3 bolts of cotton
- 320 bolts of cotton

Answer: <https://biology-forums.com/index.php?topic=1906779>

Question 220

Question 1. Perfect price discrimination will lead a firm to produce up to the point where price equals marginal cost, the efficient level of output.

- true
- false

Question 2. The Clayton Act of 1936 outlawed price discrimination that reduced competition.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907329>

Question 221

Question 1. Studies show that the income elasticity of demand for wine is approximately five. What does this mean?

- A 1 percent decrease in the price of wine leads to a 5 percent increase in wine consumption.
- A 1 percent increase in income leads to a 5 percent increase in wine consumption.
- A 5 percent increase in income leads to a 1 percent increase in wine consumption.
- Wine is a relatively elastic good.

Question 2. Which of the following items is likely to have the highest income elasticity of demand?

- a bus ride
- a meal at Taco Bell
- a vacation home in the Swiss Alps
- a tank of gasoline

Answer: <https://biology-forums.com/index.php?topic=1906870>

Question 222

Question 1. One result of a tax is an increase in economic efficiency.

- true
- false

Question 2. The excess burden of a tax is also known as a deadweight loss.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906832>

Question 223

Question 1. Ford assembles some cars in Mexico because the lower wages the company pays to Mexican workers and the lower prices it pays for auto parts in Mexico reduces Ford's costs. This is an example of Ford reacting to which of the three key economic ideas?

- People are rational.
- People respond to economic incentives.
- Optimal decisions are made at the margin.
- Firms attempt to maximize revenues.

Question 2. In economics, the term _____ refers to a group of buyers and sellers of a product and the arrangement by which they come together to trade.

- collective
- cooperative
- market
- trade-off

Answer: <https://biology-forums.com/index.php?topic=1906748>

Question 224

Figure 12-7

Figure 12-7 illustrates the cost curves of a perfectly competitive firm.

Refer to Figure 12-7. If the market price is P_1 ,

- the firm will experience a loss and raise its price to P_2 . The firm will then break even.
- the firm will break even by producing a quantity of Q_2 .
- the firm will experience a loss since price is less than ATC.
- the firm may make a profit if it can increase the demand for its product.

Answer: <https://biology-forums.com/index.php?topic=1907075>

Question 225

Question 1. A key assumption of the public choice model is that government policymakers will pursue their own self-interests. Economists assume that consumers and firms pursue their own self-interests when they interact in competitive markets and this interaction results in efficient economic

outcomes. Does the pursuit of self-interest by policymakers result in efficient economic outcomes?

Question 2. Former Alabama Governor George Wallace ran for president several times, once as a third-party candidate in 1968. Wallace claimed there was "not a dime's worth of difference" between the Democratic and Republican parties during one of his campaigns. How does Wallace's comment relate to the median voter theorem?

Answer: <https://biology-forums.com/index.php?topic=1907421>

Question 226

If preferences are transitive, indifference curves

- intersect at the equilibrium consumption bundle.
- intersect at the optimum consumption bundle.
- intersect where the marginal rate of substitution for each indifference curve is equal.
- do not intersect.

Answer: <https://biology-forums.com/index.php?topic=1906990>

Question 227

Figure 10-10

Refer to Figure 10-10. The change in the budget constraint from BC1 to BC2 implies

- the prices of DVDs and CDs have increased.
- income and the prices of DVDs and CDs have increased.
- the price of DVDs has increased and the price of CDs has decreased.
- the price of DVDs has decreased and the price of CDs has increased.

Answer: <https://biology-forums.com/index.php?topic=1907014>

Question 228

Congressman Flack votes for a program that will benefit the constituents of Congressman Walpole. Which of the following explanations for Flack's vote is most consistent with the public choice model?

- Congressman Flack did not have time to read and understand all of the legislation he voted on. Members of Congress often depend on their staffs to read proposed legislation and recommend how they should vote.
- Legislators such as Congressman Flack are similar to other decision-makers in that they sometimes make irrational choices.
- Congressman Flack will support programs of legislators from his own party, regardless of who benefits from these programs.
- Congressman Flack expects Congressman Walpole's support for programs that will benefit Flack's constituents.

Answer: <https://biology-forums.com/index.php?topic=1907415>

Question 229

Figure 15-3

Figure 15-3 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-3. Suppose the monopolist represented in the diagram above produces positive output. What is the price charged at the profit-maximizing/loss-minimizing output level?

- \$38
- \$54
- \$68
- \$75

Answer: <https://biology-forums.com/index.php?topic=1907225>

Question 230

Total utility is constant along a given indifference curve.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907021>

Question 231

Grace Makutsi finally bought a pair of blue shoes that she had been coveting for a long time. In less than a week she discovered that the shoes were uncomfortable. Grace went back to wearing her old pair and stashed away the new pair. When asked by her boss, Mme. Ramotswe, why does she not simply give away the new pair, she said: "But I paid so much for them." Grace's behavior

- is rational: she should not discard a valuable item.
- ignores the fact that the purchase price is now a sunk cost and has no bearing on whether she should give them away or not.
- supports the endowment effect which states that ownership of an item makes it more valuable.
- is rational because the more you pay for an item the more valuable it is.

Answer: <https://biology-forums.com/index.php?topic=1906979>

Question 232

A firm cannot control all of the factors that allow it to make economic profits. Which of the following is an example of an uncontrollable factor?

- product differentiation
- input prices
- producing at a lower average total cost than competing firms
- hiring competent managers

Answer: <https://biology-forums.com/index.php?topic=1907129>

Question 233

Question 1. The practice of continually adjusting prices to take into account fluctuations in demand is called "yield management."

- true
- false

Question 2. A firm that engages in price discrimination must be able to identify the preferences of every customer it serves.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907328>

Question 234

From 1970 to 2010, the poverty rate in East Asia rose slightly but the level of poverty in sub-Saharan Africa fell dramatically.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907481>

Question 235

Figure 14-8

Refer to Figure 14-8 Use the decision tree to determine whether Microsoft should deter Toshiba from entering the market for ergonomic wireless keyboards. Assume that each firm must earn a 20% return on investment to break even. Explain Microsoft's decision process.

Answer: <https://biology-forums.com/index.php?topic=1907175>

Question 236

In the long run, if the demand curve of a profit-maximizing monopolistically competitive firm is tangent to its average total cost curve, then

- the firm would break even.
- the firm would shut down temporarily.
- the firm would earn enough revenue to cover its variable costs, but not its fixed costs.
- the firm would earn an economic profit.

Answer: <https://biology-forums.com/index.php?topic=1907102>

Question 237

Question 1. Between 1950 and 2017, the number of acres devoted to wheat production in the United States _____ and the price of wheat _____.

- declined; decreased
- more than doubled; increased by about 50 percent
- declined; more than doubled
- increased; more than doubled

Question 2. The price of wheat has fallen since 1950. Which of the following explains this price decline?

- The price elasticity of demand is less than 1 (in absolute value) and the income elasticity of demand for wheat is low.
- The price elasticity of demand is greater than 1 (in absolute value) and the income elasticity of demand for wheat is low.
- The price elasticity of demand is less than 1 (in absolute value) and wheat is an inferior good.
- The price elasticity of demand is greater than 1 (in absolute value) and the income elasticity of demand for wheat is greater than 1.

Answer: <https://biology-forums.com/index.php?topic=1906894>

Question 238

Question 1. The absolute value of the price elasticity of demand for telescopes is 1.5. Therefore, telescopes can be classified as a luxury.

- true
- false

Question 2. If the income elasticity for canned food is 0.8, then canned food is an inferior good.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906889>

Question 239

Figure 15-2

Figure 15-2 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-2. The firm's profit-maximizing price is

- P1.
- P2.
- P3.
- P4.

Answer: <https://biology-forums.com/index.php?topic=1907215>

Question 240

When a monopolistically competitive firm lowers its price one bad thing happens to the firm. What is this "one bad thing" called?

- the output effect
- the income effect
- the substitution effect
- the price effect

Answer: <https://biology-forums.com/index.php?topic=1907095>

Question 241

Question 1. In the United States, health care spending per person is _____ the average for most other countries, even taking into account the effects of higher income per person.

- slightly lower than
- significantly higher than
- significantly lower than
- comparable to

Question 2. The U.S. Bureau of Labor Statistics forecasts that _____ fastest-growing occupations over the next 10 years will be in health care.

- over 95 percent of the
- less than 2 of the 10
- 13 of the 20
- just under half of the

Answer: <https://biology-forums.com/index.php?topic=1906925>

Question 242

Question 1. Price elasticity of supply is used to gauge

- how responsive suppliers are to price changes.
- how responsive suppliers are to changes in future prices.
- how responsive suppliers are to a change in demand.
- how responsive sales are to a change in input prices.

Question 2. Suppose the value of the price elasticity of supply is 4. What does this mean?

- A 4 percent increase in the price of the good causes quantity supplied to increase by 1 percent.
- A 1 percent increase in the price of the good causes the supply curve to shift upward by 4 percent.
- A 1 percent increase in the price of the good causes quantity supplied to increase by 4 percent.
- For every \$1 increase in price, quantity supplied increases by 4 units.

Answer: <https://biology-forums.com/index.php?topic=1906903>

Question 243

Question 1. Figure 2-10

Figure 2-10 shows the production possibilities frontiers for Tahiti and Bora Bora. Each country produces two goods, milk and honey.

Refer to Figure 2-10. What is the opportunity cost of producing one gallon of honey in Tahiti?

- 5/6 of a gallon of milk
- 0.9 gallons of milk
- 1.2 gallons of milk
- 1 1/3 gallons of milk

Question 2. Figure 2-10

Figure 2-10 shows the production possibilities frontiers for Tahiti and Bora Bora. Each country produces two goods, milk and honey.

Refer to Figure 2-10. What is the opportunity cost of producing one gallon of honey in Bora Bora?

- 2/3 of a gallon of milk
- 0.9 gallons of milk
- 1 1/3 gallons of milk
- 1.5 gallons of milk

Answer: <https://biology-forums.com/index.php?topic=1906782>

Question 244

Figure 18-1

Refer to Figure 18-1. Area F + G represents

- the portion of sales tax revenue borne by consumers.
- the portion of sales tax revenue borne by producers.
- the excess burden of the sales tax.
- sales tax revenue collected by the government.

Answer: <https://biology-forums.com/index.php?topic=1907464>

Question 245

The marginal cost for Java Joe's to produce its first cup of coffee is \$0.75. Its marginal cost to produce its second cup of coffee is \$1.25. Its marginal cost increases by \$0.50 for each additional cup of coffee it produces. Suppose the market price for coffee is \$2.25. Construct a graph showing the producer surplus for each cup of coffee Java Joe's will sell. How many cups of coffee will Java Joe's sell? What is the value of the producer surplus Java Joe's receives for each cup of coffee it sells?

Answer: <https://biology-forums.com/index.php?topic=1906816>

Question 246

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for sugar at the intersection of D1 and S2 (point B). If there is a decrease in the price of fertilizer used on sugar cane and there is a decrease in tastes for sugar-sweetened soft drinks, how will the equilibrium point change?

- The equilibrium point will move from B to A.
- The equilibrium point will move from B to C.
- There will be no change in the equilibrium point.
- The equilibrium point will move from B to E.

Answer: <https://biology-forums.com/index.php?topic=1906809>

Question 247

Arnold's Airport Transport provides passenger transportation to and from the local airport. Arnold charges a flat rate of \$30 per person for round-trip service, and he gives a \$5 discount to senior citizens. Assume Arnold's marginal cost is \$3.00 per person. Draw two graphs, one showing demand and marginal cost for his \$30 customers, of which he has 300 per month, and the other graph showing demand and marginal cost for his senior citizen customers, of which he has 100 per month. If Arnold charged all of his customers \$30, he would have 325 customers per month.

Answer: <https://biology-forums.com/index.php?topic=1907338>

Question 248

Farah has \$100 to spend each month on bread and chicken. Suppose the price of bread is \$4 a loaf and the price of chicken is \$5 per pound.

a. Draw her budget constraint and label it BC0. Put bread on the horizontal axis and chicken on the vertical axis. Be sure to identify the intercept values.

b. Suppose Farah is a utility maximizer and she consumes 10 loaves of bread and 12 pounds of chicken. On the same graph you drew in part (a), draw an indifference curve to identify her optimal bundle. Label this bundle "E."

c. Is her budget exhausted? Verify your answer. d. Now suppose Farah's income falls to so that she can now devote \$80 to the two goods. Prices however remain unchanged. In the same diagram, graph her new budget constraint and label it BC1. Be sure to identify any new intercept values.

e. Following the change in income, can Farah consume the same bundle "E"? Explain your answer. f. What must happen to her total utility following the decrease in her income?

Answer: <https://biology-forums.com/index.php?topic=1907026>

Question 249

The absolute value of the slope of the budget constraint is equal to

- the marginal rate of substitution between the two goods in question.
- the price of good on the vertical axis divided by the price of the good on the horizontal axis.
- the price of good on the horizontal axis divided by the price of the good on the vertical axis.
- the quantity of the good on the vertical axis divided by the quantity of the good on the horizontal axis.

Answer: <https://biology-forums.com/index.php?topic=1906996>

Question 250

The larger the number of firms in an industry,

- the easier it is to implicitly collude to fix prices.
- the more intense the rivalry among firms.

- the greater the need for a price enforcement mechanism.
- the larger the potential number of market segments.

Answer: <https://biology-forums.com/index.php?topic=1907184>

Question 251

Vertical-equity is most closely associated with which of the following goals or principles?

- the horizontal-equity principle
- the goal of economic efficiency
- the goal of attaining social objectives
- the ability-to-pay principle

Answer: <https://biology-forums.com/index.php?topic=1907448>

Question 252

According to an article in the Wall Street Journal, "The big car makers are pushing a wide array of new technology into production, responding to relentless competitive pressure, rising energy prices and consumer demand for better safety.

Source: Joseph B. White, "Ford, GM Eye Shift in Buying Habits," Wall Street Journal, May 22, 2006.

Which of Porter's competitive forces does this statement allude to?

- the threat of competition from new entrants
- competition from foreign auto manufacturers
- competition from existing firms within the industry
- competition from substitute products from outside the industry

Answer: <https://biology-forums.com/index.php?topic=1907183>

Question 253

Question 1.If Molly Bee increases her work hours when her wage increases, then

- the income effect of the wage increase outweighs the substitution effect.
- the substitution effect of the wage increase outweighs the income effect.
- leisure is an inferior good to Molly.
- Molly is spending beyond her means.

Question 2.If Alan Shaw reduces his work hours when his salary increases, then

- the income effect of his salary increase dominates the substitution effect.
- the substitution effect of his salary increase dominates the income effect.
- the income effect of his salary increase is completely offset by the substitution effect.
- leisure is an inferior good to Alan.

Answer: <https://biology-forums.com/index.php?topic=1907367>

Question 254

Joss is a marketing consultant. Iris and Daphne are potential customers interested in commissioning Joss to undertake a market survey and compile the findings in a report. Iris is willing to pay \$500 for the service while Daphne is willing to pay \$800. Suppose that the opportunity cost of Joss's time is \$1,200. Assume that Iris and Daphne do not know each other. If Joss charges the same price per copy of the report to both Iris and Daphne,

- the report will not get written.
- only Daphne will commission the job and the report will be written.
- both Iris and Daphne will commission the job and the report will be written.
- no conclusion can be drawn without information on the price.

Answer: <https://biology-forums.com/index.php?topic=1907284>

Question 255

A construction project in Congressman Foghorn's district is unfinished. Foghorn has asked that a new appropriations bill include funds to complete the project, despite a report by an independent agency that the project is a waste of taxpayer money. Foghorn's project is a bridge that crosses a river between two cities in his district. The press has criticized Foghorn and dubbed the project "a bridge too far" since another bridge, located closer to the same two cities Foghorn's bridge will connect, already exists and can accommodate all traffic between the two cities. Foghorn argues that if the bridge project is not completed, the \$50 million already spent will have been wasted. Is Foghorn's argument economically rational? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=1906984>

Question 256

If a perfectly competitive apple farm's marginal revenue exceeds the marginal cost of the last bushel of apples sold, what should the farm do to maximize its profit?

- determine what the total revenue and total cost of production are
- increase output
- decrease output

- lower its price to sell more

Answer: <https://biology-forums.com/index.php?topic=1907066>

Question 257

Question 1. If the cross-price elasticity of demand between beer and wine is 0.31, then beer and wine are

- complements.
- price-inelastic goods.
- substitutes.
- necessities.

Question 2. Consider the following pairs of items:

a. shampoo and conditioner b. iPhones and earbuds c. a laptop computer and a desktop computer d. beef and porke. air-travel and weed killer

Which of the pairs listed will have a positive cross-price elasticity?

- a and b only
- c and d only
- e only
- a, b, and c only

Answer: <https://biology-forums.com/index.php?topic=1906882>

Question 258

Figure 10-9

Refer to Figure 10-9. If the price of biscotti is \$1.50 and the price of a cappuccino is \$3.00, what is the slope of the budget constraint?

- -2
- $-(3.00 - 1.50)/(3.00 + 1.50) = -1/3$
- -1/2
- The slope cannot be determined without the value of income.

Answer: <https://biology-forums.com/index.php?topic=1907012>

Question 259

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D1 and S2 (point B). Which of the following changes would cause the equilibrium to change to point C?

- a positive change in the technology used to produce apples and decrease in the price of oranges, a substitute for apples
- an increase in the wages of apple workers and an increase in the price of oranges, a substitute for apples
- an increase in the number of apple producers and a decrease in the number of apple trees as a result of disease
- a decrease in the wages of apple workers and an increase in the price of oranges, a substitute for apples

Answer: <https://biology-forums.com/index.php?topic=1906812>

Question 260

Question 1. Of the following sources of tax revenue for state and local governments, which was the smallest in 2016?

- sales taxes
- the corporate income tax
- the property tax
- the individual income tax

Question 2. A regressive tax is a tax for which people with lower incomes

- pay a lower percentage of their incomes in tax than do people with higher incomes.
- pay a higher percentage of their incomes in tax than do people with higher incomes.
- pay the same percentage of their incomes in tax as do people with higher incomes.
- do not have to pay unless their incomes exceeds a certain amount.

Answer: <https://biology-forums.com/index.php?topic=1907441>

Question 261

Question 1. Figure 2-2

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables.

Refer to Figure 2-2. Suppose Mendonca is currently producing 60 pounds of vegetables per period. How much meat is it also producing, assuming that resources are fully utilized?

- 45 pounds of meat
- 75 pounds of meat
- 80 pounds of meat
- 100 pounds of meat

Question 2. Figure 2-2

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables.

Refer to Figure 2-2. If Mendonca chooses to produce 160 pounds of vegetables, how much meat can it produce to maximize production?

- 0 pounds of meat
- 30 pounds of meat
- 60 pounds of meat
- 120 pounds of meat

Answer: <https://biology-forums.com/index.php?topic=1906764>

Question 262

Figure 16-1

Refer to Figure 16-1. What is the price charged under perfect price discrimination?

- P3
- P4
- a range of prices corresponding to the demand curve from P3 and above
- a range of prices corresponding to the demand curve from P4 and above

Answer: <https://biology-forums.com/index.php?topic=1907301>

Question 263

According to Porter's Five Competitive Forces Model, similar products produced by different firms within the industry affects a firm's ability to raise prices far more than substitutable products produced outside the industry.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907200>

Question 264

According to the benefits-received principle, those who receive the benefits from a government program should pay the taxes that support the program.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907455>

Question 265

Figure 10-8

Manuri has \$300 to spend on Pilates classes and Yoga classes. The price of a group Pilates class is \$20 and the price of a group Yoga class is \$10. Manuri's optimal bundle is given by "A" in Figure 10-8.

Refer to Figure 10-8. Suppose the price of Pilates sessions rise to \$30 while income and the price of Yoga sessions remain unchanged. The substitution effect of this price change is represented by the movement from

- A to B.
- A to C.
- A to D.
- D to B.

Answer: <https://biology-forums.com/index.php?topic=1907006>

Question 266

Question 1. Which of the following is a reason why it is difficult to estimate the extent of economic discrimination in the labor market?

- Employers who discriminate are likely to do so in overt ways such as awarding some workers with benefits-in-kind.
- Ultimately, employers who discriminate cannot remain profitable.
- Employers who discriminate pay an economic penalty.
- Differences in wages can be attributed to many other factors as well, such as differences in productivity and preferences.

Question 2. The situation where some talented people may not enter an occupation because they have heard that people with their personal characteristics do not get hired in that occupation is known as

- economic discrimination.
- a compensating differential.
- a negative feedback loop.
- worker discrimination.

Answer: <https://biology-forums.com/index.php?topic=1907400>

Question 267

In Porter's Five Competitive Forces model, "competition from substitute goods or services" refers to

- substitute products that come from outside the industry.

- substitute products that come from domestic competitors in the same industry.
- substitute products that come from foreign competitors in the same industry.
- competition from producers of substitutes who outsource their production.

Answer: <https://biology-forums.com/index.php?topic=1907186>

Question 268

Why are many companies concerned about brand management?

Answer: <https://biology-forums.com/index.php?topic=1907118>

Question 269

Yield management is the practice of

- determining production functions to minimize production costs.
- forecasting competitors' responses to price changes.
- using buyer data to rapidly adjust prices.
- using information technology to find the best interest rate.

Answer: <https://biology-forums.com/index.php?topic=1907240>

Question 270

Question 1. Barbara, the consummate hostess, proudly announced as she served dessert, "A port is often the perfect end to a meal, sipped with a piece of my scrumptious chocolate cake." Evidently, Barbara views port and chocolate cake as

- luxury items.
- necessities.
- complements.
- substitutes for other desserts.

Question 2. Economists estimated that the cross-price elasticity of demand for beer and wine is -0.83 and the income elasticity of wine is 5.03. This means that

- beer and wine are substitutes and wine is an inferior good.
- beer and wine are complements and wine is a luxury good.
- beer and wine are substitutes and wine is a luxury good.
- beer and wine are complements and wine is an inferior good.

Answer: <https://biology-forums.com/index.php?topic=1906886>

Question 271

Why would an organization as large as the National Football League (NFL) incur large legal expenses to try to prevent bars and restaurants from using their trademarked term "Super Bowl" in their advertising?

Answer: <https://biology-forums.com/index.php?topic=1907119>

Question 272

Assume that the market for cage-free eggs is perfectly competitive. All else equal, as farmers find it less profitable to produce and sell cage-free eggs in this market

- the demand curve will shift to the left and the equilibrium price will decrease.
- the supply curve will shift to the left and the equilibrium price will increase.
- the supply curve will shift to the right, the demand curve will shift to the left, and the equilibrium price will decrease.
- the supply curve will shift to the left, the demand curve will shift to the left, and the equilibrium price will increase.

Answer: <https://biology-forums.com/index.php?topic=1907059>

Question 273

Question 1. Over the past 40 years in the United States, federal revenues as a share of gross domestic product have

- risen steadily and now are about 40 percent.
- ranged between 17 and 19 percent.
- fallen below 10 because of rapid economic growth.
- been limited by law to no more than 20 percent.

Question 2. The term "payroll taxes" is often used to refer to

- individual income taxes that are withheld from paychecks.
- corporate income taxes.
- Social Security and Medicare taxes.
- sales taxes.

Answer: <https://biology-forums.com/index.php?topic=1907440>

Question 274

For the top 1 percent of income distribution, the share of total income earned by households in this group was about _____ percent in 2016.

- 9
- 19
- 44
- 68

Answer: <https://biology-forums.com/index.php?topic=1907476>

Question 275

Question 1. A situation where a member of Congress votes to approve a bill in exchange for favorable votes from other members on other bills is called

- rent seeking.
- logrolling.
- regulatory capture.
- special interest legislation.

Question 2. The Arrow impossibility theorem explains

- why there is no system of voting that will consistently represent the underlying preferences of voters.
- why government regulation of private markets will always result in a reduction in economic efficiency in these markets.
- why voters are always rationally ignorant.
- why it is not possible to provide the economically efficient amount of any public good.

Answer: <https://biology-forums.com/index.php?topic=1907410>

Question 276

Question 1. Figure 2-2

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables. Refer to Figure 2-2. What is the opportunity cost of one pound of vegetables?

- pound of meat
- 1.2 pounds of meat
- pounds of meat
- 12 pounds of meat

Question 2. Figure 2-2

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables. Refer to Figure 2-2. What is the opportunity cost of one pound of meat?

- pound of vegetables
- pounds of vegetables
- 1.6 pounds of vegetables
- 16 pounds of vegetables

Answer: <https://biology-forums.com/index.php?topic=1906763>

Question 277

In a sequential game, one firm will act first and then other firms will respond.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907167>

Question 278

In a report made to the U.S. Congress in 2001, the National Academy of Sciences cautioned that if fuel economy encourages the production of smaller and lighter cars, "Some additional traffic fatalities would be expected." This statement suggests that

- U.S. auto manufacturers are more concerned about producing fuel efficient cars to compete with their Japanese and South Korean rivals than about consumer safety.
- there is a trade-off between safety and fuel economy.
- society should value safety more highly than fuel economy.
- society should value fuel economy more highly than consumer safety because of the long-term environmental benefits generated by less gasoline use.

Answer: <https://biology-forums.com/index.php?topic=1906771>

Question 279

Golda Rush quit her job as a manager for Home Depot to start her own hair dressing salon, Goldilocks. She gave up a salary of \$40,000 per year, invested her savings of \$30,000 (which was earning 5 percent interest) and borrowed \$10,000 from a close friend, agreeing to pay 5 percent interest per year. In her first year, Golda spent \$18,000 to rent a salon, hired a part-time assistant for \$12,000 and incurred another \$15,000 in expenses on equipment and hairdressing material. Based on this information, what is the amount of her explicit costs for the first year?

- \$45,000
- \$45,500

- \$47,000
- \$87,000

Answer: <https://biology-forums.com/index.php?topic=1907031>

Question 280

Bubba's Hula Shack Bar and Bistro has begun giving customers who can show proof that they arrived at the establishment by public transportation a 10 percent discount on their total bill. All else equal, customers who arrive by public transportation to take advantage of Bubba's Hula Shack discount have a _____ for the services of the establishment than customers who drive to the establishment.

- higher price elasticity of demand
- lower price elasticity of demand
- higher price elasticity of supply
- lower price elasticity of supply

Answer: <https://biology-forums.com/index.php?topic=1907314>

Question 281

Question 1. Suppose consumers pay less than the true cost of medical services because a third party, such as an insurance company, pays most of the bill. Draw a graph showing the supply and demand for medical services with and without a third-party payer. Identify the market equilibrium without insurance, the market equilibrium with insurance, and the area representing the deadweight loss. Be sure to label the efficient and the market prices and quantities.

Question 2. Assume that you set up a sole proprietorship and your lawyer tells you that as the owner, you could stand to lose your personal wealth if the business goes bankrupt. This means that a sole proprietorship

- faces limited liability.
- faces unlimited liability.
- has little chance of succeeding.
- is not a good type of business to set up.

Answer: <https://biology-forums.com/index.php?topic=1906934>

Question 282

If a firm shuts down in the short run, it avoids its variable cost but not its fixed cost.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907087>

Question 283

Figure 13-6

Refer to Figure 13-6. Suppose the above graph represents the relationship between the average total cost of producing notebook computers and the quantity of notebook computers produced by Dell. On a graph, illustrate the demand, MR, MC, and ATC curves which would represent Dell maximizing profits at a quantity of 100,000 per month and identify the area on the graph which represents the profit.

Answer: <https://biology-forums.com/index.php?topic=1907100>

Question 284

Figure 11-17

Refer to Figure 11-17. Assume that production isoquants are convex. Total cost and output produced must increase for each of the following movements except one. Which movement is the exception?

- point a to point b
- point a to point c
- point b to point c
- point b to point d

Answer: <https://biology-forums.com/index.php?topic=1907050>

Question 285

Question 1. A product is considered to be excludable if it is jointly owned by all members of a community.

- true
- false

Question 2. A quasi-public good is similar to a public good in that one person's consumption of the quasi-public good does not reduce the amount available for everyone else.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906858>

Question 286

Which of the following undermines a firm's ability to engage in price discrimination?

- the seller's market power
- the inability to prevent resale of the product from one market segment to another
- buyers having different elasticities of demand for the product
- the seller's ability to segment the total market

Answer: <https://biology-forums.com/index.php?topic=1907265>

Question 287

Which of the following statements about rent seeking is false?

- Rent seeking often involves governments because governments transfer huge amounts of funds that economic agents must compete for.
- A person is engaging in rent-seeking behavior when he uses the political process to acquire ownership of a resource that belongs to the public.
- Because rent seeking redistributes society's resources, anyone engaging in such behavior is violating the law.
- If a firm can benefit from government intervention in the economy, it is more likely to spend resources attempting to secure this intervention than toward innovating its product to gain a competitive edge in the market.

Answer: <https://biology-forums.com/index.php?topic=1907409>

Question 288

Figure 18-9

Refer to Figure 18-9 to answer the following questions.

- Did the distribution of income become more equal in 2016 than it was in 2015, or did it become less equal? Explain.
- If area A = 1,600, area B = 200, and area C = 3,200, calculate the Gini coefficient for 2015 and the Gini coefficient for 2016.

Answer: <https://biology-forums.com/index.php?topic=1907488>

Question 289

Which of the following is not among Porter's competitive forces?

- power of buyers
- power of suppliers
- threat of new entrants
- changing consumer tastes

Answer: <https://biology-forums.com/index.php?topic=1907180>

Question 290

Question 1. A recent study by economists at the Federal Reserve Bank of New York estimates that over the period from 1970 to 2013, the average college graduate earned _____ more per year than the average person who had only a high school degree.

- \$5,750
- 13,275
- \$23,500
- \$44,400

Question 2. In situations where new technologies are considered complementary to workers, demand for these workers will _____, resulting in _____ in the equilibrium wage.

- increase; a decrease
- increase; an increase
- decrease; a decrease
- decrease; an increase

Answer: <https://biology-forums.com/index.php?topic=1907384>

Question 291

Question 1. The demand for most farm products is relatively inelastic. A drought that reduces the supply of farm products will also cause farm revenues to fall.

- true
- false

Question 2. Most food products have low income and price elasticities of demand.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906901>

Question 292

Price discrimination is possible in which of the following market structures?

a. perfect competition
b. monopoly
c. oligopoly
d. monopolistic competition

- a, b, c, and d
- c and d only
- b and c only
- b, c, and d only

Answer: <https://biology-forums.com/index.php?topic=1907264>

Question 293

Question 1. Figure 6-10

Refer to Figure 6-10. The supply curve on which price elasticity changes at every point is shown in

- Panel A.
- Panel B.
- Panel C.
- Panel D.

Question 2. Figure 6-10

Refer to Figure 6-10. A perfectly elastic supply curve is shown in

- Panel A.
- Panel B.
- Panel C.
- Panel D.

Answer: <https://biology-forums.com/index.php?topic=1906905>

Question 294

Which of the following can a firm use to defend a successful product's brand name?

- The firm can obtain a patent on the brand name.
- The firm can apply for a trademark to ban other firms from using the product's name.
- The firm can increase the amount it spends on advertising for the product.
- The firm can attempt to copyright the brand name.

Answer: <https://biology-forums.com/index.php?topic=1907108>

Question 295

Figure 12-8

Refer to Figure 12-8. Suppose the firm produces 4,000 units. What does the shaded area labeled A represent?

- total variable cost
- profit
- total fixed cost
- total revenue

Answer: <https://biology-forums.com/index.php?topic=1907078>

Question 296

Higher isocost lines correspond to higher

- profits.
- total costs of production.
- input prices.
- sales revenue.

Answer: <https://biology-forums.com/index.php?topic=1907039>

Question 297

Question 1. Suppose the price elasticity of demand for cigarettes is -0.4. The FDA decides to regulate tobacco production, which increases the price of cigarettes and causes the quantity of cigarettes demanded to decrease by 25 percent. What is the percentage increase in price which would lead to the 25 percent decrease in quantity demanded? If the price elasticity was -4, what would be the percentage increase in price?

Question 2. Rank these three items in terms of the elasticity of the demand for them at any given price, from most elastic to least elastic: hot beverages, coffee and Peet's Coffee.

- hot beverages, coffee, Peet's Coffee
- Peet's Coffee, coffee, hot beverages
- coffee, Peet's Coffee, hot beverages
- coffee, hot beverages, Peet's Coffee

Answer: <https://biology-forums.com/index.php?topic=1906864>

Question 298

Which of the following is a consequence of the voting paradox?

- A majority of voters elect a candidate who does not represent the preferences of the voter who is in the political middle.
- Politicians support small groups of individuals and firms that benefit from special interest legislation, rather than a much larger group of voters who pay the cost for this legislation.
- Individuals and firms who benefit from government actions engage in rent seeking.
- The collective preferences of voters are not transitive and voting outcomes are inconsistent.

Answer: <https://biology-forums.com/index.php?topic=1907412>

Question 299

Arnold Harberger was the first economist to estimate the loss of economic efficiency due to market power. Since Harberger's findings were published, other researchers have studied this same issue. How do the results of these researchers compare to Harberger's results?

- The other researchers reached conclusions similar to Harberger's; namely, the loss of economic efficiency due to market power is about 10 percent of the value of production in the United States.
- The other researchers reached conclusions different from Harberger's; namely, they found that the loss of economic efficiency due to market power is only about 1 percent of the value of production in the United States, much less than Harberger's estimate.
- The other researchers reached conclusions different from Harberger's; namely, the loss of economic efficiency due to market power is about 10 percent of the value of production in the United States, significantly greater than Harberger's estimate.
- The other researchers reached conclusions similar to Harberger's; namely, the loss of economic efficiency due to market power is about 1 percent of the value of production in the United States.

Answer: <https://biology-forums.com/index.php?topic=1907236>

Question 300

Consider the market for nurses in a given city. In each of the following cases, explain what happens to the equilibrium wage rate and the quantity of nurses hired.

- a. One of the major hospitals in the city closes. b. A record number of students graduate with bachelor's degrees in nursing. c. Traditionally, nursing is a field that attracts women. However, changes in access to education and to the labor force participation rate by women have led to a greater demand for the services of women in a wide range of occupations. The demand for nurses, however, does not change.
- d. Advances in medical technology reduce the amount of time physicians must spend with patients in intensive care and increase the time that nurses spend with patients.

Answer: <https://biology-forums.com/index.php?topic=1907391>

Question 301

Table 14-5

Martin and Lewis each run one of the two bingo parlors in Schenectady. Both consider offering free rides to and from the parlors. Table 14-5 shows the payoff matrix containing the expected weekly profits for each bingo parlor.

Refer to Table 14-5. What is the Nash equilibrium in this game?

- There is no Nash equilibrium.
- Martin offers free rides, but Lewis does not.
- Lewis offers free rides, but Martin does not.
- Both Martin and Lewis offer free rides.

Answer: <https://biology-forums.com/index.php?topic=1907156>

Question 302

Competition in the form of advertising, better customer service, or longer warranties can also reduce profits by raising costs.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907199>

Question 303

Question 1. Increases in population shift the market supply curve for labor to the right.

- true
- false

Question 2. In many European countries, it is much easier for unemployed workers to receive generous wage replacement income from their governments than it is in the United States.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907374>

Question 304

Figure 15-3

Figure 15-3 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-3. What happens to the monopolist represented in the diagram in the long run, if costs and demand stay the same?

- It will raise its price at least until it breaks even.
- If the cost and demand curves remain the same, it will exit the market.
- The government will subsidize the monopoly to enable it to break even.
- It will be forced out of business by more efficient producers.

Answer: <https://biology-forums.com/index.php?topic=1907227>

Question 305

Prices of PlayStation 4 game systems are similar at almost every large retailer and little price competition occurs among these retailers. An explanation for this is

- retailers are all price takers.
- retailers have lobbied state governments to allow them to collude legally to set the prices of certain products.
- pricing PlayStation 4 game systems is a repeated game. Over a long period of time, a cooperative equilibrium has been reached where retailers charge high prices for these systems.
- retailers are in a prisoner's dilemma which causes them to all charge the same price for PlayStation 4 game systems.

Answer: <https://biology-forums.com/index.php?topic=1907195>

Question 306

Prisoner's dilemma games imply that cooperative behavior between two people or two firms always breaks down. But reality teaches us that people and firms often cooperate successfully to achieve their goals. Why do the results from prisoner's dilemma games fail to predict real-world results?

- Prisoner's dilemma games do not permit people or firms from reneging on agreements, which often occurs in real-world situations.
- The prisoner's dilemma does not apply to most business situations that are repeated over and over.
- Prisoner's dilemma games predict the behavior of people and firms that engage in illegal activity; most people and firms do not resort to illegal activity.
- Most real-world situations involve more than two people or firms; the prisoner's dilemma is only applicable to situations that involve two parties.

Answer: <https://biology-forums.com/index.php?topic=1907154>

Question 307

Which of the following is not a characteristic of indifference curves?

- Indifference curves cannot intersect.
- Indifference curves are usually bowed in, or convex.
- The slope of an indifference curve is negative.
- The closer to the origin, the greater the utility level.

Answer: <https://biology-forums.com/index.php?topic=1907010>

Question 308

Question 1. At a price of \$100, Beachside Canoe Rentals rented 11 canoes. When it increased its rental price to \$125, 9 canoes were rented. Calculate the absolute value of the price elasticity of demand for canoe rentals using the midpoint formula.

- 2
- 1.25
- 0.9
- 0.75

Question 2. Consider the following types of demand curves:

a. a vertical demand curve b. a horizontal demand curve c. a linear downward-sloping demand curve

Which of the demand curves listed exhibits a price elasticity of demand coefficient that remains constant along the demand curve?

- a only
- b only
- a and b only
- a, b, and c

Answer: <https://biology-forums.com/index.php?topic=1906863>

Question 309

With perfect price discrimination there is

- no deadweight loss.
- no producer surplus.
- one single price.
- an increase in consumer surplus.

Answer: <https://biology-forums.com/index.php?topic=1907282>

Question 310

Question 1. Economists often analyze the interaction of individuals and firms in markets. Economists also examine the actions of individuals and firms as they attempt to use government to make themselves better off at the expense of others, a process that is referred to as

- rent seeking.
- logrolling.
- government failure.
- the public choice initiative.

Question 2. Financial contributions to the campaigns of members of Congress, state legislators, and other elected officials by firms that seek special interest legislation that make the firms better off are

- examples of rent seeking.
- illegal.
- the result of the voting paradox.
- irrational because elected officials will almost always act in the interest of the voters who have to pay the cost of the legislation.

Answer: <https://biology-forums.com/index.php?topic=1907414>

Question 311

Figure 18-2

Figure 18-2 shows a demand curve and two sets of supply curves, one set more elastic than the other.

Refer to Figure 18-2. If the government imposes an excise tax of \$1.00 on every unit sold, what is the size of the deadweight loss, if there is any?

- the area adc if the supply curve is S0 and the area bec if the supply curve is S1.
- the area afcd if the supply curve is S0 and the area bfce if the supply curve is S1.
- the area becf under either supply curve.
- There is no deadweight loss; revenue raised is used to fund government projects.

Answer: <https://biology-forums.com/index.php?topic=1907472>

Question 312

Question 1. How has organizing a typical firm in a market economy changed over the last century?

- It has become easier as more and more firms discover how to do it.
- As government intervention has decreased, firms now have more freedom.
- There has been no change one way or the other over the last century.
- It has become more difficult to efficiently organize production.

Question 2. A partnership is _____ type of business.

- the most common
- the least common
- the least risky
- the most profitable

Answer: <https://biology-forums.com/index.php?topic=1906936>

Question 313

The profit-maximizing level of output and the profit-maximizing price for an oligopolist cannot be calculated when we don't know

- what the concentration ratio for the oligopolist's industry is.
- what the minimum efficient scale in the oligopolist's industry is.
- the demand curve and the marginal revenue curve of the oligopolist.
- the type of barrier to entry that exists in the oligopolist's industry.

Answer: <https://biology-forums.com/index.php?topic=1907147>

Question 314

What is meant by "tax incidence"?

Answer: <https://biology-forums.com/index.php?topic=1907475>

Question 315

Question 1. Early adopters are consumers who will pay a high price to be among the first to own new products.

- true
- false

Question 2. A successful strategy of price discrimination requires that a firm be a price taker.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907327>

Question 316

Question 1. A quasi-public good differs from a public good in that unlike a public good, it is possible to keep those who do not pay for the quasi-public good from enjoying the benefits of the good.

- true
- false

Question 2. A public good is a good that is both rival and excludable.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906859>

Question 317

For allocative efficiency to hold,

- price must equal marginal revenue of the last unit sold.
- price must equal the marginal cost of the last unit produced.
- the average variable cost must be minimized in production.
- the average total cost must be minimized in production.

Answer: <https://biology-forums.com/index.php?topic=1907104>

Question 318

Question 1. Suppose the demand curve for hybrid cars shifts to the right. This will cause a relatively small increase in the price of hybrid cars if

- demand is elastic and supply is inelastic.
- demand is inelastic and supply is perfectly inelastic.
- both demand and supply are inelastic.
- both demand and supply are elastic.

Question 2. The process involved in bringing oil to world markets can take years. Substitutes for oil-based products such as gasoline are limited. As a result

- the supply of oil is very elastic and the demand for oil is very elastic over short periods of time.
- the supply of oil is very inelastic and the demand for gasoline is inelastic over short periods of time.
- the supply of oil and the demand for oil shift to the right over short periods of time.
- the supply of oil and the demand for oil are both perfectly elastic over short periods of time.

Answer: <https://biology-forums.com/index.php?topic=1906917>

Question 319

Some factors that allow firms to make economic profits are beyond its control. All but one of the following is an uncontrollable factor. Which factor is controllable?

- input prices
- consumer tastes
- chance events
- product differentiation

Answer: <https://biology-forums.com/index.php?topic=1907130>

Question 320

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D₂ and S₁ (point C). Which of the following changes would cause the equilibrium to change to point B?

- a positive change in the technology used to produce apples and decrease in the price of oranges, a substitute for apples
- an increase in the wages of apple workers and an increase in the price of oranges, a substitute for apples
- an increase in the number of apple producers and a decrease in the number of apple trees as a result of disease
- a decrease in the wages of apple workers and an increase in the price of oranges, a substitute for apples

Answer: <https://biology-forums.com/index.php?topic=1906811>

Question 321

What is the common feature displayed by the following items?

- a. eating at a newly opened "fusion" cuisine restaurant
b. attending a Red Sox game in Fenway Park
c. wearing Lucky Brand designer jeans
- They are all highly inelastic goods.
 - The consumption of these goods takes place privately.
 - The consumption of these goods takes place publicly.
 - They tend to be consumed by better educated people.

Answer: <https://biology-forums.com/index.php?topic=1906975>

Question 322

Question 1. Economists have estimated that the cross-price elasticity of demand between beer and spirits is -0.50, the income elasticity for spirits is 1.21 and the income elasticity for wine is 5.03. These elasticities mean that beer and spirits are _____, and spirits and wine are _____.

- complements; luxuries
- normal goods; luxuries
- complements; substitutes
- substitutes; luxuries

Question 2. Demand for staples such as dairy products and bread is likely to be both income and price inelastic.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906887>

Question 323

A firm that is first to the market with a new product frequently discovers that there are design flaws or problems with the product that were not anticipated. How do these problems affect the innovating firm?

- The firm is protected by a first-mover advantage: initial design flaws tend not to harm a firm significantly because consumers resist changing products for fear of incurring high switching costs.
- They reduce profits for the new innovations and open the door to competitors who can enter the new market with a better product.
- Because these design flaws were not anticipated, consumers tend to be more forgiving and are likely to remain loyal to the company and its products.
- The firm's cost increases as it improves the product but it will not be able to raise its price for fear of alienating customers. Consequently, its profits will erode although its market share remains secure.

Answer: <https://biology-forums.com/index.php?topic=1907124>

Question 324

The income effect of an increase in the price of peaches is

- the change in the quantity of peaches demanded that results from the price increase, making peaches more expensive than other fruit, holding constant the effect of the price change on consumer purchasing power.
- the change in the demand for peaches as a result of the change in the price of peaches, holding all other factors constant.
- the change in the quantity of other fruit demanded that results from the impact of the price change on purchasing power, holding all other factors constant.
- the change in the quantity of peaches demanded that results from the effect of the change in price on consumer purchasing power, holding all other factors constant.

Answer: <https://biology-forums.com/index.php?topic=1906968>

Question 325

Figure 13-3

Refer to Figure 13-3. What is the marginal revenue of the sixth unit of output?

- \$4
- \$5
- \$9
- \$54

Answer: <https://biology-forums.com/index.php?topic=1907097>

Question 326

Marketing refers to all the activities necessary for a firm to sell a product to a consumer.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907115>

Question 327

Suppose the cross-price elasticity of demand between DVDs at Amazon.com and DVDs at Rakuten.com is 3.5. Based on this information, predict what happens when Amazon.com lowers its DVD prices by 10 percent.

- The quantity of DVDs demanded on Amazon.com will increase by 35 percent.
- The quantity of DVDs demanded on Rakuten.com will increase by 35 percent.
- The quantity of DVDs demanded on Amazon.com will decrease by 35 percent.
- The quantity of DVDs demanded on Rakuten.com will decrease by 35 percent.

Answer: <https://biology-forums.com/index.php?topic=1906884>

Question 328

A subgame-perfect equilibrium is a Nash equilibrium in which no player can make himself better off by changing his decision at any decision node.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907169>

Question 329

Question 1. Figure 6-9

Refer to Figure 6-9. The data in the diagram indicates that DVDs are

- luxury goods.
- inelastic goods.
- necessities.
- both luxury goods and inelastic goods.
- both necessities and inelastic goods.

Question 2. Suppose you have surveyed a few industries and obtained information about the income elasticity of demand for their products. If you expect that the economy is headed for a long recession, you would advise people to look for jobs in an industry with

- a high positive income elasticity coefficient such as 5.
- a low positive income elasticity coefficient such as 0.8.
- a "high" negative income elasticity coefficient such as -4.
- a "low" negative income elasticity coefficient such as -0.2.

Answer: <https://biology-forums.com/index.php?topic=1906878>

Question 330

Auctions in recent years have resulted in higher prices paid for letters written by John Wilkes Booth than those written by Abraham Lincoln. What is a reason for this difference in price?

- There is a surplus of letters written by Booth and a shortage of letters written by Lincoln.
- Many people are more fascinated by villains and anti-heroes than by heroic figures.
- There are more letters available for collectors to buy that were written by Lincoln than there are letters that were written by Booth.
- Booth was a well-known actor; the demand for his letters rose as wealthy actors attempted to buy them.

Answer: <https://biology-forums.com/index.php?topic=1906794>

Question 331

What are the key factors that determine the profitability of a firm in a monopolistically competitive market?

Answer: <https://biology-forums.com/index.php?topic=1907140>

Question 332

Question 1. A key insight of the public choice model is that public policymakers are likely to pursue the public's interest, even if their self-interests conflict with the public interest.

- true
- false

Question 2. Is a typical person likely to gather more information when buying a new computer or when voting for a member of the U.S. Senate? Why?

Answer: <https://biology-forums.com/index.php?topic=1907420>

Question 333

Question 1. In situations where new technologies are considered substitutes for workers, demand for these workers will _____, resulting in _____ in the equilibrium wage.

- increase; a decrease
- increase; an increase
- decrease; a decrease
- decrease; an increase

Question 2. If the labor supply is unchanged, an increase in the demand for labor will

- increase the equilibrium wage and decrease the number of workers employed.
- increase the equilibrium wage and increase the quantity of jobs demanded.
- decrease the equilibrium wage and increase the number of workers employed.
- increase the equilibrium wage and increase the number of workers employed.

Answer: <https://biology-forums.com/index.php?topic=1907385>

Question 334

Let D = demand, S = supply, P = equilibrium price, and Q = equilibrium quantity. What happens in the market for walnuts if the Centers for Disease

Control and Prevention announces that consuming a half cup of walnuts each week helps to lower levels of bad cholesterol?

- D increases, S no change, P and Q increase.
- S increases, D no change, P decreases, Q increases.
- D and S increase, P and Q decrease.
- D no change, S increases, P decreases, Q decreases.

Answer: <https://biology-forums.com/index.php?topic=1906799>

Question 335

Figure 12-8

Refer to Figure 12-8. Suppose the firm produces 4,000 units. What does the shaded area labeled B represent?

- the firm's economic loss
- total variable cost
- average variable cost
- total fixed cost

Answer: <https://biology-forums.com/index.php?topic=1907080>

Question 336

Question 1. Which of the following pricing strategies allows a firm to earn economic profit?

- price discrimination
- charging a price equal to marginal cost
- charging a price equal to the average total cost of production
- charging a price equal to the average variable cost of production

Question 2. Figure 16-3

Chantal owns a hairdressing salon which caters to two main groups of customers: residents of "The Chateau," a retirement community, and other residents in the neighborhood. Figure 16-3 shows the demand curves for the residents of the retirement community, labeled Market A, and other residents in the neighborhood, labeled Market B. The demand curves are not identical.

Refer to Figure 16-3. Suppose the salon price discriminates. What prices are charged in the two markets?

- price in market A = price in market B = \$15
- price in market A = \$10; price in market B = \$15
- price in market A = price in market B = \$5
- price in market A = \$10

Answer: <https://biology-forums.com/index.php?topic=1907320>

Question 337

Under what circumstances will the law of one price hold, and when might it not hold?

Answer: <https://biology-forums.com/index.php?topic=1907253>

Question 338

Which of the following is an example of a factor that a firm's owners and managers can control in making the firm successful?

- the ability to produce the product at a lower cost
- changing consumer tastes
- a rise in the price of a key input, for example, a rise in the price of oil leads to higher energy costs
- the number of competitors in the market

Answer: <https://biology-forums.com/index.php?topic=1907122>

Question 339

The following table contains the actual prices charged by four Web sites for the PlayStation 4 game Horizon Zero Dawn in October 2017.

Target \$49.99 Walmart 49.94 Fry's 49.99 GameStop 49.99 Explain whether the information in this table contradicts the law of one price.

Answer: <https://biology-forums.com/index.php?topic=1907256>

Question 340

Question 1. Some superstar athletes in the sports industry earn very high levels of income relative to other occupations, and over time the wage differential has been increasing. What could have caused this?

- The supply of star athletes has decreased.
- The supply of star athletes has increased due to college athletic programs.
- Technological advances such as cable television has increased the demand for sports entertainment.
- The market power of athletes' unions has decreased.

Question 2. Which of the following explains why talented major league baseball players command much higher salaries than neurosurgeons?

- because the total value of baseball games is much higher than the total value of neurosurgery
- because it takes far more skill and training to be a major league baseball player than to be a neurosurgeon

- because the supply of talented major league baseball players is relatively low compared to the supply of neurosurgeons. Therefore, major league baseball players exert far more market power than neurosurgeons.
- because the supply of talented major league baseball players is low relative to its demand compared to the supply of neurosurgeons. Therefore, adding another player yields far greater marginal benefit than adding another neurosurgeon.

Answer: <https://biology-forums.com/index.php?topic=1907396>

Question 341

Question 1. If you were to ask your employer for a raise, which of the following would be your most effective argument?

- "I have a job offer at another firm that will pay me more than my current wage."
- "I am willing to work more hours each week."
- "Increases in my productivity have resulted in greater revenue and profits for your business."
- "My marginal product is greater than my current wage."

Question 2. The supply curve of a uniquely talented actor or superstar athlete will be perfectly inelastic.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907402>

Question 342

Question 1. Making "how much" decisions involves

- calculating the total benefits of the activity and determining if you are satisfied with that amount.
- calculating the total costs of the activity and determining if you can afford to incur that expenditure.
- calculating the average benefit and the average cost of an activity to determine if it is worthwhile undertaking that activity.
- determining the additional benefits and the additional costs of that activity.

Question 2. Which of the following is an example of a "how much" decision?

- Dinah's Diner is only open for breakfast and lunch. Dinah is trying to decide whether to open for dinner as well.
- Zander has torn up his front yard and is debating whether to plant grass or install a rock garden.
- You received a nice birthday check from your grandmother and are deciding on whether to spend it on a trip to New York or a trip to San Francisco.
- Sergio quit his job to go back to school full time.

Answer: <https://biology-forums.com/index.php?topic=1906749>

Question 343

Question 1. The demand for labor depends primarily on the additional output produced as a result of hiring an additional worker and

- the additional revenue received from selling the output produced as a result of hiring an additional worker.
- the payment made to the worker for producing the additional output.
- the elasticity of demand for the output produced by the worker.
- the number of workers willing to produce the additional output.

Question 2. The term "derived demand" refers to

- the demand for financial products called derivatives.
- the demand for a factor of production that is derived from the demand for the good the factor produces.
- a firm's estimated demand curve derived from sales data.
- a demand curve that derives from the availability of resources.

Answer: <https://biology-forums.com/index.php?topic=1907352>

Question 344

Figure 18-1

Refer to Figure 18-1. Of the tax revenue collected by the government, the portion borne by producers is represented by the area

- B + C.
- F + G.
- E + H.
- B + C + F + G.

Answer: <https://biology-forums.com/index.php?topic=1907460>

Question 345

A CBO study estimated that the excess burden from the corporate income tax _____ of the revenues raised by the tax. This estimate would make the corporate income tax _____ imposed by the federal government.

- could equal more than half; one of the most inefficient taxes
- equals less than 10 percent; one of the most efficient taxes
- equals less than 3 percent; the most efficient tax
- equals more than 90 percent; the most inefficient tax

Answer: <https://biology-forums.com/index.php?topic=1907466>

Question 346

In recent years, Amazon has lowered its profits by offering some of its customers free shipping on books and building more warehouses to hold its book inventories. Which of the following explains Amazon's actions?

- Amazon feared government regulation if its profits were too high.
- Amazon took these actions to deter entry into its market by new online booksellers.
- Amazon took these actions to compete more effectively with existing online booksellers.
- Amazon was forced to take these actions because of the bargaining power of its suppliers.

Answer: <https://biology-forums.com/index.php?topic=1907193>

Question 347

Question 1. Technological advancements that increase labor's productivity shift the labor supply curve to the right.

- true
- false

Question 2. A profit-maximizing perfectly competitive firm should hire workers up to the point where labor's marginal revenue product equals the wage rate.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907362>

Question 348

Question 1. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the monopoly price. (This is also called a two-part tariff.) What is the per-unit price?

- \$28
- \$24
- \$12
- \$8

Question 2. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the monopoly price. (This is also called a two-part tariff.) What is the revenue collected from the fixed fee portion of the price?

- \$10,240
- \$7,870
- \$2,560
- \$1,440

Answer: <https://biology-forums.com/index.php?topic=1907344>

Question 349

Consider the market for wheat which is a perfectly competitive market. Is the market demand curve the same as the demand curve facing an individual producer? If not, explain how and why they are different? Illustrate your answer graphically.

Answer: <https://biology-forums.com/index.php?topic=1907063>

Question 350

From an economic perspective, price discrimination is desirable because

- the increase in profits is more than offset by the loss in consumer surplus, resulting in a net increase in economic surplus.
- it enables firms to increase profits with no loss in economic surplus, and in turn, this could provide firms with incentives to engage in beneficial product innovation.
- the increase in profits results in higher corporate tax revenues received by the government which could be used to subsidize consumption for low-income individuals.
- it redistributes wealth from wealthy consumers to highly innovative firms.

Answer: <https://biology-forums.com/index.php?topic=1907277>

Question 351

Question 1. If a decrease in income leads to a decrease in the demand for mac and cheese, then mac and cheese is

- a normal good.
- a neutral good.
- a complement.
- a necessity.

Question 2. The income effect explains why there is an inverse relationship between the price of a normal good and the quantity of the good demanded.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906788>

Question 352

Question 1. If you expect the economy is going to experience a boom and average income in the economy will rise in the foreseeable future, the type of firm that would be able to increase its sales if your expectations are met is

- one that sells an inferior good.
- one that sells a necessity good.
- one that sells a luxury good.
- one that sells a price-inelastic good.

Question 2. Last year, Sefton purchased 60 pounds of potatoes to feed his family of five when his household income was \$30,000. This year, his household income fell to \$20,000 and Sefton purchased 80 pounds of potatoes. All else constant, Sefton's income elasticity of demand for potatoes is

- negative, so Sefton considers potatoes to be an inferior good.
- positive, so Sefton considers potatoes to be an inferior good.
- positive, so Sefton considers potatoes to be a normal good and a necessity.
- negative, so Sefton considers potatoes to be a normal good.

Answer: <https://biology-forums.com/index.php?topic=1906871>

Question 353

Does the strength of each of the five competitive forces from Michael Porter's model remain constant over time? Briefly explain.

Answer: <https://biology-forums.com/index.php?topic=1907203>

Question 354

Question 1. One result of the public choice model is that most economists believe that

- when market failure occurs, government intervention will always lead to a more efficient outcome.
- government intervention will always result in a reduction in economic efficiency in regulated markets.
- policymakers may have incentives to intervene in the economy in ways that do not promote economic efficiency.
- the voting paradox will prevent voters from selecting the best person for public office.

Question 2. The public choice model raises questions about the government's ability to regulate economic activity efficiently. Which of the following statements represents the views of most economists with regard to the role of government?

- Congress should abolish the Food and Drug Administration, the Environmental Protection Agency, and other agencies and commissions because the costs of their actions exceed the benefits they provide to the public.
- Government should do more to regulate markets. The public choice model has shown that rent seeking and rational ignorance affect more markets than are currently subject to regulation.
- U.S. citizens can afford more government regulation if the cost of this regulation is borne mostly by taxpayers with the highest incomes.
- Agencies such as the Food and Drug Administration and the Environmental Protection Agency can serve a useful purpose, but we need to take the costs of regulation into account along with the benefits.

Answer: <https://biology-forums.com/index.php?topic=1907417>

Question 355

Question 1. Which of the following is an example of a nonexcludable product?

- college education
- a public library
- public transportation
- Internet service for your home computer

Question 2. If the United States and other developed nations pay the cost of reducing public emissions, developing nations such as China could benefit from the reduction while not contributing to it. In this sense, one can think of reducing carbon emissions as being like a

- public good.
- private good.
- quasi-private good.
- quasi-public good.

Answer: <https://biology-forums.com/index.php?topic=1906857>

Question 356

Pookie's Pinball Palace restores old Pinball machines. Pookie has just spent \$300 purchasing and cleaning a 1960s-era machine which he expects to sell for \$2,000 once he is finished with the restoration. After having spent \$300, Pookie discovers that he will need to rewire the entire machine at a cost of \$1,100 in order to finish the restoration. Alternatively, he can sell the machine "as is" now for \$1,000. What is his marginal benefit if he sells the machine "as is" now?

- \$300
- \$900

- \$1,000

- The marginal benefit cannot be determined.

Answer: <https://biology-forums.com/index.php?topic=1906750>

Question 357

Question 1. The price elasticity of supply is calculated as the change in supply divided by the change in price.

- true
- false

Question 2. Suppose the supply curve for digital cameras shifts to the right. This will cause a relatively large decrease in the price of digital cameras if both demand and supply are inelastic.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906919>

Question 358

Figure 15-2

Figure 15-2 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-2. If the firm's average total cost curve is ATC₃, the firm will

- suffer a loss.
- break even.
- make a profit.
- face competition.

Answer: <https://biology-forums.com/index.php?topic=1907218>

Question 359

Vinny consumes tacos and chicken wings. To keep his utility constant, he must consume more tacos if he consumes fewer chicken wings. This means that

- Vinny's indifference curve for tacos and chicken wings must have a negative slope.
- the prices Vinny pays for tacos and chicken wings are always the same.
- Vinny's marginal utility from each good must be constant along his convex indifference curves for tacos and chicken wings.
- Vinny's marginal rate of substitution must be constant along his indifference curves for tacos and chicken wings.

Answer: <https://biology-forums.com/index.php?topic=1907009>

Question 360

According to a study of the U.S. demand for alcoholic beverages, the price elasticity of demand for beer is -0.30. Which of the following could explain why the price elasticity of demand for beer is low?

- Beer is an inferior alcoholic beverage.
- More and more people are switching to wine and cocktails rather than beer.
- The price of beer is relatively low and for many people it is a habit forming product.
- There are only a few major suppliers of beer.

Answer: <https://biology-forums.com/index.php?topic=1906872>

Question 361

Insurance companies typically charge women lower prices than men for automobile insurance. Is this an example of price discrimination?

- No, because, on average, women have better driving records than men and the costs of insuring men are greater than the costs of insuring women.
- Yes, because the costs of selling insurance to men and women are the same.
- Yes, because insurance companies can prevent arbitrage; that is, women cannot transfer their insurance coverage to men.
- No, because there are too many insurance companies for any one company to have market power. A firm must possess market power in order to practice price discrimination.

Answer: <https://biology-forums.com/index.php?topic=1907312>

Question 362

Question 1. If workers in nuclear power plants underestimate the true risk of their jobs,

- employers will pay compensating differential to compensate employees fully for the risk they have assumed.
- safety legislation will not make workers better off.
- the wages of these workers will not be high enough to compensate them fully for the risk they have assumed.
- the supply of workers in this occupation will exceed demand.

Question 2. Economic discrimination takes place when an employer

- pays workers the lowest wage possible.
- pays workers different wages on the basis of some arbitrary characteristics of workers that are irrelevant to the job performed.

- pays lower wages to workers who are not as productive as other workers.
- pays workers compensating wage differentials.

Answer: <https://biology-forums.com/index.php?topic=1907398>

Question 363

Letters are used to represent the terms used to answer this question: price (P), quantity of output (Q), total cost (TC) and average total cost (ATC). Which of the following equations is equal to a firm's average profit?

- $P - ATC$
- $(P - ATC) \times Q$
- $(P \times Q) - TC$
- $P - TC$

Answer: <https://biology-forums.com/index.php?topic=1907073>

Question 364

Arnold Marion, a first-year economics student at Fazer College, was given an assignment to find an example of price discrimination and present it to his class. When asked for his example Arnold said "I went to a Milwaukee Brewers baseball game with my cousin last week. We paid \$25 each for our seats in left field. My aunt and uncle paid \$50 each for their tickets; they sat five rows behind the first base dugout. This is an example of price discrimination since we paid different prices for the same product, and the differences were not due to differences in costs." How would Arnold's economics instructor assess Arnold's example?

- He would agree with Arnold that he had found an example of price discrimination, but would add that arbitrage would occur if ticket scalpers sold Brewers tickets for more than the prices Arnold and his uncle paid.
- He would disagree with Arnold's example because the \$25 seats and the \$50 seats were not the same products.
- He would agree with Arnold that he had found an example of price discrimination and would explain that the elasticity of demand for Brewers tickets is different for Arnold and his uncle.
- He would disagree with Arnold's example because there were differences in transactions costs for the \$50 tickets and the \$25 tickets.

Answer: <https://biology-forums.com/index.php?topic=1907308>

Question 365

The law of one price holds exactly only if there are transactions costs associated with buying a product in one location and selling it in another location.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907248>

Question 366

Question 1. List the four main factors of production.

Question 2. What is a firm? What other terms do economists use interchangeably with the term "firm"?

Answer: <https://biology-forums.com/index.php?topic=1906762>

Question 367

An important reason why diseconomies of scale arise is because firms may have to hire lower-skilled workers as firms expand.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907038>

Question 368

What happens to the absolute value of the marginal rate of substitution as you move down a convex (bowed toward the origin) indifference curve?

- It increases.
- It decreases.
- It remains constant.
- It could increase or decrease.

Answer: <https://biology-forums.com/index.php?topic=1907007>

Question 369

Decision trees can only be used to analyze sequential games.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907168>

Question 370

Question 1.If you own a bond with a 3 percent coupon rate and new bonds are paying 8 percent, what will happen to your bond's market price?
Question 2.What role do well-functioning financial markets play in a market economy?
Answer: <https://biology-forums.com/index.php?topic=1906942>

Question 371

Question 1.If, for a given percentage decrease in price, quantity supplied decreases by a proportionately smaller percentage, then supply is

- unit elastic.
- perfectly elastic.
- inelastic.
- elastic.

Question 2.Bringing oil to the market is a relatively long and costly process. The whole process from exploration to pumping significant amounts of oil can take years. What does this indicate about the price elasticity of supply for oil?

- The elasticity coefficient is likely to be very high and supply is inelastic.
- The elasticity coefficient is likely to be close to zero and supply is perfectly elastic.
- The elasticity coefficient is likely to be low and supply is highly inelastic.
- The elasticity coefficient is likely to be low and supply is highly elastic.

Answer: <https://biology-forums.com/index.php?topic=1906910>

Question 372

Question 1.What is the difference between price discrimination and other forms of discrimination?
Question 2.Why is it necessary for a firm that practices price discrimination be a price maker rather than a price taker?
Answer: <https://biology-forums.com/index.php?topic=1907330>

Question 373

Question 1.In 2002, the Enron Corporation was accused of falsifying information regarding liabilities on Enron's balance sheets, thereby

- increasing Enron's assets on the balance sheet.
- reducing Enron's profit on the balance sheet.
- increasing Enron's net worth on the balance sheet.
- reducing Enron's net income on the income statement.

Question 2.When groups of mortgages are bundled together by financial institutions and sold to investors, these institutions are said to be _____ mortgage loans.

- securitizing
- underwriting
- liquidating
- harvesting

Answer: <https://biology-forums.com/index.php?topic=1906948>

Question 374

Question 1.Figure 4-6
Figure 4-6 shows the demand and supply curves for the almond market. The government believes that the equilibrium price is too low and tries to help almond growers by setting a price floor at Pf.
Refer to Figure 4-6. What area represents the portion of consumer surplus that has been transferred to producer surplus as a result of the price floor?

- B
- B + C
- B + E
- E

Question 2.Which of the following is not a result of binding government price controls?

- Some people win and some people lose.
- Price controls benefit poor consumers but harm producers and wealthy consumers.
- Price controls decrease economic efficiency.
- A deadweight loss will occur.

Answer: <https://biology-forums.com/index.php?topic=1906818>

Question 375

Question 1.If, for a given percentage increase in price, quantity supplied increases by a proportionately larger percentage, then supply is

- unit elastic.
- perfectly elastic.
- inelastic.
- elastic.

Question 2.If firms do not increase their quantity supplied when price changes, then supply is

- perfectly elastic.

- perfectly inelastic.
- inelastic.
- elastic.

Answer: <https://biology-forums.com/index.php?topic=1906909>

Question 376

Question 1. Figure 2-6

Refer to Figure 2-6. If the economy is currently producing at point C, what is the opportunity cost of moving to point B?

- 10 thousand wrenches
- 13 thousand hammers
- 30 thousand wrenches
- 23 thousand hammers

Question 2. Figure 2-6

Refer to Figure 2-6. If the economy is currently producing at point D, what is the opportunity cost of moving to point B?

- 8 thousand wrenches
- 23 thousand hammers
- 30 thousand wrenches
- 0 hammers

Answer: <https://biology-forums.com/index.php?topic=1906769>

Question 377

Question 1. Figure 3-5

Refer to Figure 3-5. At a price of \$10, the quantity sold

- is 2 units.
- is 4 units.
- is 6 units.
- is 8 units.

Question 2. Figure 3-5

Refer to Figure 3-5. In a free market such as that depicted above, a surplus is eliminated by

- a price increase, increasing the supply and decreasing the demand.
- a price decrease, decreasing the supply and increasing the demand.
- a price decrease, decreasing the quantity supplied and increasing the quantity demanded.
- a price increase, increasing the quantity supplied and decreasing the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=1906793>

Question 378

Question 1. Suppose a 4 percent increase in price results in a 2 percent increase in the quantity supplied of a good. Calculate the price elasticity of supply and characterize the product.

- 2; The product is elastic.
- 0.2; The product is inelastic.
- 0.5; The product is inelastic.
- 50%; The product is inelastic.

Question 2. Suppose that the price of a money clip increases from \$0.75 to \$0.90 and quantity supplied rises from 8,000 units to 10,000 units. Use the midpoint formula to calculate the price elasticity of supply.

- 1.22
- 1.0
- 0.82
- 0.07

Answer: <https://biology-forums.com/index.php?topic=1906904>

Question 379

For years, economists believed that market structure explained the ability of some firms to earn economic profits. Today, economists and business strategists put greater emphasis on

- the number of years a firm has been in business and the average price of the products sold by the firm.
- the number of countries in which a firm conducts business and the number of employees the firm has in each country.
- the characteristics of individual firms and the strategies their managements use to continue to earn economic profits.
- the size of a firm relative to the industry average and the number of firms in the domestic industry.

Answer: <https://biology-forums.com/index.php?topic=1907189>

Question 380

Buying at a low price in one market and reselling at a higher price in another market will

- not generate any profit because of transportation costs.
- not generate any profit because of transactions costs.
- eventually eliminate all of the price differences.
- eventually eliminate most, but not necessarily all, of the price differences.

Answer: <https://biology-forums.com/index.php?topic=1907244>

Question 381

Use the following graph to answer the following questions.

- If the wage rate and the rental price of machines are both \$50 and total cost is \$800, is the cost-minimizing point A, B, or C?
- If the wage rate is \$40, the rental price of equipment is \$120, and total cost is \$1,200, is the cost-minimizing point A, B, or C?
- If the wage rate is \$60, the rental price of equipment is \$90, and total cost is \$1,800, is the cost-minimizing point A, B, or C?

Answer: <https://biology-forums.com/index.php?topic=1907057>

Question 382

Question 1. A personal exemption refers to

- the tax rate that applies to a particular tax bracket.
- the tax bracket that represents basic living expenses.
- an amount representing basic living expenses that can be subtracted from income.
- a dispensation that allows certain qualifying individuals not to pay federal taxes.

Question 2. Exemptions and deductions are used

- to add to taxes that must be paid.
- by taxpayers to reduce the amount of income subject to tax.
- to determine the type of tax structure.
- to determine what items are subject to sales taxes.

Answer: <https://biology-forums.com/index.php?topic=1907428>

Question 383

For certain public projects such as building a dam on a river or a bridge to an island, what procedure is a government likely to use to determine what quantity of a public good should be supplied?

- It conducts public surveys to determine if consumers want the product.
- It checks to see what current spending can be eliminated, and how much of the public good can be supplied from the spending cut.
- It takes a vote in Congress.
- It evaluates the costs and benefits of producing the good.

Answer: <https://biology-forums.com/index.php?topic=1906855>

Question 384

Figure 12-8

Refer to Figure 12-8. Suppose the market price is \$120. Which of the following is true?

- The firm earns a profit equal to the area A.
- The firm earns a profit equal to the area A + B.
- The firm suffers a loss equal to the area A.
- The firm will break even.

Answer: <https://biology-forums.com/index.php?topic=1907079>

Question 385

Figure 10-5

Refer to Figure 10-5. What is the marginal rate of substitution for one bar of chocolate between h and j?

- of a cookie
- of a cookie
- 2 cookies
- 4 cookies

Answer: <https://biology-forums.com/index.php?topic=1906993>

Question 386

Suppose that in Canada the government places a \$1,500 tax on the buyers of new snowmobiles. After the purchase of a new snowmobile, a buyer must pay the government \$1,500. How would the imposition of the tax on buyers be illustrated in a graph?

- The tax will shift the supply curve up by \$1,500.
- The tax will shift the demand curve up by \$1,500.
- The tax will shift both the demand and supply curves down by \$1,500.
- The tax will shift the demand curve down by \$1,500.

Answer: <https://biology-forums.com/index.php?topic=1906826>

Question 387

Book publishers often use price discrimination across time to increase profits. Toni Morrison's book, *A Mercy*, was published as a hardcover edition in November 2008 at a price of \$23.95. In August 2009, the paperback version was published at a price of \$15.00. Assume that 100,000 hardcover books were sold to hard-core Toni Morrison fans in November 2008, and 400,000 paperback books were sold to casual readers in August 2009. Illustrate each of these situations graphically. Assume that the marginal cost of the hardcover version is \$2.00 and the marginal cost of the paperback version is \$0.75.

Answer: <https://biology-forums.com/index.php?topic=1907337>

Question 388

Assume that Anne has \$300 to spend on DVDs and CDs. Her optimal consumption of DVDs and CDs is illustrated by a tangency between a budget line and an indifference curve. Now assume that the price of CDs rises but the price of DVDs falls. How can you show that Anne is made better off by these price changes?

- Show that the price changes shift Anne's budget line outward; the budget line is tangent to a higher indifference curve.
- Show that the price changes move Anne along her budget line to a higher indifference curve.
- Show that Anne can afford to buy the optimal combination of DVDs and CDs at their original prices; then show that Anne can now reach a higher indifference curve.
- Show that Anne can now afford to buy more DVDs, which give her greater utility than CDs.

Answer: <https://biology-forums.com/index.php?topic=1907013>

Question 389

Question 1. Which of the following is not a determinant of a good's price elasticity of demand?

- the slope of the demand curve
- the share of the good in the consumer's total budget
- whether the good is a luxury or a necessity
- the passage of time

Question 2. Holding everything else constant, the absolute value of the price elasticity of demand for Saucony tennis shoes is _____ the price elasticity of demand for tennis shoes in general.

- less than
- equal to
- twice as great as
- greater than

Answer: <https://biology-forums.com/index.php?topic=1906865>

Question 390

What is the shape of the labor supply curve implied by the following statements?

- a. "I'm sorry, kids, but now that I'm earning more, I just can't afford to come home early in the afternoon, so I won't be here when you get home from school."
b. "They can pay me a lot or they can pay me a little. I'll still put in my 8 hours a day."
c. "Now that I have received a salary increase, I am going to work 36 hours instead of 40 hours a week"

Answer: <https://biology-forums.com/index.php?topic=1907377>

Question 391

Question 1. On a diagram of a production possibilities frontier, opportunity cost is represented by the production possibilities frontier shifting outward.

- true
- false

Question 2. Any output combination along a production possibilities frontier is associated with fully utilized resources.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906773>

Question 392

For a firm that can effectively price discriminate, who will be charged a lower price?

- customers who have an elastic demand for the product
- customers who have an inelastic demand for the product
- buyers that are members of the largest market segment
- buyers that are members of the smallest market segment

Answer: <https://biology-forums.com/index.php?topic=1907273>

Question 393

Joss is a marketing consultant. Iris and Daphne are potential customers interested in commissioning Joss to undertake a market survey and compile the findings in a report. Iris is willing to pay \$500 for the service while Daphne is willing to pay \$800. Suppose that the opportunity cost of Joss's time is \$1,200. Assume that Iris and Daphne do not know each other. If the price of the report is \$500 per copy

- only Iris will purchase Joss's services and Joss will undertake the job for her.
- only Daphne will purchase Joss's services and Joss will undertake the job for her.
- both Iris and Daphne will purchase Joss's services and Joss will undertake the job.
- both Iris and Daphne will want to purchase Joss's services but Joss will not be willing to undertake the job.

Answer: <https://biology-forums.com/index.php?topic=1907285>

Question 394

Question 1. If the marginal social benefit of consuming a good or a service exceeds the marginal private benefit

- a negative externality exists.
- the market achieves economic efficiency.
- a positive externality exists.
- the sum of consumer surplus and producer surplus is maximized.

Question 2. Assume that production from an electric utility caused acid rain. If the government imposed a tax on the utility equal to the marginal external cost of the acid rain, the government's action would

- externalize the externality.
- result in a marginal social benefit greater than the marginal cost of the electricity.
- be an example of supply-side economic policy.
- internalize the externality.

Answer: <https://biology-forums.com/index.php?topic=1906846>

Question 395

If a firm's average total cost is less than price where $MR = MC$

- the firm should shut down.
- the firm should raise its price.
- the firm should continue to produce the output it is producing.
- the firm should cut back on its output to lower its cost.

Answer: <https://biology-forums.com/index.php?topic=1907219>

Question 396

Assuming zero transactions costs, if your local grocer buys oranges at a low price from an orchard and resells them to you at a higher price, then the grocer's revenue minus costs is known as

- arbitrage profits.
- transactions profits.
- pure profits.
- excess profits.

Answer: <https://biology-forums.com/index.php?topic=1907245>

Question 397

Question 1. All of the following will shift the labor supply curve except

- an increase in labor force participation rate among women.
- an increase in the average age of retirement.
- an increase in the wage rate.
- a change in a country's immigration policy.

Question 2. Which of the following best explains why unemployment rates are higher in the European economies than in the United States?

- More Europeans go to school full time and are therefore not able to participate in the labor market.
- Unemployment benefits are more generous in Europe than in the United States.
- Workers in Europe are less productive than workers in the United States.
- European industries pay a lower wage rate than industries in the United States.

Answer: <https://biology-forums.com/index.php?topic=1907366>

Question 398

Question 1. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to practice perfect price discrimination. What is the profit-maximizing quantity?

- 320 units

- 480 units
- 560 units
- 640 units

Question 2. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to practice perfect price discrimination. What is the profit-maximizing price it will charge?

- It should charge a range of prices from \$40 to \$16.
- It should charge a range of prices from \$40 to \$12.
- \$2
- \$8

Answer: <https://biology-forums.com/index.php?topic=1907348>

Question 399

Question 1. Arthur buys a new cell phone for \$150. He receives consumer surplus of \$150 from the purchase. What value does Arthur place on his cell phone?

- \$0
- \$150
- \$225
- \$300

Question 2. Figure 4-2

Refer to Figure 4-2. What area represents the increase in producer surplus when the market price rises from P_1 to P_2 ?

- B + D
- A + C + E
- C + E
- A + B

Answer: <https://biology-forums.com/index.php?topic=1906814>

Question 400

A supplier of paper napkins to the fast food industry is unlikely to have significant bargaining power.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907196>

Question 401

Figure 18-2

Figure 18-2 shows a demand curve and two sets of supply curves, one set more elastic than the other.

Refer to Figure 18-2. If the government imposes an excise tax of \$1.00 on every unit sold, the consumer's burden of the tax

- is $P_a - P_c$ under either supply curve.
- is $P_b - P_c$ under either supply curve.
- is $P_a - P_c$ if the supply curve is S_0 and $P_b - P_c$ if the supply curve is S_1 .
- is $P_a - P_d$ if the supply curve is S_0 and $P_b - P_e$ if the supply curve is S_1 .

Answer: <https://biology-forums.com/index.php?topic=1907469>

Question 402

Which of the following is not an argument used by economists and policymakers who are in favor of moving toward greater government involvement in health care?

- The increased competition that results from market-based reforms would reduce health care costs and increase economic efficiency.
- A single-payer system would reduce the paperwork caused by the current system.
- The current Medicare system has had lower administrative costs than have private health insurance companies.
- The systems in most other high-income countries have lower levels of health care spending per person which still providing good health outcomes.

Answer: <https://biology-forums.com/index.php?topic=1906931>

Question 403

Question 1. The value of the price elasticity of supply depends primarily on how quickly firms can acquire inputs to increase quantity supplied when price increases.

- true
- false

Question 2. Supply is elastic whenever the value of the elasticity of supply is positive and greater than 1.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906920>

Question 404

Question 1. The government proposes a tax on imported champagne. Buyers will bear the entire burden of the tax if the

- supply curve for imported champagne is vertical.
- demand curve for imported champagne is vertical.
- demand curve for imported champagne is horizontal.
- demand curve is downward sloping and the supply curve is upward sloping.

Question 2. Suppose the demand curve for a product is vertical and the supply curve is upward sloping. If a per-unit tax is imposed in the market for this product,

- sellers bear the entire burden of the tax.
- buyers bear the entire burden of the tax.
- the tax burden will be shared equally between buyers and sellers.
- buyers share the burden of the tax with government.

Answer: <https://biology-forums.com/index.php?topic=1906822>

Question 405

What is meant by the "law of one price"? In discussing the law of demand, Hubbard and O'Brien claim there has been only one example found of an exception to the law (that is, evidence of an upward-sloping demand curve). Are there exceptions to the law of one price?

Answer: <https://biology-forums.com/index.php?topic=1907255>

Question 406

Decision trees are commonly used to illustrate how firms make business decisions that depend on the actions of rival firms. A decision tree has boxes that contain points that represent when firms must make the decisions contained in the boxes. What are these points called?

- option points
- decision nodes
- either-or terminals
- decision options

Answer: <https://biology-forums.com/index.php?topic=1907161>

Question 407

Exempting food purchases from sales tax is consistent with the ability-to-pay principle, although not necessarily consistent with vertical equity.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907453>

Question 408

Question 1. What are the three most important variables that cause the market supply curve of labor to shift?

Question 2. What is the substitution effect of a wage increase? What is the income effect of a wage increase? Under what conditions will a worker's labor supply curve become downward sloping?

Answer: <https://biology-forums.com/index.php?topic=1907375>

Question 409

Question 1. The income effect of a wage decrease examines the effect of the decrease in wage income on a worker's ability to purchase goods and services.

- true
- false

Question 2. An increase in wages raises the opportunity cost of leisure and leads to an increase in the quantity of labor supplied.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907372>

Question 410

Figure 18-8

Refer to Figure 18-8 to answer the following questions.

a. Did the distribution of income become more equal in 2016 than it was in 2015, or did it become less equal? Explain.

b. If area A = 1,900, area B = 450, and area C = 2,650, calculate the Gini coefficient for 2015 and the Gini coefficient for 2016.

Answer: <https://biology-forums.com/index.php?topic=1907487>

Question 411

Molly Sharp is producing a documentary about the plight of the six-toed ferrets of Sri Lanka. Molly has spent \$125,000 of her own money on this project and the documentary is now complete. Molly just found out that no studio is willing to release her documentary and she must now shop it to cable television networks, where she knows she will not be able to recoup her investment. Which of the following statements regarding Molly Sharp's documentary is true?

- She should not try to have her documentary aired on television because she cannot recoup her \$125,000 investment.
- Since the \$125,000 is a sunk cost, she should still try to have her documentary aired on television even though she will not see a profit.
- The \$125,000 is a variable cost, so will not be incurred if she chooses not to have her documentary aired.
- The \$125,000 investment is an economic cost, and she will still make an accounting profit even if the television network willing to air her documentary pays her less than \$125,000.

Answer: <https://biology-forums.com/index.php?topic=1907086>

Question 412

Which of the following is not a requirement for a successful price discrimination strategy?

- A firm must have market power.
- The firm must be able to prevent consumers who buy a product at a low price from reselling it to other consumers at a high price.
- Managers must practice yield management.
- Some consumers must have greater willingness to pay for the product than other consumers, and the firm must be able to know what prices consumers are willing to pay.

Answer: <https://biology-forums.com/index.php?topic=1907310>

Question 413

Letters are used to represent the terms used to answer this question: price (P), quantity of output (Q), total cost (TC) and average total cost (ATC).

Which of the following equations is equal to a firm's profit?

- $P - ATC$
- $(P \times Q) - TC$
- $(P \times Q) - (P \times ATC)$
- $P - TC$

Answer: <https://biology-forums.com/index.php?topic=1907072>

Question 414

Suppose a monopoly is producing its profit-maximizing output level. Now suppose the government imposes a lump-sum tax on the monopoly, independent of its output. As a result the monopoly's profit will fall.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907237>

Question 415

Question 1. By drawing a demand curve with _____ on the vertical axis and _____ on the horizontal axis, economists assume that the most important determinant of the demand for a good is the _____ of the good.

- quantity; price; quantity
- price; quantity; quantity
- price; quantity; price
- quantity; price; price

Question 2. The _____ effect refers to the change in quantity demanded for a good that results from the effect of a change in the good's price on consumers' purchasing power.

- ceteris paribus
- population
- substitution
- income

Answer: <https://biology-forums.com/index.php?topic=1906787>

Question 416

Describe the main factors economists believe cause inequality of income.

Answer: <https://biology-forums.com/index.php?topic=1907482>

Question 417

In analyzing the decision to shut down in the short run we assume that the firm's fixed costs are

- implicit costs.
- capital costs.
- nonmonetary opportunity costs.

- sunk costs.

Answer: <https://biology-forums.com/index.php?topic=1907085>

Question 418

Competition from substitute goods is more of a threat when switching costs are high.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907197>

Question 419

If the government is most interested in minimizing excess burden of an excise tax, should it impose the tax on goods whose demand curves are elastic or inelastic?

Answer: <https://biology-forums.com/index.php?topic=1907474>

Question 420

Since 1950, there has been a substantial increase in wheat production. The increase in production has led to a decrease in the price of wheat because of which of the following factors?

- The absolute value of the price elasticity of demand for wheat is less than 1 and the income elasticity of demand for wheat is greater than 1.
- The absolute value of the price elasticity of demand for wheat is greater than 1 and wheat is a close substitute for other food products.
- The absolute value of the price elasticity of demand for wheat is less than 1 and the income elasticity of demand for wheat is low.
- The income elasticity of demand for wheat is high and wheat is an inferior good.

Answer: <https://biology-forums.com/index.php?topic=1906899>

Question 421

List the competitive forces in the five competitive forces model.

Answer: <https://biology-forums.com/index.php?topic=1907201>

Question 422

Over longer periods of time, increases in oil prices provide firms with incentives to explore and recover oil. What does this indicate about the long-run price elasticity of supply for oil?

- The elasticity coefficient is likely to be higher in the long run than in the short run.
- The elasticity coefficient is likely to be lower in the long run than in the short run.
- The elasticity coefficient approaches 0 in the long run as supplies are depleted.
- The elasticity coefficient is unstable in the long run because oil supplies may be depleted.

Answer: <https://biology-forums.com/index.php?topic=1906911>

Question 423

An increase in a firm's fixed cost will not change the firm's profit-maximizing output in the short run.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907068>

Question 424

Discuss the role of product differentiation and advertising in monopolistic competition.

Answer: <https://biology-forums.com/index.php?topic=1907117>

Question 425

From 1950 to 2017 the number of people who lived on farms fell from 23 million to fewer than 3 million. Which of the following factors have contributed to this trend?

- increases in the cost of farming and a desire for young adults to move to urban areas
- rapid growth in farm production and low income and price elasticities for food products
- slow growth in agricultural productivity and low income elasticities for food products
- government policies that have increased the cost of living and working on farms

Answer: <https://biology-forums.com/index.php?topic=1906897>

Question 426

Question 1. For-profit producers will produce only private goods because

- markets exist for private goods but not for public goods.
- the cost of production can be easily determined.

- buyers will be willing to pay for the goods since the benefits are excludable.
- all external benefits can be internalized using market prices.

Question 2. Goods can be classified on the basis of whether their consumption is

- internal and excludable.
- rival and competitive.
- includable and cooperative.
- rival and excludable.

Answer: <https://biology-forums.com/index.php?topic=1906856>

Question 427

Absolute poverty measures vary from country to country. For example, in 2017, the poverty line in the United States for a family of four was an annual income of \$24,600, but economists often use a much lower threshold income of \$1.25 per day when calculating the rate of poverty in poor countries. Using this \$1.25-per-day measure of the poverty line, which of the following regions had the largest percentage decrease in the percentage of the population in poverty from 1970 to 2010?

- Latin America
- sub-Saharan Africa
- East Asia
- the Middle East and North Africa

Answer: <https://biology-forums.com/index.php?topic=1907477>

Question 428

Some online penny auctions charge a fee, such as \$1, for every bid placed. Why should these costs of \$1 per bid be considered sunk costs? Would it be smart for someone who has "already invested \$5 in bidding costs" to keep bidding to "protect his or her sunk investments"? Why or why not?

Answer: <https://biology-forums.com/index.php?topic=1906985>

Question 429

Question 1. Economists working for Uber, along with economists from the University of Oxford and the University of Chicago, estimated the consumer surplus attributed to Uber. For the entire United States, these economists estimated that the total consumer surplus from Uber in 2015 was

- almost \$0.
- \$13.30 per customer.
- \$2.88 billion.
- 6.76 billion.

Question 2. Assume the market price for lemon grass is \$4.00 per pound, but most buyers are willing to pay more than the market price. At the market price of \$4.00, the quantity of lemon grass demanded is 1,500 pounds per month, and quantity demanded does not reach zero until the price reaches \$30.00 per pound. Construct a graph showing this data, calculate the total consumer surplus in the market for lemon grass, and show the consumer surplus on the graph. Your demand curve should be a straight line.

Answer: <https://biology-forums.com/index.php?topic=1906815>

Question 430

Question 1. If the marginal tax rate is less than the average tax rate as taxable income increases, the tax structure is

- regressive.
- proportional.
- progressive.
- unfair.

Question 2. If the marginal tax rate is equal to the average tax rate as taxable income increases, the tax structure is

- regressive.
- proportional.
- progressive.
- unfair.

Answer: <https://biology-forums.com/index.php?topic=1907432>

Question 431

Horizontal equity is achieved when taxes are collected from those who benefit from the government expenditure of the tax revenue.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907454>

Question 432

Question 1. Amazon is now such a dominant online presence, the company has no need to analyze big data to assist with pricing strategies.

- true

- false

Question 2. To successfully price discriminate, a firm must ensure that there are no opportunities for arbitrage.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907324>

Question 433

Question 1. A soda tax is more effective at reducing soda consumption when demand is price _____ and is more effective at raising tax revenue when demand is price _____.

- elastic; elastic
- elastic; inelastic
- inelastic; elastic
- inelastic; inelastic

Question 2. Assume that a 2 cent per ounce percent soda tax led to a large increase in its price and only a small decrease in the quantity of soda demanded. Economic analysis would lead one to conclude that

- soda should be taxed because the benefits of the tax would exceed the costs.
- soda should not be taxed because the benefits are uncertain.
- soda should not be taxed on ethical grounds since ethical benefits and costs can't be measured.
- the benefits of taxing soda is a normative issue. Economic analysis can be used to contribute to discussion of this issue but cannot decide it.

Answer: <https://biology-forums.com/index.php?topic=1906900>

Question 434

Article Summary

In a January, 2017 report, the World Economic Forum stated that the growing income gap has become one of the biggest threats to the global economy and cannot be remedied solely by higher economic growth. Although income inequality has fallen over the past 30 years on a global level, in high-income countries like the United States and the United Kingdom, the top 1% of income earners have benefitted disproportionately from economic growth. This has led a growing belief that the traditional model for economic growth does not result in a population-wide increase in income. According to the report, "The growing mood of anti-establishment populism suggests we may have passed the stage where [reviving economic growth] alone would remedy fractures in society: reforming market capitalism must also be added to the agenda."

Source: Lauren Gensler, "Rising Income Inequality Is Throwing The Future Of Capitalism Into Question, Says World Economic Forum," Forbes, January 11, 2017.

Refer to the Article Summary. The article discusses income inequality and how economic growth alone is no longer resulting in a more equitable distribution of income. What is meant by a more equitable distribution of income?

- a more allocatively efficient distribution of income
- a more productively efficient distribution of income
- a more fair distribution of income
- income distributed based on wealth levels

Answer: <https://biology-forums.com/index.php?topic=1906756>

Question 435

Because leisure is a normal good, an increase in the wage rate will result in

- an increase in the quantity of labor supplied because of both the substitution effect and the income effect.
- a decrease in the quantity of labor supplied because of the substitution effect and an increase in the quantity of labor supplied because of the income effect.
- an increase in the quantity of labor supplied because of the substitution effect and a decrease in the quantity of labor supplied because of the income effect.
- an increase in the quantity of labor supplied because of the substitution effect. At low wages the income effect causes an increase in the quantity of labor supplied, but at high wages the income effect causes a decrease in the quantity of labor supplied as the wage rises.

Answer: <https://biology-forums.com/index.php?topic=1907370>

Question 436

Figure 10-10

Refer to Figure 10-10. If the consumer has \$240 to spend on DVDs and CDs, what is the price of a DVD if the budget constraint is BC1?

- \$10
- \$20
- \$24
- \$40

Answer: <https://biology-forums.com/index.php?topic=1907016>

Question 437

Question 1. Figure 4-8

Figure 4-8 shows the market for beer. The government plans to impose a per-unit tax in this market.

Refer to Figure 4-8. How much of the tax is paid by buyers?

- \$2
- \$5
- \$7
- \$12

Question 2. Figure 4-8

Figure 4-8 shows the market for beer. The government plans to impose a per-unit tax in this market.

Refer to Figure 4-8. The price buyers pay after the tax is

- \$7.
- \$20.
- \$22.
- \$27.

Answer: <https://biology-forums.com/index.php?topic=1906820>

Question 438

Question 1. The public choice model asserts that the self-interest of policymakers is likely to cause them to take actions that are inconsistent with the preferences of voters, even where those preferences are clear.

- true
- false

Question 2. According to the median voter theorem, the outcome of a majority vote is likely to represent the preferences of the voter who is in the political middle.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907418>

Question 439

Shifts in the supply of oil have caused large changes in price since the 1970s because

- the supply of oil is very inelastic while the demand for oil is very elastic over short periods of time.
- the supply of oil is very elastic while the demand for oil is inelastic over short periods of time.
- both the supply of oil and the demand for oil are inelastic over short periods of time.
- the supply of oil and the demand for oil are perfectly elastic over short periods of time.

Answer: <https://biology-forums.com/index.php?topic=1906918>

Question 440

Table 2-5

Possible Output Combinations

Shrimp

(thousands of pounds)

Oysters

(thousands of pounds)

A35 0B3020C2535D2047E1557F1064G 568H 070

Refer to Table 2-5. The Shellfish Shack produces only shrimp and oysters. The table above shows the maximum possible output combinations of the two types of shellfish using all resources and currently available technology.

- Suppose The Shellfish Shack is currently producing at point E. What is the opportunity cost of producing an additional 11,000 pounds of oysters?
- Suppose The Shellfish Shack is currently producing at point E. What happens to the opportunity cost of producing more and more shrimp? Does it increase, decrease, or remain constant? Explain your answer.
- Suppose The Shellfish Shack is currently producing at point B. What happens to the opportunity cost of producing more and more oysters? Does it increase, decrease, or remain constant? Explain your answer.
- Suppose The Shellfish Shack is plagued by a disease which destroys oyster beds but not shrimp habitats. What would happen to its PPF?

Answer: <https://biology-forums.com/index.php?topic=1906777>

Question 441

Question 1. The market price of a factor of production that is in fixed supply is determined only by demand.

- true
- false

Question 2. A monopsony is a term used to refer to a firm that is the sole seller of a good or service.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907403>

Question 442

Suppose the government wants to finance housing for low-income families by placing a tax on the purchase of luxury homes. Assume the government defines a luxury home as a home that is purchased for at least \$1 million. This tax is consistent with the

- benefits-received principle.
- social equity principle.
- ability-to-pay principle.
- horizontal-equity principle.

Answer: <https://biology-forums.com/index.php?topic=1907449>

Question 443

Figure 18-2

Figure 18-2 shows a demand curve and two sets of supply curves, one set more elastic than the other.

Refer to Figure 18-2. If the government imposes an excise tax of \$1.00 on every unit sold, the government's revenue from the tax is represented by the area

- $(P_a P_c \times Q_a)$ if the supply curve is S_0 and $(P_b P_c \times Q_b)$ if the supply curve is S_1 .
- $(P_a P_d \times Q_a)$ if the supply curve is S_0 and $(P_b P_e \times Q_b)$ if the supply curve is S_1 .
- $(P_a P_e \times Q_a)$ under either supply curve.
- $(P_b P_e \times Q_b)$ under either supply curve.

Answer: <https://biology-forums.com/index.php?topic=1907471>

Question 444

When a monopolist engages in perfect price discrimination, the quantity produced and sold

- is lower than the quantity produced and sold if it adopted a single price.
- is larger than the quantity produced and sold if it adopted a single price.
- is the same level as that produced and sold if it adopted a single price.
- could be lower, higher, or the same as that produced and sold if it adopted a single price.

Answer: <https://biology-forums.com/index.php?topic=1907290>

Question 445

Question 1. Firms disclose financial statements in _____ and in _____.

- periodic filings to the federal government; annual reports to shareholders
- daily filings to the federal government; daily reports to shareholders
- monthly reports to shareholders; 5-year balance statements to the board of directors
- weekly filings with the SEC; monthly reports to the Fed

Question 2. When someone takes out a mortgage loan to buy a house, the mortgage lender can take possession of the house and sell it if the borrower defaults on the loan because the house is being pledged as _____ for the loan.

- goodwill
- a liability
- insurance
- collateral

Answer: <https://biology-forums.com/index.php?topic=1906949>

Question 446

Question 1. Why is a dollar today more valuable than a dollar a year from now?

- The dollar today can be immediately used to buy something.
- A dollar a year from now will likely have less purchasing power because of inflation.
- The unknown future is riskier than the known present.
- All of these

Question 2. What is the formula you should use to determine a bank account's future value in one year?

- Future value equals the present value plus the rate of interest.
- Future value equals the present value minus the rate of interest.
- Future value equals the present value multiplied by one plus the rate of interest expressed as a decimal.
- Future value equals the present value divided by one plus the rate of interest expressed as a decimal.

Answer: <https://biology-forums.com/index.php?topic=1906952>

Question 447

If buyers of a monopolistically competitive product feel the products of different sellers have little differences between them, then the demand for each seller's product is relatively elastic.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907134>

Question 448

Figure 15-2

Figure 15-2 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-2. If the firm's average total cost curve is ATC₂, the firm will

- suffer a loss.
- break even.
- make a profit.
- face competition.

Answer: <https://biology-forums.com/index.php?topic=1907217>

Question 449

Question 1. Serafina was earning \$75 per hour and working 50 hours per week. Serafina's wage rose to \$90 per hour, and as a result, she now works 60 hours per week. What can you conclude from this information about the income effect and the substitution effect of a wage change for Serafina?

Question 2. Suppose that Hawaii legalizes casino gambling. By imposing a tax on casino revenues, the state government is able to eliminate the state income tax on wages. What is likely to be the effect on the labor supply curve in Hawaii?

Answer: <https://biology-forums.com/index.php?topic=1907376>

Question 450

Which of the following is not a way by which price-discriminating firms can segment a market?

- on the basis of time of purchase, for example long-distance calling
- by requiring an advance purchase, for example airline tickets
- on basis of the buyer's location, for example requiring out-of-state students to pay higher tuition
- on the basis of the supplier's marginal cost of production, for example requiring customers to pay a premium for customizing options

Answer: <https://biology-forums.com/index.php?topic=1907257>

Question 451

Question 1. Suppose a 4 percent increase in income results in a 2 percent decrease in the quantity demanded of a good. Calculate the income elasticity of demand for the good and determine what type of good it is.

Question 2. When the price of Starbucks coffee increased by 8 percent, the quantity demanded of Peet's coffee increased by 10 percent. Calculate the cross-price elasticity of demand between Starbucks coffee and Peet's coffee. What is the relationship between the two products?

Answer: <https://biology-forums.com/index.php?topic=1906892>

Question 452

A firm that successfully differentiates its product or lowers its average cost of production creates

- value for its customers.
- entry barriers into its market.
- a perfectly inelastic demand curve for its product.
- economies of scale.

Answer: <https://biology-forums.com/index.php?topic=1907123>

Question 453

In long-run competitive equilibrium, the perfectly competitive firm produces where price equals minimum average total cost.

a. What is this efficiency criterion called? b. How does it benefit consumers?

Answer: <https://biology-forums.com/index.php?topic=1907092>

Question 454

Question 1. Figure 2-2

Figure 2-2 above shows the production possibilities frontier for Mendonca, an agrarian nation that produces two goods, meat and vegetables.

Refer to Figure 2-2. The linear production possibilities frontier in the figure indicates that

- Mendonca has a comparative advantage in the production of vegetables.
- Mendonca has a comparative disadvantage in the production of meat.
- the trade-off between meat and vegetables is constant.
- it is progressively more expensive to produce meat.

Question 2. A production possibilities frontier with a bowed-outward shape indicates

- the possibility of inefficient production.
- constant opportunity costs as more and more of one good is produced.
- increasing opportunity costs as more and more of one good is produced.
- decreasing opportunity costs as more and more of one good is produced.

Answer: <https://biology-forums.com/index.php?topic=1906765>

Question 455

Question 1. The price elasticity of the supply of teenage labor services is approximately 1.36. Suppose the minimum wage rises from \$7.25 per hour to \$8.75. Using the midpoint formula, what is the approximate change in the quantity of teenage labor supplied?

- 7.3 percent
- 14.4 percent
- 25.5 percent
- There is insufficient information to answer the question.

Question 2. An increase in the demand for green tea raises the price of green tea from \$16 a pound to \$20 a pound. As a result, quantity supplied increases by 30 percent. Using the midpoint formula, what is the value of the price elasticity of supply?

- 1.35
- 1.875
- 2.22
- 7.5

Answer: <https://biology-forums.com/index.php?topic=1906907>

Question 456

Income inequality increases as the Gini coefficient approaches 1.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907480>

Question 457

Figure 16-1

Refer to Figure 16-1. With perfect price discrimination, the firm will produce and sell

- Q1 units.
- Q2 units.
- Q3 units.
- Q4 units.

Answer: <https://biology-forums.com/index.php?topic=1907292>

Question 458

Question 1. The actual division of the burden of a tax between buyers and sellers in a market is called

- tax incidence.
- tax liability.
- tax bearer.
- tax parity.

Question 2. Figure 4-8

Figure 4-8 shows the market for beer. The government plans to impose a per-unit tax in this market.

Refer to Figure 4-8. What is the size of the per-unit tax?

- \$2
- \$5
- \$7
- \$12

Answer: <https://biology-forums.com/index.php?topic=1906819>

Question 459

The town of Harmonia gives away all 500 tickets to its annual Founder's Day Free Concert-in-the-Park to local residents. Each year, more than 500 people wish to attend the concert, so some of the residents who receive the free tickets sell them for as much as \$75 each. Is a transaction where someone pays a resident \$75 for a "free ticket" economically efficient?

- No, people should never be allowed to sell items they received for free.
- Yes, it was a voluntary exchange that benefited both parties.
- No, the buyer paid too much for the ticket.
- Yes, but it is efficient only from the perspective of the seller and not from the perspective of the buyer.

Answer: <https://biology-forums.com/index.php?topic=1906755>

Question 460

An isoquant is a curve that shows all the combinations of two inputs that will produce the same level of output.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907051>

Question 461

A large majority of the personal computers (PCs) in the United States use an operating system purchased from Microsoft. Microsoft's relationship with PC manufacturers is an example of which of Porter's competitive forces?

- the threat from new entrants
- the bargaining power of suppliers
- the bargaining power of buyers
- competition from substitute goods or services

Answer: <https://biology-forums.com/index.php?topic=1907190>

Question 462

A Lorenz curve summarizes the information provided by a Gini coefficient.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907479>

Question 463

Question 1. If voters lack an economic incentive to become informed about pending legislation, then their preferences become a constraint on legislators voting for rent-seeking legislation.

- true
- false

Question 2. Unlike the market process, in the political market it is possible for some individuals to receive very large benefits from the political process without any significant impact on their tax bills.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907419>

Question 464

A profit-maximizing monopoly's price is

- the same as the price that would prevail if the industry was perfectly competitive.
- less than the price that would prevail if the industry was perfectly competitive.
- greater than the price that would prevail if the industry was perfectly competitive.
- not consistently related to price that would prevail if the market was perfectly competitive.

Answer: <https://biology-forums.com/index.php?topic=1907232>

Question 465

A firm that can effectively price discriminate will charge a higher price to

- customers who have the more elastic demand for the product.
- customers who have the more inelastic demand for the product.
- buyers who belong to the largest market segment.
- buyers who are members of the smallest market segment.

Answer: <https://biology-forums.com/index.php?topic=1907272>

Question 466

According to Porter's Five Competitive Forces Model, which kinds of products are most likely to limit the ability of firms in an industry to raise prices?

- differentiated products that target a small subsegment of the industry
- substitutable products produced by firms in different industries
- similar products produced by similar industries in low-cost countries
- complementary products produced by different firms in the same industry

Answer: <https://biology-forums.com/index.php?topic=1907185>

Question 467

One difference between the demand for a private good and that for a public good is that

- with a private good, each consumer chooses the quantity she wants to consume but with a public good, each consumer chooses the price she is willing to pay for a fixed quantity.
- with a private good, each consumer chooses the quantity she wants to consume but with a public good, everyone consumes the same quantity.
- with a private good, each consumer receives different amounts of benefit from consuming the product but with a public good, every consumer realizes the same amount of benefit from consuming the product.
- the marginal benefit from consuming the last unit of a public good always exceeds the marginal benefit from consuming the last unit of a private good because there are externalities in the consumption of the public good.

Answer: <https://biology-forums.com/index.php?topic=1906854>

Question 468

If a firm has excess capacity, then

- the firm expends too much of its resources on advertising its product without seeing an appreciable increase in sales.
- the firm is not producing its minimum efficient scale of output.
- the firm's long-run average cost of producing a given quantity exceeds its short-run cost of producing that same quantity.
- the firm's quantity supplied exceeds its quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=1907105>

Question 469

The rate at which a firm is able to substitute one input for another while keeping the level of output constant is called the

- opportunity cost of inputs.
- marginal rate of technical substitution.
- input trade-off rate.
- isoquant substitution rate.

Answer: <https://biology-forums.com/index.php?topic=1907040>

Question 470

Figure 18-1

Refer to Figure 18-1. The excess burden of the tax is represented by the area

- B + C.
- F + G.
- E + H.
- B + C + F + G.

Answer: <https://biology-forums.com/index.php?topic=1907461>

Question 471

Question 1. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. If the government wanted to bring about the efficient level of gasoline production by imposing a tax, the actual price of gasoline paid by consumers after the tax is implemented is _____ per gallon.

- \$3.00
- \$3.75
- \$4.25
- \$5.00

Question 2. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. If the government wanted to bring about the efficient level of gasoline production by imposing a tax, the amount of the gasoline tax would be _____ per gallon.

- \$0.75
- \$1.25
- \$1.75
- \$2.00

Answer: <https://biology-forums.com/index.php?topic=1906851>

Question 472

Question 1. Since lower-income people spend a larger proportion of their incomes on groceries than do higher-income people, if grocery stores were required by law to charge a 10-cent fee for disposable bags, this fee could be considered a

- proportional tax.
- progressive tax.
- regressive tax.
- income tax.

Question 2. In reference to the federal income tax system, a tax bracket is

- the estimated amount of federal income tax firms withhold from their employees' paychecks.
- the formula the federal government uses to determine the dollar amount of the personal exemption and the amounts taxpayers are allowed for deductions from their incomes.
- used to determine the average tax rate.
- the income range within which a tax rate applies.

Answer: <https://biology-forums.com/index.php?topic=1907442>

Question 473

Sequential games are often used to analyze which two types of business strategies?

- whether to invest in research and development and whether to offer employees an early retirement package
- deciding to merge with another firm and deciding how much to spend on an advertising campaign
- deciding to end production of an unprofitable product and deciding to shut down temporarily
- deterring entry by another firm and bargaining between firms

Answer: <https://biology-forums.com/index.php?topic=1907163>

Question 474

The slope of a typical isoquant is negative because to produce a given output, a producer

- will use more of one input only if it uses more of another.
- can use less of one input only if the productivity of that input increases
- can use less of one input only if it uses more of another.
- will use more of one input only if the price of that input falls.

Answer: <https://biology-forums.com/index.php?topic=1907042>

Question 475

Producers in perfect competition receive a smaller producer surplus than a producer in a monopoly.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907239>

Question 476

Gertrude Stork's Chocolate Shoppe normally employs 4 workers. When the Chocolate Shoppe hired a 5th worker, the Shoppe's total output decreased. Therefore,

- the marginal product of the 5th worker is negative.
- the total output of Gertrude Stork's Chocolate Shoppe is negative.
- the average product of the 5th worker is negative.
- the 5th worker should be hired only if he is willing to accept a wage lower than the wage paid to the other 4 workers.

Answer: <https://biology-forums.com/index.php?topic=1907034>

Question 477

A profit-maximizing monopoly produces a lower output level than would be produced if the industry was perfectly competitive.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907238>

Question 478

How would a marketing campaign directed at single women improve the chances of success at a place like a cigar bar?

Answer: <https://biology-forums.com/index.php?topic=1907139>

Question 479

Question 1. Table 4-7

DemandSupply $P = 50 - 2Q$ $D = 35 + QS$ $Q = 25 - 0.5P$ $Q = P - 35$

Refer to Table 4-7. The equations above describe the demand and supply for Bubba's Fried Jellybeans. The equilibrium price and quantity for Bubba's Fried Jellybeans are \$40 and 5 thousand units. What is the value of consumer surplus?

- \$5 thousand
- \$12.5 thousand
- \$25 thousand
- \$37.5 thousand

Question 2. Table 4-7

DemandSupply $P = 50 - 2Q$ $D = 35 + QS$ $Q = 25 - 0.5P$ $Q = P - 35$

Refer to Table 4-7. The equations above describe the demand and supply for Bubba's Fried Jellybeans. The equilibrium price and quantity for Bubba's Fried Jellybeans are \$40 and 5 thousand units. What is the value of producer surplus?

- \$5 thousand
- \$12.5 thousand
- \$25 thousand
- \$37.5 thousand

Answer: <https://biology-forums.com/index.php?topic=1906842>

Question 480

Question 1. In order for a labor supply curve to be backward bending at high wages,

- leisure must be an inferior good.
- the substitution effect of a wage increase must be greater than the income effect.
- workers must have an irrational response to wage increases.
- the income effect of a wage increase must be greater than the substitution effect.

Question 2. If the substitution effect of a wage increase dominates the income effect, the labor supply curve has a positive slope.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907371>

Question 481

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D1 and S1 (point A). If the price of oranges, a substitute for apples, decreases and the wages of apple workers increase, how will the equilibrium point change?

- The equilibrium point will move from A to E.
- The equilibrium point will move from A to B.
- The equilibrium point will move from A to C.
- The equilibrium will first move from A to B, then return to A.

Answer: <https://biology-forums.com/index.php?topic=1906806>

Question 482

In monopolistic competition there is/are

- many sellers who each face a downward-sloping demand curve.
- a few sellers who each face a downward-sloping demand curve.
- only one seller who faces a downward-sloping demand curve.
- many sellers who each face a perfectly elastic demand curve.

Answer: <https://biology-forums.com/index.php?topic=1907093>

Question 483

Figure 10-1

Refer to Figure 10-1. Which of the following statements is true?

- Quantities Q0 and Q1 are the utility-maximizing quantities of hoagies at two different prices of hoagies.
- Quantities Q0 and Q1 may not necessarily be the utility-maximizing quantities of hoagies at two different prices because we have no information on the consumer's budget or the price of other goods.
- Quantity Q0 could be a utility-maximizing choice if the price is \$5.75, but quantity Q1 may not be because we have no information on the marginal utility per dollar when price changes.
- Quantities Q0 and Q1 are derived independently of the utility-maximizing model.

Answer: <https://biology-forums.com/index.php?topic=1906972>

Question 484

A monopolistically competitive firm can convince buyers that its product has value by differentiating its product to suit consumers' preferences.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907135>

Question 485

Question 1. If a corporation goes bankrupt, bondholders have _____ on the firm's assets.

- no claim
- third claim, after the IRS and stockholders,
- second claim, after stockholders,
- first claim

Question 2. If you own a bond with a seven percent coupon rate and new bonds are paying five percent, what will happen to your bond's market price?

Answer: <https://biology-forums.com/index.php?topic=1906941>

Question 486

A firm has successfully adopted a positive technological change when

- it can produce more output using the same inputs.
- it produces less pollution in its production process.

- it can pay its workers less yet increase its output.
- it sees an increase in worker productivity.

Answer: <https://biology-forums.com/index.php?topic=1907028>

Question 487

Last year, Joan bought 50 pounds of hamburger when her household income was \$40,000. This year, her household income was only \$30,000 and Joan bought 60 pounds of hamburger. Holding everything else constant, Joan's income elasticity of demand for hamburger is

- positive, so Joan considers hamburger to be an inferior good.
- negative, so Joan considers hamburger to be an inferior good.
- positive, so Joan considers hamburger to be a normal good and a necessity.
- negative, so Joan considers hamburger to be a normal good.

Answer: <https://biology-forums.com/index.php?topic=1906879>

Question 488

Figure 13-3

Refer to Figure 13-3. The marginal revenue from one additional unit sold is the sum of the gain in revenue from selling the additional unit and the loss in revenue from having to charge a lower price to sell the additional unit. Based on the diagram in the figure,

- X represents the gain (price effect) and Y the loss (output effect).
- X + Z represents the loss (output effect) and Y the gain (price effect).
- Y represents the gain (output effect) and X the loss (price effect).
- X represents the loss (price effect) and Y + Z the gain (output effect).

Answer: <https://biology-forums.com/index.php?topic=1907096>

Question 489

The antitrust law that prohibits price discrimination on grounds that it reduces competition is

- the Clayton Act.
- the Federal Trade Commission Act.
- the Robinson-Patman Act.
- the Sherman Act.

Answer: <https://biology-forums.com/index.php?topic=1907289>

Question 490

The marginal rate of technical substitution is measured by

- the slope of the isoquant.
- the relative input prices.
- the slope of the isocost line.
- the ratio of the product's price to the product's cost of production.

Answer: <https://biology-forums.com/index.php?topic=1907043>

Question 491

Occupational licensing is an example of an entry barrier that improves a country's standard of living.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907150>

Question 492

Question 1. An example of a payroll tax in the United States is

- the Social Security tax.
- the tax on corporate profit.
- an excise tax on gasoline.
- the property tax on real estate.

Question 2. Public schools in the United States get most of their operating funds from

- government production and subsidies.
- income taxes on corporate profits.
- local property taxes.
- tariffs collected on imported goods.

Answer: <https://biology-forums.com/index.php?topic=1907425>

Question 493

Question 1. The proposition that the outcome of a majority vote is likely to represent the preferences of the voter who is in the political middle is called

- the mean (or average) voter theorem.
- the voting paradox.
- the Arrow impossibility theorem.
- the median voter theorem.

Question 2. Table 18-2

Policy Tom Cotton David Vitter Patty Murray Homeland security 1st 2nd 3rd Education 2nd 3rd 1st Medical research 3rd 1st 2nd

Refer to Table 18-2. The table above lists three policy alternatives that the U.S. Senate will vote on, along with the ranking of these alternatives. The Senate must decide which of these alternatives should receive an additional \$1 billion of funding, and there is enough money in the federal budget for only one of these alternatives. If a series of votes is taken in which each pair of alternatives is considered (homeland security and education; homeland security and medical research; education and medical research) which of the following will result from these votes?

- When the vote is between homeland security and education, the Senators will vote for education to receive funding.
- The Senators' votes will demonstrate transitivity.
- The results will illustrate the voting paradox.
- The results from the voting will illustrate the median voter theorem.

Answer: <https://biology-forums.com/index.php?topic=1907411>

Question 494

Question 1. The idea that individuals should be taxed in proportion to the marginal benefits that they receive from public goods is called

- the ability-to-pay principle.
- the horizontal-equity principle.
- the vertical-equity principle.
- the benefits-received principle.

Question 2. The government of Silverado raises revenue through a general income tax paid by all its residents to operate the city's marina. The marina is used by private boat owners. This method of raising revenue to operate the marina is

- consistent with the benefits-received principle.
- consistent with the ability-to-pay principle.
- inconsistent with the benefits-received principle.
- inconsistent with the ability-to-pay principle.

Answer: <https://biology-forums.com/index.php?topic=1907436>

Question 495

Monopolistic competition differs from oligopoly in that in monopolistic competition, firms act independently while in oligopoly, firms act interdependently.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907149>

Question 496

The prisoner's dilemma is used to analyze business situations in which one firm acts first and then other firms respond.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907170>

Question 497

Question 1. A college must decide if it wants to offer more Internet-based classes. This decision involves answering the economic question of "what to produce."

- true
- false

Question 2. A college must decide if it wants to offer more adult literacy classes. This decision involves answering the economic question of "what to produce."

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906758>

Question 498

Recent research has shown that the first firm to enter a market often does not have a long-term advantage over later entrants into the market. An example that has been used to illustrate this is

- McDonald's entry into the high-end coffee market.
- Xerox, which became a generic term for making photocopies.
- Abercrombie and Fitch, which was the first clothing company to market to young men.
- the introduction of the first ballpoint pen in 1945.

Answer: <https://biology-forums.com/index.php?topic=1907125>

Question 499

Which of the following does not arise from price discrimination?

- an increase in producer surplus
- an increase in consumer surplus
- an increase in quantity sold
- an increase in profits

Answer: <https://biology-forums.com/index.php?topic=1907283>

Question 500

Question 1. Figure 5-13

Figure 5-13 illustrates the market for gasoline before the government imposes a tax to bring about the efficient level of gasoline production.

Refer to Figure 5-13. If the government wanted to bring about the efficient level of gasoline production by imposing a tax, the tax would raise the price paid by consumers by _____ per gallon.

- \$0.75
- \$1.25
- \$1.75
- \$2.00

Question 2. Which of the following displays these two characteristics: nonrivalry and nonexcludability in consumption?

- public goods
- private goods
- quasi-public goods
- common resources

Answer: <https://biology-forums.com/index.php?topic=1906852>

Question 501

Figure 12-7

Figure 12-7 illustrates the cost curves of a perfectly competitive firm.

Refer to Figure 12-7. If the market price is P_3 , the firm

- will break even.
- will make a profit.
- will earn enough revenue to cover its variable costs but not its fixed costs.
- will produce a quantity of Q_1 .

Answer: <https://biology-forums.com/index.php?topic=1907076>

Question 502

Question 1. Suppose the government enacts legislation which reduces the amount of legal immigration into the country. What is likely to happen to the equilibrium wage and quantity of labor?

- The equilibrium wage and the equilibrium quantity of labor rise.
- The equilibrium wage and the equilibrium quantity of labor fall.
- The equilibrium wage falls and the equilibrium quantity of labor rises.
- The equilibrium wage rises and the equilibrium quantity of labor falls.

Question 2. Consider the market for pilots. What is likely to happen to the equilibrium wage and quantity of pilots if the government enforces a lower mandatory retirement age, say from age 65 to age 62?

- The equilibrium wage and the equilibrium quantity of pilots rise.
- The equilibrium wage and the equilibrium quantity of pilots fall.
- The equilibrium wage falls and the equilibrium quantity of pilots rises.
- The equilibrium wage rises and the equilibrium quantity of pilots falls.

Answer: <https://biology-forums.com/index.php?topic=1907380>

Question 503

Figure 15-1

Refer to Figure 15-1. Which of the following statements about the firm depicted in the diagram is true?

- The fact that this firm is a natural monopoly is shown by the long-run average total cost curve still falling when it crosses the demand curve.
- The fact that this firm is a natural monopoly is shown by the continually declining market demand curve as output rises.
- The fact that this firm is a natural monopoly is shown by the continually declining marginal revenue curve as output rises.
- The fact that this firm is a natural monopoly is shown by the fact that marginal cost lies below the long-run average total cost where the firm maximizes its profits.

Answer: <https://biology-forums.com/index.php?topic=1907213>

Question 504

What is a prisoner's dilemma?

- a game that involves no dominant strategies
- a game in which prisoners are stumped because they cannot communicate with each other
- a game in which players act in rational, self-interested ways that leave everyone worse off
- a game in which players collude to outfox authorities

Answer: <https://biology-forums.com/index.php?topic=1907152>

Question 505

Figure 10-10

Refer to Figure 10-10. If the consumer has \$240 to spend on DVDs and CDs, what is the price of a CD if the budget constraint is BC2?

- \$8
- \$10
- \$20
- \$40

Answer: <https://biology-forums.com/index.php?topic=1907017>

Question 506

Question 1. Painters who paint water towers earn higher wages relative to painters who paint houses because

- the demand for tower painters is greater than the demand for residential painters.
- painting water towers is more risky than painting houses.
- the tower painters' union is probably more powerful than the house painters' union.
- the supply of water tower painters exceeds the supply of house painters.

Question 2. Wage differentials between occupations can be explained by all of the following except

- the fact that some occupations require higher levels of human capital than others.
- the fact that some occupations are more desirable than others.
- the market power of different employers.
- the relative differences between demand and supply in various occupations.

Answer: <https://biology-forums.com/index.php?topic=1907394>

Question 507

Question 1. What three conditions must hold for a firm to successfully price discriminate?

Question 2. What is perfect price discrimination and why do economists believe that no firm is able to practice perfect price discrimination?

Answer: <https://biology-forums.com/index.php?topic=1907331>

Question 508

Question 1. A decrease in the amount of human capital acquired by workers will lead to decrease in the supply of labor.

- true
- false

Question 2. An individual's labor supply curve shows

- the maximum wage rates offered to that individual by various potential employers.
- the relationship between wages and the quantity of labor that she is willing to supply.
- the relationship between wages and the quantity of labor that a firm is willing to employ.
- the relationship between the quantity of hours worked and total income earned by that individual.

Answer: <https://biology-forums.com/index.php?topic=1907364>

Question 509

A study by Price Fishback and Shawn Kantor of the University of Arizona shows that after the passage of workers' compensation laws, wages received by workers in the coal and lumber industries fell.

Source: Price V. Fishback and Shawn Everett Kantor, "Did Workers Pay for the Passage of Workers' Compensation Laws?" Quarterly Journal of Economics, Vol. 100, No. 3, August 1995, pp. 713-742.

Which of the following could explain why passage of workers' compensation laws led to a fall in wages in some industries?

- The passage of the workers' compensation laws made it more expensive for firms to employ workers, thus reducing the demand for workers.
- The passage of the workers' compensation laws allowed employers in hazardous industries to reduce compensating differentials which, in turn, reduce wages.
- Employers reduced wages to partially offset the cost of having to purchase insurance that would compensate workers for injuries suffered on the job.
- The supply of labor in these hazardous industries increased following the passage of the workers' compensation laws because jobs in these industries now pose less risk.

Answer: <https://biology-forums.com/index.php?topic=1907395>

Question 510

Table 14-5

Martin and Lewis each run one of the two bingo parlors in Schenectady. Both consider offering free rides to and from the parlors. Table 14-5 shows the payoff matrix containing the expected weekly profits for each bingo parlor.

Refer to Table 14-5. Does Martin have a dominant strategy? If yes, what is it?

- Yes, Martin's dominant strategy is to offer free rides.
- No, Martin does not a dominant strategy—his best outcome depends on what Lewis does.
- Yes, Martin's dominant strategy is to not to offer free rides.
- Yes, Martin's dominant strategy is to wait to see what Lewis does first.

Answer: <https://biology-forums.com/index.php?topic=1907155>

Question 511

Yield management and price discrimination have enabled firms to increase profits and, at the same time,

- reduce the cost of production.
- capture some consumer surplus.
- reduce transactions costs.
- transfer some producer surplus to consumers.

Answer: <https://biology-forums.com/index.php?topic=1907278>

Question 512

Movie theaters often charge higher ticket prices for evening showings than for afternoon showings. Why is this the case?

- Movie theaters hope to discourage customers from seeing movies during the afternoon to keep their labor costs down.
- The cost of showing movies is higher during the afternoon than in the evening.
- Movie theaters know that many people are willing to pay more to see a movie in the evening than during the afternoon.
- Movie theaters have more physical space to show movies during the afternoon than they do during the evening, so the excess supply of available theaters dictates that prices be lower.

Answer: <https://biology-forums.com/index.php?topic=1907274>

Question 513

When firms use big data to determine how responsive different groups of customers are to changes in prices, the firms are engaging in price discrimination. This pricing strategy is also called all of the following except

- arbitrage pricing.
- price optimization.
- dynamic pricing.
- yield management.

Answer: <https://biology-forums.com/index.php?topic=1907280>

Question 514

Which of the following is not part of an oligopolist's business strategy?

- meeting worker health and safety standards required of all firms
- deciding the level of total output of a new product
- determining the amount of advertising a new product needs
- setting the product's price after considering what rivals will do

Answer: <https://biology-forums.com/index.php?topic=1907143>

Question 515

Joss is a marketing consultant. Iris and Daphne are potential customers interested in commissioning Joss to undertake a market survey and compile the findings in a report. Iris is willing to pay \$500 for the service while Daphne is willing to pay \$800. Suppose that the opportunity cost of Joss's time is \$1,200. Assume that Iris and Daphne do not know each other. If the price of the report is \$800 per copy,

- both Iris and Daphne will purchase Joss's services and Joss will undertake the job.
- only Daphne will purchase Joss's services and Joss will undertake the job for her.
- only Daphne will want to purchase Joss's services but Joss will not be willing to do the work.
- neither Iris nor Daphne will commission the work.

Answer: <https://biology-forums.com/index.php?topic=1907286>

Question 516

Question 1. If a corporate bond with face value of \$1,000 has an interest rate of eight percent paid once a year for a term of 30 years, what is the size of the annual coupon payment?

- \$1,000

- \$300
- \$80
- \$8

Question 2. Which of the following is part of the secondary market for stocks?

- New York Stock Exchange
- the over-the-counter market
- NASDAQ
- all of these

Answer: <https://biology-forums.com/index.php?topic=1906939>

Question 517

Figure 14-6

Refer to Figure 14-6 Use the decision tree to determine whether Pizza Hut should deter Domino's from entering the market for pasta salad. Assume that each firm must earn a 25% return on investment to break even. Explain Pizza Hut's decision process.

Answer: <https://biology-forums.com/index.php?topic=1907173>

Question 518

Question 1. The overall mortality rate in the United States has remained fairly constant for the past 35 years.

- true
- false

Question 2. The largest government-run health care system in the world, with 1.4 million employees, is in

- Canada.
- Japan.
- the United Kingdom.
- the United States.

Answer: <https://biology-forums.com/index.php?topic=1906924>

Question 519

For years, economists believed that market structure explained the ability of some firms to earn economic profits. For example, firms in industries with little competition and high barriers to entry would earn higher profits than firms in competitive industries with low entry barriers. Which of the following has caused economists to question this explanation and seek other explanations for why firms are profitable?

- Studies have shown that, on average, firms in competitive industries earn higher profit rates than firms in industries with little competition.
- In recent years, new technologies have increased the potential entry of new firms in industries with high entry barriers.
- Studies have shown that firms in industries that have little competition and high entry barriers are not very profitable. Economists conclude from this that some competition is necessary in order to force firms to lower their costs and develop products that satisfy new consumer demands.
- The market structure explanation fails to explain how firms in the same industry can have very different levels of profit.

Answer: <https://biology-forums.com/index.php?topic=1907192>

Question 520

Which of the following firms is not able to practice price discrimination?

- movie theaters
- commercial airlines
- land-line telephone companies
- the largest wheat farmer in Nebraska

Answer: <https://biology-forums.com/index.php?topic=1907266>

Question 521

Question 1. A monopsony restricts the quantity of a factor demanded to force down the price of the factor and increase profits.

- true
- false

Question 2. Economic rent refers to the price of a factor of production which is fixed in supply.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907404>

Question 522

The five competitive forces model was developed by

- Michael Porter.
- John Nash.
- Michael Spence.

• Porter Smith.

Answer: <https://biology-forums.com/index.php?topic=1907191>

Question 523

Which of the following is an example of the U.S. government's use of a "command-and-control" approach to reducing pollution?

- In 1990 Congress approved measures designed to reduce sulfur dioxide emissions to 8.5 million tons annually by 2010.
- The U.S. government imposed a tax on electric utilities to reduce damages from acid rain.
- The government issued electric utilities tradable emission allowances in order to reduce emissions of nitrogen oxide.
- In the 1980s the U.S. government required the installation of catalytic converters to reduce emissions from all new automobiles.

Answer: <https://biology-forums.com/index.php?topic=1906847>

Question 524

Nike has used Michael Jordan to create the impression that Air Jordan basketball shoes are superior to any other basketball shoes. Nike is attempting to

- differentiate Air Jordan basketball shoes from other types of basketball shoes.
- lower the marginal cost of producing Air Jordan basketball shoes.
- increase its profit by raising the price of Air Jordan basketball shoes.
- convince consumers that Air Jordan basketball shoes are no different from other basketball shoes favored by celebrities.

Answer: <https://biology-forums.com/index.php?topic=1907107>

Question 525

The government of Silverado raises revenue to operate the city's hospital, open to all residents, through a general income tax paid by its residents. This method of raising revenue is consistent with the benefits-received principle, even if some residents use the hospital more than others.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907452>

Question 526

Table 18-6

Income Tax Bracket Marginal Tax Rate
\$0 - 8,000 12%
8,001 - 22,000 17%
22,001 - 48,000 25%
48,001 and over 38%

Table 18-6 shows the income tax brackets and tax rates for single taxpayers in California.

Refer to Table 18-6. Sasha is a single taxpayer with an income of \$60,000. What is his marginal tax rate and what is his average tax rate?

- marginal tax rate = 38%; average tax rate = 23%
- marginal tax rate = 17%; average tax rate = 21%
- marginal tax rate = 38%; average tax rate = 24%
- marginal tax rate = 23%; average tax rate = 38%

Answer: <https://biology-forums.com/index.php?topic=1907430>

Question 527

Question 1. If a monopolist engages in first-degree price discrimination, it will produce the same output level as a perfectly competitive industry.

- true
- false

Question 2. Because each customer pays according to her willingness to pay, a consumer maximizes her consumer surplus under first-degree price discrimination.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907325>

Question 528

Figure 4-12

Refer to Figure 4-12. The figure above represents demand and supply in the market for gasoline. Use the diagram to answer the following questions.
a. How much is the government tax on each gallon of gasoline?
b. What portion of the per-unit tax is paid by consumers?
c. What portion of the per-unit tax is paid by producers?
d. What is the quantity sold after the imposition of the tax?
e. What is the after-tax revenue per gallon received by producers?
f. What is the total tax revenue collected by the government?
g. What is the value of the excess burden of the tax?

Answer: <https://biology-forums.com/index.php?topic=1906835>

Question 529

Suppose the government imposes an 8 percent sales tax on clothing items and the tax is levied on sellers. Who pays for the tax in this situation? (Assume that the demand curve is downward sloping and that the supply curve is upward sloping.)

- The tax is borne entirely by the sellers.

- The sellers will pass on the entire sales tax to consumers and therefore the consumers bear the tax.
- The tax will be borne partly by consumers and partly by sellers.
- It is not possible to answer the question without information on price elasticities.

Answer: <https://biology-forums.com/index.php?topic=1907457>

Question 530

Question 1. Economists assume people's tastes are identical.

- true
- false

Question 2. After getting an A on your economics exam, you decide to go to your favorite Mexican restaurant to celebrate. You are having trouble deciding whether to order the chipotle chicken chimichanga or the cilantro seafood enchiladas. Use the rule of equal marginal utility per dollar to determine which one to purchase: (a) the chimichanga for \$8 which gives you 120 units of utility, or (b) the enchiladas for \$15 which gives you 195 units of utility? Assume your budget is large enough to purchase either item.

Answer: <https://biology-forums.com/index.php?topic=1906971>

Question 531

Question 1. a. What are the two effects of an increase in the wage rate on an individual's labor supply decision? Briefly explain each effect.

b. Explain how a labor supply curve could be backward bending.

Question 2. The equilibrium wage and quantity of labor in the market for skilled workers is determined by

- the strength of labor unions.
- the monopsony power of firms.
- the demand and supply of labor.
- the market value created by the output of these skilled workers.

Answer: <https://biology-forums.com/index.php?topic=1907378>

Question 532

If an airport decides to expand by building an additional passenger terminal, and in doing so it lowers its average cost per airplane landing, then the expansion would provide _____ to the airlines.

- economies of scale
- diseconomies of scale
- higher average costs but lower total costs
- higher marginal costs but lower total costs

Answer: <https://biology-forums.com/index.php?topic=1907037>

Question 533

The market demand curve for a perfectly competitive industry is the horizontal summation of each individual firm's demand curve.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907061>

Question 534

The marginal rate of substitution is the slope of an indifference curve.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907018>

Question 535

A perfectly competitive firm will maximize its profit at the level of output where the vertical distance between its total revenue curve and total cost curve is the largest. This is the same level of output where

- average total cost equals marginal revenue.
- marginal revenue equals marginal profit.
- marginal revenue equals marginal cost.
- marginal revenue equals average revenue.

Answer: <https://biology-forums.com/index.php?topic=1907074>

Question 536

If Dawson prefers pizza to hamburgers and hamburgers to hot dogs, then if preferences are transitive

- at times she could be indifferent among the three items.
- she must prefer pizza to hot dogs.
- she could prefer hamburgers to pizza on some occasions but not hot dogs to pizza.

• she could prefer hot dogs to pizza on some occasions but not hamburgers to hot dogs.

Answer: <https://biology-forums.com/index.php?topic=1906989>

Question 537

What is the difference between the terms "marketing" and "advertising"?

Answer: <https://biology-forums.com/index.php?topic=1907116>

Question 538

Question 1. A nonmonetary opportunity cost is called a(n) _____, while a cost that involves spending money is called an _____.

- accounting cost; explicit cost
- implicit cost; explicit cost
- accounting profit; economic profit
- normal rate of return; asset

Question 2. Donnie's Donuts incurs \$450,000 per year in explicit costs and \$200,000 in implicit costs. The bakery earns \$800,000 in revenues and has \$2 million in net worth. Based on this information, what is the economic profit for Donnie's Donuts?

- \$150,000
- \$350,000
- \$600,000
- \$1.2 million

Answer: <https://biology-forums.com/index.php?topic=1906944>

Question 539

Question 1. If price discrimination occurs in a market,

- the law of one price does not hold.
- the firm earns arbitrage profits.
- consumers whose demand for the product sold is more elastic pay higher prices than consumers whose demand is less elastic.
- the marginal cost of production is constant.

Question 2. Big data is often used to establish pricing strategies for automobile insurance companies.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907323>

Question 540

Question 1. As more output is produced, the marginal product of labor declines

- because of the law of diminishing returns.
- if firms reduce the wage paid to labor.
- if the firm's output supply curve is inelastic.
- because the firm's marginal revenue declines.

Question 2. A firm's demand curve for labor slopes downwards because

- of the law of diminishing marginal returns.
- firms supply less labor as the wage rate rises.
- workers supply less labor services as the wage rate falls.
- of rising marginal product.

Answer: <https://biology-forums.com/index.php?topic=1907354>

Question 541

Question 1. What is a factor market?

- It is a market where financial instruments are traded.
- It is a market where stocks and bonds are traded.
- It is a market where producers buy consumption and capital goods.
- It is a market where resources used to produce final goods are traded.

Question 2. The demand for labor is different from the demand for final goods and services because

- the demand for labor is derived from the demand for the good or service the labor is used to produce.
- it is a demand for people, not inanimate objects.
- the demand for labor is more inelastic than the demand for the goods and services produced with this labor.
- the law of demand does not apply to the demand for labor.

Answer: <https://biology-forums.com/index.php?topic=1907351>

Question 542

As word processing on personal computers expanded, sales of typewriters began to disappear. Which of Porter's competitive forces does this event

demonstrate?

- the threat of competition from new entrants
- bargaining power of suppliers
- bargaining power of buyers
- competition from substitute goods or services

Answer: <https://biology-forums.com/index.php?topic=1907182>

Question 543

If firms in a monopolistically competitive industry are making profits in the short run, then

- barriers to entry will be erected to keep out rivals.
- some firms will ultimately exit the industry.
- they will resort to advertising wars to help sustain these profits.
- new firms will enter the market.

Answer: <https://biology-forums.com/index.php?topic=1907101>

Question 544

Question 1. For a firm that is a price taker in the market for labor, the marginal revenue product of labor equals the

- marginal product of labor multiplied by the wage rate.
- marginal product of labor multiplied by the product price.
- marginal product of labor divided by the wage rate.
- marginal product of labor multiplied by the marginal cost of production.

Question 2. The change in a firm's revenue as a result of hiring one more worker

- is the definition of the marginal product of labor.
- is equal to the firm's marginal cost.
- is the definition of the marginal revenue product of labor.
- will be negative if the demand for the firm's output is inelastic.

Answer: <https://biology-forums.com/index.php?topic=1907355>

Question 545

Behavioral economics helps explain why customers _____ at J.C. Penney.

- favored the policy of everyday low prices and not sales and coupons
- favored sales and coupons and not the policy of everyday low prices
- were equally happy with sales and coupons and the policy of everyday low prices
- responded negatively to both sales and coupons and the policy of everyday low prices

Answer: <https://biology-forums.com/index.php?topic=1906980>

Question 546

Question 1. Which of the following is an example of a quasi-public good?

- cable television
- organic apples
- stock of knowledge in the public domain
- crime prevention

Question 2. The market demand for a public good can be determined by

- adding up the total private benefits and external benefits that each quantity provides the citizens of a country.
- adding up how much each citizen expects to consume at each possible price.
- adding up how much each consumer is willing to pay for each unit of the public good.
- estimating the value of the benefit that each unit provides and multiplying that by the number of consumers.

Answer: <https://biology-forums.com/index.php?topic=1906853>

Question 547

Figure 16-2

Plato Playhouse, a theatre company in the university town of Wegg, caters to two groups of customers: students and the non-student population.

Figure 16-2 shows the demand curves for the two groups of customers.

Refer to Figure 16-2. Suppose Plato Playhouse price discriminates. Which of the following statements is true?

- By charging two different prices, the theatre company has redistributed some profits from those who can pay higher prices to those who cannot, thereby increasing economic efficiency.
- By charging two different prices, the theatre company essentially allows those willing to pay higher prices to subsidize those who are not.
- By charging two different prices, the theatre company has redistributed some profits from those who can pay higher prices to those who cannot, thereby improving equity.
- Plato Playhouse will earn higher profits if it charges a single price—an average of the two prices— instead of charging two different prices to the two

different groups of customers.

Answer: <https://biology-forums.com/index.php?topic=1907306>

Question 548

Question 1. Draw a graph that shows producer surplus, consumer surplus, and deadweight loss in a market where the seller practices perfect price discrimination. Be sure to identify the demand curve, the marginal revenue curve, the marginal cost curve, and the profit-maximizing quantity on the graph.

Question 2. Figure 16-4

Refer to Figure 16-4. Graph (a) represents a monopolist who cannot price discriminate and graph (b) represents a monopolist practicing perfect price discrimination. On each graph, identify the monopoly price, the monopoly output, the efficient output, and the areas representing profit, consumer surplus, and deadweight loss.

Answer: <https://biology-forums.com/index.php?topic=1907336>

Question 549

In a monopolistically competitive market, a successful new restaurant

- can earn economic profits in the long run if it uses barriers to restrict entry by new restaurants.
- will earn zero economic profit in the long run because of free entry, but competition will lead restaurants to offer different versions of the same product.
- will face high entry barriers because of health and safety regulations to which all restaurants are subject.
- must obtain a trademark to ensure that it will break even in the long run.

Answer: <https://biology-forums.com/index.php?topic=1907133>

Question 550

A consumer's utility-maximizing combination of goods is given by the bundle that corresponds to the highest point on his indifference curve.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907020>

Question 551

If buyers of a monopolistically competitive product feel the products of different sellers are strongly differentiated, then the demand for each seller's product is

- perfectly inelastic.
- perfectly elastic.
- relatively inelastic.
- relatively elastic.

Answer: <https://biology-forums.com/index.php?topic=1907121>

Question 552

"Buy low and sell high is advice given to people who want to make a profit by buying and selling shares of stock. Arbitrage is defined as buying a product in one market at a low price and reselling it in another market at a high price. Therefore, when stock brokers buy and sell stocks to earn a profit they are engaging in arbitrage." Evaluate this statement; state whether it is true or false and explain your answer.

Answer: <https://biology-forums.com/index.php?topic=1907254>

Question 553

Why are decision trees useful to managers who plan business strategies?

- Decision trees explain the level of concentration in an industry.
- Decision trees can be used to increase the amount of product differentiation; this enables managers to charge higher prices for their products.
- Decision trees provide a systematic way of thinking through the implications of a strategy.
- Using a decision tree always leads to a dominant strategy.

Answer: <https://biology-forums.com/index.php?topic=1907166>

Question 554

The law of one price holds exactly only if

- antitrust laws are being enforced.
- buyers have complete information.
- transactions costs are zero.
- it is impossible for buyers to resell the good.

Answer: <https://biology-forums.com/index.php?topic=1907241>

Question 555

One goal a firm tries to achieve when it advertises a product is to

- make the demand curve for the product more elastic.
- shift the demand curve for the product to the left.
- make the demand curve for the product unitary elastic.
- make the demand curve for the product more inelastic.

Answer: <https://biology-forums.com/index.php?topic=1907111>

Question 556

Question 1. Each person goes about her daily business seeking to maximize her own self interests. In doing so, she contributes to the welfare of society at large. This is the idea underlying Adam Smith's "invisible hand."

- true
- false

Question 2. A bed of oysters is not an example of a factor of production but the shucked oysters used to make oyster stew are a factor of production.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906786>

Question 557

Which of the following is not part of an oligopolist's business strategy?

- deciding on how to manage relations with suppliers
- choosing what new technologies to adopt
- selecting which new markets to enter
- independently setting a product's price without consideration of its rivals' pricing policies

Answer: <https://biology-forums.com/index.php?topic=1907145>

Question 558

Explain the significance of brand management to a firm that has differentiated its product. Comment specifically on the importance of obtaining a trademark.

Answer: <https://biology-forums.com/index.php?topic=1907141>

Question 559

Question 1. If marginal costs differ quite substantially from average total costs, then using a cost-plus pricing schedule will not lead to the profit-maximizing price.

- true
- false

Question 2. Marginal revenue product can be calculated using the formula marginal product x output price

- only if output price is constant.
- only if the marginal product of labor is constant.
- only if the both marginal product of labor and the output price are constant.
- only if the firm has market power in the labor market

Answer: <https://biology-forums.com/index.php?topic=1907350>

Question 560

Article Summary

In Colorado, recreational marijuana is legal but smoking in hotels is not. Former Wall Street lawyer Joel Schneider found a way around this legal conundrum by opening a bed-and-breakfast (B&B), which he refers to as Bud+Breakfast. In Colorado, B&Bs are considered private property and therefore not subject to the no-smoking laws, and Schneider does not allow guests under the age of 21, the legal age to buy marijuana in the state. With six suites ranging from \$299 - \$399 per night, revenues in 2016 averaged \$110,000 per month. His success has allowed him to expand to three properties, with hopes of franchising to other states where recreational marijuana is also legal.

Source: Jane Wells, "Weed entrepreneur brings in over \$1 million a year running 'bud and breakfast' hotels," cnbc.com, January 18, 2017.

Refer to the Article Summary. By marketing to recreational marijuana users, Joel Schneider is trying to set his business apart from competing hotels and lodging establishments. This is an example of

- defending a brand name.
- blocking entry into the market.
- legally enforcing a trademark.
- product differentiation.

Answer: <https://biology-forums.com/index.php?topic=1907126>

Question 561

Question 1. During an economic expansion as consumer incomes rise, holding everything else constant,

- the demand for most goods, except luxuries, will rise.
- the demand for luxuries will rise while the demand for inferior goods will fall.
- the demand for luxuries and inferior goods will rise.
- the prices of luxuries will fall while the prices of inferior goods will rise.

Question 2. Studies show that the income elasticity of demand for wine is 5.03 and the income elasticity of demand for spirits is 1.21. This indicates that

- wine and spirits are luxury goods.
- wine is a luxury good and spirits are inferior goods.
- wine and spirits are highly price elastic.
- wine is a luxury good and spirits are necessities.

Answer: <https://biology-forums.com/index.php?topic=1906885>

Question 562

Question 1. Perfect price discrimination is also known as

- monopoly.
- first-degree price discrimination.
- third-degree price discrimination.
- yield management.

Question 2. The prices college students and faculty members pay for Apple computers are lower than the prices Apple charges on its Web site and in retail stores. Apple charges lower prices to college students and faculty members because

- college students and faculty members have a more elastic demand for computers than the general public.
- Apple can deduct from its federal taxes some of the costs of the computers it sells to college students and faculty members.
- college students and faculty members have a more inelastic demand for computers than the general public.
- college students and faculty members typically buy more supplies from Apple (print cartridges, paper, etc.,) than the general public.

Answer: <https://biology-forums.com/index.php?topic=1907316>

Question 563

The bargaining power of suppliers increases if

- the cost of switching suppliers is relatively low.
- there are only a few competitors to the supplier.
- the input in question is not a critical component of production.
- the input supplied is relatively standardized.

Answer: <https://biology-forums.com/index.php?topic=1907187>

Question 564

Question 1. Suppose the demand curve for a product is horizontal and the supply curve is upward sloping. If a per-unit tax is imposed in the market for this product,

- sellers bear the entire burden of the tax.
- the tax burden will be shared among the government, buyers, and sellers.
- buyers bear the entire burden of the tax.
- the tax burden will be shared by buyers and sellers.

Question 2. Figure 4-9

Refer to Figure 4-9. Suppose the market is initially in equilibrium at price P_1 and now the government imposes a tax on every unit sold. Which of the following statements best describes the impact of the tax? For demand curve D_1

- the producer bears a greater share of the tax burden if the supply curve is S_2 .
- the producer bears a greater share of the tax burden if the supply curve is S_1 .
- the producer's share of the tax burden is the same whether the supply curve is S_1 or S_2 .
- the producer bears the entire burden of the tax if the supply curve is S_1 and the consumer bears the entire burden of the tax if the supply curve is S_2 .

Answer: <https://biology-forums.com/index.php?topic=1906823>

Question 565

Using cross-sectional data from the two Housing Assistance Supply Experiment (HASE) sites—Brown County, Wisconsin, and St. Joseph County, Indiana—John Mulford of Rand Research estimates the long-run "permanent" income elasticity of housing expenditures to be 0.45 for owners. Using this information, what is likely to happen to housing expenditures if the government increases income transfers to recipients in HASE sites?

- Housing expenditures will not change.
- Housing expenditures in HASE sites will fall significantly as recipients move out of these areas to higher-income areas.
- Housing expenditures will increase.
- Housing expenditures will decrease by a small amount.

Answer: <https://biology-forums.com/index.php?topic=1906874>

Question 566

Article Summary

In a September 2017 ruling, the U.S. International Trade Commission (ITC) found that imports of solar panels harmed U.S. manufacturers, opening the door for the Trump administration to impose tariffs on foreign solar panels and modules. The initial complaint to the ITC was filed in early 2017 by bankrupt solar panel manufacturer Suniva, who argued that a rapid increase in imports of inexpensive foreign product put U.S. manufacturers at risk. The decision was opposed by many in the solar panel industry, arguing that tariffs will hurt the industry as a whole. While Suniva commissioned a report that showed devastating job losses without industry protection, an independent analysis by Bloomberg New Energy Finance found a ruling for Suniva would, at most, only create 6,400 jobs and "downstream job losses would almost certainly exceed any manufacturing gains."

Source: Tom DiChristopher, "US trade agency rules imports harmed solar panel makers, setting up Trump tariff decision," cncb.com, September 22, 2017.

Refer to the Article Summary. All else equal, if the Trump administration decides to enact protectionist measures, such as a tariff, against foreign solar panels, the price of solar panels in the United States will _____ and the quantity of solar panels demanded in the United States will _____.

- increase; increase
- increase; decrease
- decrease; increase
- decrease; decrease

Answer: <https://biology-forums.com/index.php?topic=1906954>

Question 567

Economists generally favor the use of tradable emission allowances to reduce pollution. However, the use of these allowances has been criticized by some environmentalists. Which of the following describes this criticism?

- Some environmentalists believe the allowances give firms a license to pollute.
- Some environmentalists believe that the price of allowances is often too high for consumers to afford.
- Some environmentalists believe that Pigovian taxes are a more efficient way to reduce pollution.
- Some environmentalists oppose allowances on legal grounds; they believe the use of allowances is unconstitutional.

Answer: <https://biology-forums.com/index.php?topic=1906848>

Question 568

Consider a firm that uses two inputs, labor and capital, to produce its output. Assume labor is measured on the horizontal axis and capital on the vertical axis. Which of the following best explains why the marginal rate of technical substitution decreases in absolute value as we move down an isoquant?

- The law of diminishing returns: for a given decline in capital, decreasing amounts of labor are required to produce the same level of output.
- The law of increasing marginal opportunity cost: if a firm uses less and less capital it must use more and more labor, which drives up the cost of labor.
- The law of diminishing returns: for a given decline in capital, increasing amounts of labor are required to produce the same level of output.
- The law of imperfect substitutability: labor and capital are not perfect substitutes; therefore, a firm must replace decreases in capital with increases in labor.

Answer: <https://biology-forums.com/index.php?topic=1907047>

Question 569

Question 1. Consider the following pricing strategies:

a. perfect price discrimination
b. charging different prices to different groups of customers
c. optimal two-part tariff
d. single-price monopoly pricing

Which of the pricing strategies leads to the economically efficient output level?

- a only
- a and b only
- a and c only
- a, b, and c only

Question 2. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the monopoly price. (This is also called a two-part tariff.) What is the quantity it should produce?

- 240 units
- 320 units
- 480 units
- 560 units

Answer: <https://biology-forums.com/index.php?topic=1907343>

Question 570

Figure 15-9

Figure 15-9 shows the demand and cost curves for a monopolist.

Refer to Figure 15-9. What is the economically efficient output level?

- 600 units
- 800 units
- 940 units
- 1160 units

Answer: <https://biology-forums.com/index.php?topic=1907233>

Question 571

Question 1. Which of the following is the source of revenue for Medicare and Social Security in the United States?

- individual income taxes
- sales taxes
- social insurance taxes
- property taxes

Question 2. A tax imposed by a state or local government on retail sales of most products is

- an excise tax.
- a social service tax.
- a consumption tax.
- a sales tax.

Answer: <https://biology-forums.com/index.php?topic=1907438>

Question 572

Question 1. Figure 2-10

Figure 2-10 shows the production possibilities frontiers for Tahiti and Bora Bora. Each country produces two goods, milk and honey.

Refer to Figure 2-10. What is the opportunity cost of producing one gallon of milk in Tahiti?

- 1/2 of a gallon of honey
- 5/6 of a gallon of honey
- 1.2 gallons of honey
- 1.5 gallons of honey

Question 2. Figure 2-10

Figure 2-10 shows the production possibilities frontiers for Tahiti and Bora Bora. Each country produces two goods, milk and honey.

Refer to Figure 2-10. What is the opportunity cost of producing one gallon of milk in Bora Bora?

- 2/3 of a gallon of honey
- 0.8 gallons of honey
- 1.125 gallons of honey
- 1.5 gallons of honey

Answer: <https://biology-forums.com/index.php?topic=1906781>

Question 573

Question 1. The substitution effect of a wage decrease examines the effect of the decrease in wage income on a worker's ability to consume goods and services.

- true
- false

Question 2. If the income effect of a wage increase equals the substitution effect, the labor supply curve is horizontal at the equilibrium wage.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907373>

Question 574

Question 1. The term that is used to refer to a situation in which one party to an economic transaction has less information than the other party is

- inefficient market hypothesis.
- moral hazard.
- information disparity.
- asymmetric information.

Question 2. One effect of adverse selection in a market is that the equilibrium quantity of the product may be smaller than it would have been if there were no asymmetric information problems.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906926>

Question 575

Table 18-11

Income Quintile Svetlana

Percentage of Total Income Grodsky

Percentage of Total Income
Lowest 20% 8% 4%
Second quintile 12% 10%
Third quintile 16% 16%
Fourth quintile 20% 24%
Highest 20% 44% 46%
Table 18-11 shows income distribution data for two countries. Use this data to answer the following questions.

Refer to Table 18-11.

a. Draw a Lorenz curve for each country.
b. Which country has the more equal distribution of income?
c. Based on the Lorenz curves for the two countries, can you determine which country has the more progressive tax system? Explain your answer.

Answer: <https://biology-forums.com/index.php?topic=1907486>

Question 576

Question 1. For a given demand curve, will there be a greater loss of economic efficiency from a binding price floor when supply is elastic or inelastic? Illustrate your answer with a demand and supply graph. In your graph you must show two supply curves, one elastic and the other inelastic.

Question 2. Over the past 165 years in the United States, life expectancy

- has remained fairly constant.
- has slightly declined.
- has more than doubled.
- increased up to the 1950s and then declined for the next 60 years.

Answer: <https://biology-forums.com/index.php?topic=1906923>

Question 577

Question 1. An increase in the price of grape juice causes an increase in the marginal revenue product of labor used to produce grape juice.

- true
- false

Question 2. The marginal product of labor curve is the demand curve for labor.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907363>

Question 578

Suppose the following two events occur in the market for elementary school teachers:

- Overcrowded schools and education budget cuts have discouraged young college students from pursuing careers in teaching.
- With an increasing birth rate, the number of children entering the elementary school system is expected to increase significantly over the next ten years.

What is likely to happen to the equilibrium wage and quantity of teachers as a result of these two events?

- The equilibrium quantity and the equilibrium wage of elementary school teachers fall.
- The equilibrium wage rises and the effect on the equilibrium quantity of elementary school teachers is indeterminate.
- The equilibrium quantity falls and the effect on the equilibrium wage of elementary school teachers is indeterminate.
- The equilibrium quantity falls and the equilibrium wage of elementary school teachers rises.

Answer: <https://biology-forums.com/index.php?topic=1907382>

Question 579

Figure 16-1

Refer to Figure 16-1. What is the economically efficient output level?

- Q1 units
- Q2 units
- Q3 units
- Q4 units

Answer: <https://biology-forums.com/index.php?topic=1907303>

Question 580

Question 1. Most businesses in the United States are sole proprietorships. Most sole proprietors pay _____ on their profits.

- the corporate income tax
- the federal personal income tax
- the progressive excise tax
- no tax

Question 2. In 2017, President Trump proposed

- raising the top corporate income tax rate from 12 percent to 20 percent.
- cutting the top corporate income tax rate from 35 percent to 20 percent and raising the top rate for "income passthrough businesses" from 12 percent to 20 percent.
- cutting personal income tax rates and raising corporate income tax rates.
- cutting the top corporate income tax rate from 35 percent to 20 percent.

Answer: <https://biology-forums.com/index.php?topic=1907405>

Question 581

Question 1. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews. Refer to Figure 2-9. What is the opportunity cost of producing 1 bolt of cotton in Pakistan?

- 3/8 of a pound of cashews
- 5/8 of a pound of cashews
- 1 3/5 pounds of cashews
- 150 pounds of cashews

Question 2. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews. Refer to Figure 2-9. What is the opportunity cost of producing 1 bolt of cotton in Indonesia?

- 3/8 of a pound of cashews
- 5/8 of a pound of cashews
- 2 2/3 pounds of cashews
- 120 pounds of cashews

Answer: <https://biology-forums.com/index.php?topic=1906778>

Question 582

Question 1. If the quantity of sunglasses supplied is represented by the supply equation $Q_S = -60 + 4P$, then to solve for the price of sunglasses, the equation would be rewritten as

- $P = 0.25Q_S + 15$.
- $P = 15Q_S + 240$.
- $P = Q_S - 7.5$.
- $P = 12 - 0.4Q_S$.

Question 2. Table 4-6

Demand: $P = 80 - Q$ Supply: $P = 50 + \frac{1}{2}Q$ $Q_D = 80 - P$ $Q_S = 2P - 100$

Refer to Table 4-6. The equations above describe the demand and supply for Chef Ernie's Sushi-on-a-Stick. What are the equilibrium price and quantity (in thousands) for Chef Ernie's sushi?

- \$80 and 80 thousand
- \$60 and 20 thousand
- \$50 and 100 thousand
- \$40 and 50 thousand

Answer: <https://biology-forums.com/index.php?topic=1906839>

Question 583

Question 1. If the cross-price elasticity of demand for goods A and B is zero, this means the two goods are unrelated.

- true
- false

Question 2. A recent study indicated that "Stricter college alcohol policies such as raising the price of alcohol, or banning alcohol on campus, decrease the number of students who use marijuana." This indicates that the cross-price elasticity between alcohol and marijuana is positive.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906890>

Question 584

If a firm shuts down in the short run, its maximum loss equals the amount of its fixed cost.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907088>

Question 585

If a monopolist's price is \$50 at 63 units of output and average total cost equals \$43, then the firm's total profit is

- \$3,150.
- \$2,709.
- \$441.
- \$7.

Answer: <https://biology-forums.com/index.php?topic=1907231>

Question 586

Question 1.If the quantity of soccer balls demanded is represented by the demand equation $QD = 80 - 2P$, then to solve for the price of soccer balls, the equation would be rewritten as

- $P = 1.6QD + 80$.
- $P = 80 - QD$.
- $P = 40 - 0.5QD$.
- $P = QD + 160$.

Question 2.If the quantity of donuts supplied is represented by the supply equation $QS = -15 + 5P$, then to solve for the price of donuts, the equation would be rewritten as

- $P = 0.2QS + 3$.
- $P = 5QS + 75$.
- $P = QS - 7.5$.
- $P = 15 - 0.5QS$.

Answer: <https://biology-forums.com/index.php?topic=1906838>

Question 587

The substitution effect of an increase in the price of Raisin Bran refers to

- the decrease in the demand for Raisin Bran when its price rises.
- the result that consumers will now switch to a substitute good such as Cheerios, and the demand curve for Raisin Bran shifts to the left.
- the fact that the higher price of Raisin Bran lowers consumers' purchasing power, holding money income constant.
- the fact that the higher price of Raisin Bran relative to its substitutes, such as Cheerios, causes consumers to buy less Raisin Bran.

Answer: <https://biology-forums.com/index.php?topic=1906955>

Question 588

Question 1.Which of the following is an advantage of starting a new business as a sole proprietorship?

- The owner has limited personal liability.
- A sole proprietorship has few government rules and regulations to comply with.
- Business profits are not taxed.
- A sole proprietorship can easily attain additional funding.

Question 2.Sole proprietorships are _____ type of business.

- the most profitable
- the least common
- the most common
- the least risky

Answer: <https://biology-forums.com/index.php?topic=1906935>

Question 589

Question 1.Figure 6-11

Refer to Figure 6-11. What is the value of the price elasticity of supply between g and h?

- 20 percent
- 0.5
- 2
- 0.02

Question 2.The price elasticity of supply for umbrellas is 2. Suppose you're told that following a price increase, quantity supplied increased by 30 percent. What was the percentage change in price that brought this about?

- 60 percent
- 15 percent
- 6.7 percent
- impossible to determine without additional information

Answer: <https://biology-forums.com/index.php?topic=1906908>

Question 590

Figure 15-4

Figure 15-4 shows the demand and cost curves for a monopolist.

Refer to Figure 15-4. What is the amount of the monopoly's total cost of production?

- \$21,600
- \$17,700
- \$9,340
- \$7,800

Answer: <https://biology-forums.com/index.php?topic=1907230>

Question 591

Which of the following is a reason why a firm would not engage in price discrimination?

- Price discrimination is illegal in some western states and the owners of firms in these states face civil or criminal prosecution if they engage in price discrimination.
- Some firms are not able to segment the market for the products they sell.
- Some firms do not want to violate the law of one price.
- The transactions costs associated with selling the product exceed the price of the product.

Answer: <https://biology-forums.com/index.php?topic=1907311>

Question 592

In Michael Porter's five competitive forces model, what do the competitive forces determine?

Answer: <https://biology-forums.com/index.php?topic=1907202>

Question 593

What type of protection does U.S. law grant the creator of a book, film, or piece of music?

- A public franchise, which grants the exclusive right to use the creation during the creator's lifetime and to his or her heirs for 70 years after the creator's death.
- A copyright, which grants exclusive rights to the creator for 20 years after the work is created.
- A patent, which grants the exclusive right to use the creation during the creator's lifetime and to his or her heirs for 70 years after the creator's death.
- A copyright, which grants the exclusive right to use the creation during the creator's lifetime and to his or her heirs for 70 years after the creator's death.

Answer: <https://biology-forums.com/index.php?topic=1907210>

Question 594

Question 1. All of the following occur whenever a government taxes a product except

- the quantity consumed of that product falls.
- the price of that product rises.
- the marginal benefit of the last unit sold exceeds the marginal cost of producing it.
- there will be no excess burden if the government's tax revenue is sufficiently large to offset the deadweight loss.

Question 2. The "ability-to-pay" principle of taxation is the normative idea that

- an equitable tax system is one in which high income individuals should bear a greater burden of taxes than low income individuals.
- each individual should voluntarily contribute according to her ability to pay taxes.
- progressive taxes are more equitable than regressive taxes.
- two individuals earning the same income should have equal ability to pay, all else constant.

Answer: <https://biology-forums.com/index.php?topic=1907434>

Question 595

Question 1. The idea that two taxpayers in the same economic circumstances should pay the same level of taxes is known as the

- ability-to-pay principle.
- vertical-equity principle.
- horizontal-equity principle.
- benefits-received principle.

Question 2. Gasoline taxes that are typically used for highway construction and maintenance are consistent with which of the following principles of taxation?

- the ability-to-pay principle
- the horizontal-equity principle
- the vertical-equity principle
- the benefits-received principle

Answer: <https://biology-forums.com/index.php?topic=1907435>

Question 596

Figure 18-1

Refer to Figure 18-1. Area B + C represents

- the portion of sales tax revenue borne by consumers.
- the portion of sales tax revenue borne by producers.
- the excess burden of the sales tax.
- sales tax revenue collected by the government.

Answer: <https://biology-forums.com/index.php?topic=1907463>

Question 597

Question 1. Which of the following pairs of goods is likely to have a negative cross-price elasticity of demand?

- pancakes and syrup
- hot dogs and hamburgers
- orange juice and grapefruit juice
- peanuts and cat food

Question 2. When the price of tortilla chips rose by 10 percent, the quantity of tortilla chips sold fell 4 percent, and the sale of dips (like salsa and bean dip) fell 8 percent. This set of facts indicates that the cross-price elasticity between tortilla chips and dips is _____, so the two are _____.

- 0.8; substitutes
- -0.4; complements
- -0.8; complements
- 0.4; substitutes

Answer: <https://biology-forums.com/index.php?topic=1906883>

Question 598

Question 1. Labor demand is considered a derived demand because producers do not demand labor for itself but only because labor is used to produce output that consumers desire.

- true
- false

Question 2. The marginal product of labor is the increase in output as a result of hiring an additional worker while the marginal revenue product of labor is the increase in profit as a result of hiring an additional worker.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907361>

Question 599

Question 1. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for rice. What happens in this market if buyers expect the price of rice to fall?

- Panel (a)
- Panel (b)
- Panel (c)
- Panel (d)

Question 2. Figure 3-7

Refer to Figure 3-7. Assume that the graphs in this figure represent the demand and supply curves for used clothing, an inferior good. Which panel describes what happens in this market as a result of a decrease in income?

- Panel (a)
- Panel (b)
- Panel (c)
- Panel (d)

Answer: <https://biology-forums.com/index.php?topic=1906804>

Question 600

Figure 3-8

Refer to Figure 3-8. The graph in this figure illustrates an initial competitive equilibrium in the market for apples at the intersection of D₂ and S₂ (point E). Which of the following changes would cause the equilibrium to change to point A?

- a positive change in the technology used to produce apples and decrease in the price of oranges, a substitute for apples
- an increase in the wages of apple workers and a decrease in the price of oranges, a substitute for apples
- an increase in the number of apple producers and a decrease in the number of apple trees as a result of disease
- a decrease in the wages of apple workers and an increase in the price of oranges, a substitute for apples

Answer: <https://biology-forums.com/index.php?topic=1906810>

Question 601

Which of the following statements regarding concentration ratios is most accurate?

- Concentration ratios always provide an accurate account of the extent of competition in an industry.
- Due to their shortcomings, concentration ratios provide no useable information as to the extent of competition in an industry.
- Due to their shortcomings, concentration ratios generally do not provide any legitimate idea of the extent of competition in an industry.
- Despite their shortcomings, concentration ratios can provide a general idea of the extent of competition in an industry.

Answer: <https://biology-forums.com/index.php?topic=1907148>

Question 602

What is a Lorenz curve and what is a Gini coefficient?

Answer: <https://biology-forums.com/index.php?topic=1907485>

Question 603

A change in the slope of an isocost line is due to a change in

- the output price.
- the price of one or both inputs.
- total cost.
- quantity of output.

Answer: <https://biology-forums.com/index.php?topic=1907046>

Question 604

Which of the following products allows the seller to identify different groups of consumers (segment the market) at virtually no cost?

- early bird dinner specials
- books sold online
- a pair of Bose speakers
- iPhones

Answer: <https://biology-forums.com/index.php?topic=1907258>

Question 605

A member of a cartel earns more profits by producing more than its quota and selling at a price higher than the cartel's price.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907157>

Question 606

Explain why selling output at a price below that at which marginal revenue equals marginal cost ($MR = MC$) might serve to deter entry of a potential competitor.

Answer: <https://biology-forums.com/index.php?topic=1907172>

Question 607

Figure 14-5

Netflix (N) was one of the first companies to offer streaming video services and is still considered a leader in the industry. Spotify (S) offers a music streaming service and in 2015 considered entering the video streaming business. At that point, Netflix had to decide whether or not to lower its subscription price in order to deter Spotify's entry into the market. Figure 14-5 shows a hypothetical decision tree for the Netflix-Spotify entry game. Refer to Figure 14-5. Does it make sense for Netflix to lower its price in order to deter Spotify's entry into the streaming video market?

- yes, because Netflix stands to make a profit of \$7 million by lowering its price and keeping Spotify out of the market
- no, because Netflix will make a higher profit by keeping its subscription price unchanged, whether Spotify enters the market or not
- yes, because it is always profitable to remain a monopoly
- no, because Spotify will enter the market regardless of Netflix's decision about its subscription price

Answer: <https://biology-forums.com/index.php?topic=1907165>

Question 608

An increase in income results in an outward shift of an indifference curve.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907022>

Question 609

Question 1. Between 1950 and 2017 the productivity of wheat farmers in the United States more than doubled. This means that

- the amount of land and other resources devoted to wheat production more than doubled.
- the incomes of wheat farmers more than doubled.
- the total amount of wheat produced more than doubled.
- the amount of wheat produced by the average farmer more than doubled.

Question 2. The paradox of American farming is

- the demand for imported luxury food products has risen as the demand for domestic food products has fallen.
- the demand for food has risen as the number of people who pursue farming as a career has fallen.

- food has become cheaper and more abundant as the number of farms has decreased.
- the amount of food produced has increased as the average farm size has fallen.

Answer: <https://biology-forums.com/index.php?topic=1906898>

Question 610

Harvey Miller owns a baseball that was hit for a home run by Ted Williams. Harvey, a long-time Boston Red Sox fan, recently refused to sell his baseball for \$75,000 even though he would not have paid someone more than \$10,000 for the baseball if he did not already own it. Harvey explained his decision not to sell the baseball by noting that: "Ted Williams was my hero. This baseball has a great deal of sentimental value for me." Which of the following can explain Harvey's behavior?

- the difference between implicit and explicit costs
- the scarcity of home run baseballs hit by Ted Williams
- the endowment effect
- how social influences can affect consumption choices

Answer: <https://biology-forums.com/index.php?topic=1906981>

Question 611

Question 1. Explain the economic assumption that "people are rational."

Question 2. Explain the economic idea that "people respond to incentives."

Answer: <https://biology-forums.com/index.php?topic=1906752>

Question 612

The typical shape of an isoquant is

- convex towards the origin.
- concave towards the origin.
- linear and downward sloping.
- linear and upward sloping.

Answer: <https://biology-forums.com/index.php?topic=1907041>

Question 613

Economists estimated that the price elasticity of beer is -0.30 and the income elasticity of beer is 0.09. This means that

- an increase in the price of beer will increase the quantity demanded of beer and beer is a normal good.
- an increase in the price of beer will lead to an increase in revenue for beer sellers and beer is a normal good.
- a decrease in the price of beer will lead to an increase in revenue for beer sellers and beer is an inferior good.
- an increase in the price of beer will lead to a decrease in the quantity demanded of beer and beer is a luxury.

Answer: <https://biology-forums.com/index.php?topic=1906873>

Question 614

Question 1. If marginal cost is zero, with an optimal two-part tariff

- total revenue is maximized.
- consumers maximize their surplus
- the firm does not have to charge a fixed-fee portion.
- firms may not maximize profit.

Question 2. Consider the following pricing strategies:

a. perfect price discrimination b. charging different prices to different groups of customers c. optimal two-part tariff d. single-price monopoly pricing

Which of the pricing strategies allows a producer to capture the entire consumer surplus that would have gone to consumers under perfect competitive pricing?

- a, b, c, and d
- a, b, and c only
- a and b only
- a and c only

Answer: <https://biology-forums.com/index.php?topic=1907342>

Question 615

The expenses you encounter when you buy in one market and sell in a distant market are known as

- production costs.
- fixed costs.
- transactions costs.
- sunk costs.

Answer: <https://biology-forums.com/index.php?topic=1907242>

Question 616

Question 1. If there are no externalities, a competitive market achieves economic efficiency. If there is a negative externality, economic efficiency will not be achieved because

- too little of the good will be produced.
- too much of the good will be produced.
- a deadweight loss will occur that is equal to the area under the demand curve for the good.
- economic surplus is maximized.

Question 2. When there is a negative externality, the marginal private cost of production _____ the marginal social cost of production.

- is greater than
- is equal to
- eliminates
- is less than

Answer: <https://biology-forums.com/index.php?topic=1906845>

Question 617

Gowri has \$6 per day to purchase lunch. She spends all of her lunch money on pizza and iced tea. The price of pizza is \$2.00 per slice and iced tea costs \$1 per bottle.

a. Draw Gowri's budget constraint and label it BC0. Put pizza on the horizontal axis and iced tea on the vertical axis. Be sure to identify the intercept values.

b. If the price of iced tea rises to \$1.20 per bottle, show what will happen to her budget constraint in your diagram. Be sure to indicate any new intercept values.

Answer: <https://biology-forums.com/index.php?topic=1907025>

Question 618

Question 1. There are a limited number of original Picasso paintings. This means that the supply of original Picasso paintings is perfectly elastic.

- true
- false

Question 2. Explain the economic concept of price elasticity of supply. How is price elasticity of supply calculated?

Answer: <https://biology-forums.com/index.php?topic=1906921>

Question 619

Which of the following groups had the highest poverty rate in 2016 in the United States?

- Asians
- blacks
- Hispanics
- female heads of families

Answer: <https://biology-forums.com/index.php?topic=1907478>

Question 620

Figure 15-2

Figure 15-2 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-2. To maximize profit, the firm will produce at output level

- Q1.
- Q2.
- Q3.
- Q4.

Answer: <https://biology-forums.com/index.php?topic=1907214>

Question 621

Figure 10-4

Refer to Figure 10-4. Best friends Laurel and Hardy both enjoy watching romantic comedies and science fiction movies. Based on the diagrams above what can you conclude about their movie preferences?

- They have identical movie preferences.
- Hardy enjoys romantic comedies more than Laurel.
- Hardy enjoys science fiction movies more than Laurel.
- The diagrams do not provide any information about relative preferences.

Answer: <https://biology-forums.com/index.php?topic=1906988>

Question 622

Figure 16-3

Chantal owns a hairdressing salon which caters to two main groups of customers: residents of "The Chateau," a retirement community, and other residents in the neighborhood. Figure 16-3 shows the demand curves for the residents of the retirement community, labeled Market A, and other residents in the neighborhood, labeled Market B. The demand curves are not identical.

Refer to Figure 16-3. Which group of customers is likely to have a more elastic demand curve (more sensitive to price)?

- the other residents of the neighborhood—market B
- There is no difference in the elasticity of demand between the two groups.
- the customers from "The Chateau"—market A
- There is insufficient information to answer this question.

Answer: <https://biology-forums.com/index.php?topic=1907321>

Question 623

Advertising is the action of a firm that is intended to maintain the differentiation of its product over time.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907114>

Question 624

Figure 18-1

Refer to Figure 18-1. The sales tax revenue collected by the government is represented by the area

- B + C.
- F + G.
- E + H.
- B + C + F + G.

Answer: <https://biology-forums.com/index.php?topic=1907458>

Question 625

Question 1. Assume that cotton is a normal good. Which of the following would cause both the equilibrium price and equilibrium quantity of cotton to increase?

- an increase in consumer income
- a drought that sharply reduces cotton output
- a decrease in consumer income
- unusually good weather that results in a bumper crop of cotton

Question 2. Assume that potatoes are an inferior good. Which of the following would cause both the equilibrium price and equilibrium quantity of potatoes to decrease?

- an increase in consumer income
- a freeze that sharply reduces potato output
- a decrease in consumer income
- a technological advancement that results in a bumper crop of potatoes

Answer: <https://biology-forums.com/index.php?topic=1906801>

Question 626

The cross-price elasticity of demand between Coca-Cola and Pepsi-Cola is calculated by dividing

- the percentage change in quantity demanded of Coca-Cola by the percentage change in the quantity demanded of Pepsi-Cola.
- the percentage change in the price of Pepsi-Cola by the percentage change in quantity demanded of Coca-Cola.
- the percentage change in the price of Coca-Cola by the percentage change in the price of Pepsi-Cola.
- the percentage change in the quantity demanded of Coca-Cola by the percentage change in the price of Pepsi-Cola.

Answer: <https://biology-forums.com/index.php?topic=1906880>

Question 627

Assume that the market for cage-free eggs is perfectly competitive. All else equal, as more farmers choose to produce and sell cage-free eggs, what is likely to happen to the equilibrium price of the eggs and profits of these farmers in the long run?

- The equilibrium price is likely to increase and profits are likely to remain unchanged.
- The equilibrium price is likely to remain unchanged and profits are likely to increase.
- The equilibrium price is likely to decrease and profits are likely to decrease.
- The equilibrium price is likely to increase and profits are likely to increase.

Answer: <https://biology-forums.com/index.php?topic=1907058>

Question 628

An article on how hotel prices rose during the solar eclipse on August 21, 2017 noted that in Hopkinsville, Kentucky: "At the local La Quinta Inn &

Suites, prices are \$425 a night, up from a \$93 average on Google for the weekend before."

Source: David Gernon, "Once-in-a-lifetime solar eclipse is a bonanza for hotels, airlines," cnbc.com, July 27, 2017.

Which of the following statements is true?

- The La Quinta Inn & Suites is practicing first-degree price discrimination by charging what the market will bear.
- This is evidence of third-degree price discrimination because hotel accommodation on a particular day is not a product that can be resold later.
- There is no evidence of price discrimination; the La Quinta Inn & Suites is responding to increased demand for hotel rooms in the face of constant supply.
- The La Quinta Inn & Suites has adopted this pricing strategy to capitalize on arbitrage profits.

Answer: <https://biology-forums.com/index.php?topic=1907276>

Question 629

When Congress passed a law that imposed a tax designed to fund its Social Security and Medicare programs, it wanted employers and workers to share the burden of the tax equally. Most economists who have studied the incidence of the tax have concluded

- the tax is not high enough to cover the future costs of Social Security and Medicare.
- the tax on employers is too high because it reduces the employment of low-skilled workers.
- the burden of the tax falls almost entirely on workers.
- the tax rate should be greater for high-income workers than for low-income workers.

Answer: <https://biology-forums.com/index.php?topic=1906827>

Question 630

Sequential games are used to analyze

- firms that are subject to the prisoner's dilemma.
- cartels.
- second-price auctions.
- situations in which one firm acts and other firms respond.

Answer: <https://biology-forums.com/index.php?topic=1907159>

Question 631

Question 1. What must balance on a balance sheet?

- Total assets must equal total liabilities plus equity.
- Revenues must equal costs.
- Retained earnings plus dividends paid must equal earnings per share.
- All of these must balance.

Question 2. On a balance sheet, short-term debts such as accounts payable are listed as

- current assets.
- current liabilities.
- stockholders' equity.
- goodwill.

Answer: <https://biology-forums.com/index.php?topic=1906950>

Question 632

The reason that the Fisherman's Friend restaurant in Stonington, Maine had a monopoly on selling seafood dinners in that town is most likely due to

- a government-imposed barrier.
- occupational licensing.
- no competitors apparently found the profit level attractive enough to enter the market.
- the restaurant owned all the fresh seafood in the state.

Answer: <https://biology-forums.com/index.php?topic=1907206>

Question 633

Question 1. If it is difficult for a firm to attribute the output it produces to a particular worker, then

- its employees are likely to form a union.
- a commission system of compensation will be preferable to a salary system.
- a salary compensation system will be preferable to a commission system.
- a piece-rate system of compensation will be preferable to a salary system.

Question 2. The price of a factor of production that is in fixed supply is called

- economic rent.
- economic profit.
- a compensating differential.
- opportunity cost.

Answer: <https://biology-forums.com/index.php?topic=1907401>

Question 634

Figure 10-7

The above panels show various combinations of indifference curves and budget constraints for two products: Popcorn and Candy. Refer to Figure 10-7. A change in income is shown in

- Panel A.
- Panel B.
- Panel C.
- None of these panels.

Answer: <https://biology-forums.com/index.php?topic=1907001>

Question 635

What is an indifference curve? Why can indifference curves never cross?

Answer: <https://biology-forums.com/index.php?topic=1907024>

Question 636

Being the first to sell a particular good can give a firm advantages over other firms that sell similar products. What is the name given to these advantages?

- first-mover
- first come, first served
- follow the leader
- first to market

Answer: <https://biology-forums.com/index.php?topic=1907131>

Question 637

A perfectly competitive firm produces 3,000 units of a good at a total cost of \$36,000. The price of each good is \$10. Calculate the firm's short-run profit or loss.

- loss of \$6,000
- profit of \$6,000
- profit of \$30,000
- There is insufficient information to answer the question.

Answer: <https://biology-forums.com/index.php?topic=1907064>

Question 638

Question 1. A decrease in population shifts the production possibilities frontier outwards over time.

- true
- false

Question 2. On a diagram of a production possibilities frontier, economic growth is represented by the slope of the production possibilities frontier.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906774>

Question 639

All consumption bundles along a given indifference curve are equally desirable.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907023>

Question 640

Figure 15-2

Figure 15-2 above shows the demand and cost curves facing a monopolist.

Refer to Figure 15-2. If the firm's average total cost curve is ATC₁, the firm will

- suffer a loss.
- break even.
- make a profit.
- face competition.

Answer: <https://biology-forums.com/index.php?topic=1907216>

Question 641

The four-firm concentration ratio in the breakfast cereal industry is 80 percent. How does the five competitive forces model provide better insight into the degree of competition in the breakfast cereal industry than just observing the concentration ratio?

Answer: <https://biology-forums.com/index.php?topic=1907204>

Question 642

Question 1. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the monopoly price. (This is also called a two-part tariff.) What is the profit earned under this pricing scheme?

- \$5,760
- \$6,400
- \$7,680
- \$7,870

Question 2. Figure 16-5

Refer to Figure 16-5. Suppose the firm represented in the diagram decides to use a two-part pricing strategy such that it charges a fixed fee and a per-unit price equal to the competitive price. (This is also called an optimal two-part tariff.) What is the quantity it should produce?

- 240 units
- 320 units
- 480 units
- 560 units

Answer: <https://biology-forums.com/index.php?topic=1907345>

Question 643

Question 1. What is the term that explains why voters often lack knowledge of pending legislation, and lack knowledge of the views of candidates for office on a range of issues that affect their own (the voters') welfare?

- the voting paradox
- logrolling
- rational ignorance
- regulatory capture

Question 2. The public choice model can be used to examine voting models that contrast the manner in which collective decisions are made by governments (state, local, and federal) and the manner in which individual choices are made in markets. Which of the following descriptions is consistent with the difference between collective decision-making and decision-making in markets?

- Everyone who votes must agree with a decision made collectively through government, but in markets individuals can make their own choices.
- Individuals are less likely to see their preferences represented in the outcomes of government policies than in the outcomes of markets.
- The cost of a government policy is determined by a majority vote of members of the public; decisions made in markets are based on individual willingness to pay.
- Choices made through government policies are more important than decisions individuals make through markets.

Answer: <https://biology-forums.com/index.php?topic=1907413>

Question 644

Figure 16-2

Plato Playhouse, a theatre company in the university town of Wegg, caters to two groups of customers: students and the non-student population.

Figure 16-2 shows the demand curves for the two groups of customers.

Refer to Figure 16-2. Suppose Plato Playhouse price discriminates. What is the quantity sold to each group of customers and what is the total quantity sold?

- quantity sold to students = Q_b ; quantity sold to non-students = Q_b ; total sales = Q_a
- quantity sold to students = Q_c ; quantity sold to non-students = Q_b ; total sales = $Q_b + Q_c$
- quantity sold to students = Q_c ; quantity sold to non-students = Q_e ; total sales = $Q_e + Q_c$
- quantity sold to students = Q_c ; quantity sold to non-students = Q_d ; total sales = $Q_d + Q_c$

Answer: <https://biology-forums.com/index.php?topic=1907305>

Question 645

Question 1. Economists who support market-based reforms for health care believe that increased competition among providers of health care would _____ costs and _____ economic efficiency.

- increase; increase
- increase; decrease
- decrease; increase
- decrease; decrease

Question 2. Article Summary

An Organisation for Economic Co-operation and Development (OECD) report states that administration costs for health care in the United States are the highest in the developed world, accounting for over 8 percent of spending in the health care sector, compared to a global average of about 3

percent. According to the report, expensive surgeries, high pharmaceutical costs, and corrupt practices increased global health care costs, and poor coordination between health care providers, duplication of tasks, and excessive time spent on paperwork all contributed to higher administrative costs. The report also noted that administrative costs are generally lower under government-managed health care systems than with private insurance, but governments could still significantly cut spending and improve patients' health.

Source: Alanna Petroff, "U.S. health care admin costs are double the average," money.cnn.com, January 11 2017.

Refer to the Article Summary. The article discusses the high administrative costs of health care in the United States. Even if private insurance companies were more efficient and brought administrative costs down, consumers would still pay less than the full cost of medical treatment. This would result in the market equilibrium price of medical services being _____ than the efficient equilibrium price, and the market equilibrium quantity of medical services being _____ than the efficient equilibrium quantity.

- greater; greater
- greater; less
- less; greater
- less; less

Answer: <https://biology-forums.com/index.php?topic=1906932>

Question 646

What is the marginal rate of substitution?

- the price ratio
- the rate at which the consumer must give up one good to purchase an additional unit of the other goods in the market
- the rate at which the consumer is willing to trade one good for another so that she increases her utility
- the rate at which the consumer is willing to trade one good for another without any loss in utility

Answer: <https://biology-forums.com/index.php?topic=1906991>

Question 647

Question 1. Figure 2-8

Figure 2-8 above shows the production possibilities frontier for Vidalia, a nation that produces two goods, roses and orchids.

Refer to Figure 2-8. What is the opportunity cost of 80 dozen orchids?

- 0 roses
- 2.5 dozen roses
- 40 dozen roses
- 200 dozen roses

Question 2. Figure 2-8

Figure 2-8 above shows the production possibilities frontier for Vidalia, a nation that produces two goods, roses and orchids.

Refer to Figure 2-8. What is the opportunity cost of 100 dozen roses?

- 0.8 dozen orchids
- 5 dozen orchids
- 40 dozen orchids
- 80 dozen orchids

Answer: <https://biology-forums.com/index.php?topic=1906772>

Question 648

As a firm moves to higher isocost lines,

- its profits increase.
- its revenue increases.
- its input price ratio increases.
- its total cost increases.

Answer: <https://biology-forums.com/index.php?topic=1907045>

Question 649

Question 1. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews.

Refer to Figure 2-9. Which country has a comparative advantage in the production of cotton?

- Indonesia
- They have equal productive abilities.
- Pakistan
- neither country

Question 2. Figure 2-9

Figure 2-9 shows the production possibilities frontiers for Pakistan and Indonesia. Each country produces two goods, cotton and cashews.

Refer to Figure 2-9. Which country has a comparative advantage in the production of cashews?

- Indonesia
- They have equal productive abilities.

- Pakistan
- neither country

Answer: <https://biology-forums.com/index.php?topic=1906780>

Question 650

Question 1. One reason why McDonald's charges a single price for its products is that it is difficult and costly for the company to determine each individual consumer's willingness to pay.

- true
- false

Question 2. Both first-degree price discrimination and optimal two-part tariff pricing maximize economic surplus.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907326>

Question 651

Question 1. In order to derive an individual's demand curve for salmon, we would observe what happens to the utility-maximizing bundle when we change

- income and hold everything else constant.
- tastes and preferences and hold everything else constant.
- the price of the product and hold everything else constant.
- the price of a close substitute and hold everything else constant.

Question 2. Economists Robert Jensen and Nolan Miller reasoned that to be a Giffen good, with an income effect larger than its substitution effect, a good must be _____ and make up a _____ portion of a consumer's budget.

- a normal good; very small
- an inferior good; very small
- a normal good; very large
- an inferior good; very large

Answer: <https://biology-forums.com/index.php?topic=1906973>

Question 652

Question 1. Which of the following are primarily macroeconomic topics and which are primarily microeconomic topics?

a. gasoline prices b. unemployment c. inflation d. health care costs e. air pollution f. economic growth

Question 2. In economics, all of the following is counted as "capital" except

- money.
- machine tools.
- factory buildings.
- warehouses.

Answer: <https://biology-forums.com/index.php?topic=1906760>

Question 653

Question 1. Employees _____ income tax on their wages and salaries, and _____ income tax on the amount employers spend providing them with health insurance.

- do not pay; do not pay
- pay; pay
- pay; do not pay
- do not pay; pay

Question 2. According to public choice theory, policymakers

- place the interests of the public above their own self-interest.
- are likely to pursue their own self-interest, even if their self-interest conflicts with the public interest.
- act in ways to maximize economic efficiency.
- act in ways to bring about an equitable distribution of society's wealth.

Answer: <https://biology-forums.com/index.php?topic=1907406>

Question 654

Charging different prices to different consumers for the same product when the price differences are not due to differences in cost is called arbitrage.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907249>

Question 655

If the marginal product of labor is 45 units of output and the marginal product of capital is 56 units of output while the wage rate is \$20 per worker and the cost of capital is \$28 per machine, are these two inputs being used in the least-cost combination and what should be done if they are not?
Answer: <https://biology-forums.com/index.php?topic=1907056>

Question 656

Question 1. Free trade _____ living standards by _____ economic efficiency.

- raises; increasing
- lowers; decreasing
- raises; equalizing
- lowers; eliminating

Question 2. One reason for the success that firms have in getting the government to erect and maintain barriers to foreign competition is members of Congress who engage in _____, where members in districts with protected industries agree to trade votes on issues that concern other members in order to uphold tariffs.

- vote fixing
- gerrymandering
- logrolling
- filibustering

Answer: <https://biology-forums.com/index.php?topic=1906953>

Question 657

Wilbur Rickhiser, a financial advisor, recently told one of his clients: "The biggest mistake you can make is to hold onto a stock for too long in order to avoid a loss. Let's say you bought a stock for \$50 per share but that six months later the price fell to \$40 after a poor earnings report. Many of my clients in this situation will hold the stock, hoping the price will later rise above \$50. In most cases like this the price does not rise and may even fall. You must know when to cut your losses." Which of the following is the best explanation for Rickhiser's advice?

- People sometimes buy stocks because other people are buying them or they want to appear to be fashionable.
- People sometimes make mistakes when they buy stocks because of the endowment effect.
- People sometimes make mistakes when they buy stocks or when they buy goods and services: they ignore the monetary opportunity costs of their choices.
- People often fail to ignore the sunk costs of their decisions. The cost of the stock bought at \$50 per share is a sunk cost.

Answer: <https://biology-forums.com/index.php?topic=1906982>

Question 658

A trademark grants a firm legal protection against other firms using the name of its product. When a firm has been granted a trademark, it

- still faces the possibility that the name will become widely used and no longer associated with a specific company.
- does not have to worry about legally enforcing the trademark; this is the responsibility of the legal system.
- still must apply for a copyright and a patent to ensure that no other firm will use the product's name.
- must spend an annual amount on advertising the product each year; the amount it must spend is negotiated by the firm and the government agency that grants the trademark.

Answer: <https://biology-forums.com/index.php?topic=1907110>

Question 659

Some consumer electronics products such as OLED TVs, Blu-ray players, and digital cameras, are introduced at very high prices but over time, their prices start falling (beyond what could be attributed to falling costs as companies take advantage of economies of scale and cheaper technologies). Which of the following is the best explanation for this observation?

- More firms are likely to enter the consumer electronics market over time, forcing market prices down.
- Early adopters of these new products typically have a higher demand and higher income compared to those who are willing to wait.
- Early adopters are more quality conscious and are willing to pay higher prices for the initial production of these goods.
- After satisfying the demand for early adopters, firms lower price to attract the more price-sensitive consumers.

Answer: <https://biology-forums.com/index.php?topic=1907288>

Question 660

Question 1. Explain why a local bottler of PepsiCo products would likely prefer a national soda tax to a local soda tax in its region.

Question 2. Explain the concepts of cross-price elasticity of demand and income elasticity of demand. What do positive and negative values indicate for each of these demand elasticities?

Answer: <https://biology-forums.com/index.php?topic=1906891>

Question 661

Figure 16-1

Refer to Figure 16-1. What is the consumer surplus received under perfect price discrimination?

- the area under the demand curve above P1

- the area under the demand curve above P3
- the area under the demand curve above P4
- zero

Answer: <https://biology-forums.com/index.php?topic=1907302>

Question 662

Question 1. Which of the following is an example of an implicit cost that a firm might incur?

- the out-of-pocket expense to hire resources
- taxes owed to the state and Federal governments
- the rental value of the office space the company owns and uses for itself
- the revenue a firm generates in using its resources

Question 2. Laura's Pizza Place incurs \$800,000 per year in explicit costs and \$100,000 in implicit costs. The restaurant earns \$1.3 million in revenues and has \$5 million in net worth. Based on this information, what is the economic profit for Laura's Pizza Place?

- \$200,000
- \$400,000
- \$500,000
- \$2.8 million

Answer: <https://biology-forums.com/index.php?topic=1906943>

Question 663

Question 1. If the labor demand curve shifts to the left and the labor supply curve remains unchanged, what will happen to the equilibrium wage and the equilibrium level of employment? Illustrate your answer with a graph.

Question 2. If the labor supply curve shifts to the right and the labor demand curve remains unchanged, what will happen to the equilibrium wage and the equilibrium level of employment? Illustrate your answer with a graph.

Answer: <https://biology-forums.com/index.php?topic=1907393>

Question 664

Which of the following is a necessary condition for successful price discrimination?

- The seller must possess market power.
- The buyer must possess market power.
- Transactions costs must be zero.
- Buyers must have identical inelastic demands.

Answer: <https://biology-forums.com/index.php?topic=1907261>

Question 665

The actual division of the burden of a tax is called

- tax credit.
- tax incidence.
- excess burden.
- tax dispersion.

Answer: <https://biology-forums.com/index.php?topic=1907456>

Question 666

Article Summary

In Colorado, recreational marijuana is legal but smoking in hotels is not. Former Wall Street lawyer Joel Schneider found a way around this legal conundrum by opening a bed-and-breakfast (B&B), which he refers to as Bud+Breakfast. In Colorado, B&Bs are considered private property and therefore not subject to the no-smoking laws, and Schneider does not allow guests under the age of 21, the legal age to buy marijuana in the state. With six suites ranging from \$299 - \$399 per night, revenues in 2016 averaged \$110,000 per month. His success has allowed him to expand to three properties, with hopes of franchising to other states where recreational marijuana is also legal.

Source: Jane Wells, "Weed entrepreneur brings in over \$1 million a year running 'bud and breakfast' hotels," cnbc.com, January 18, 2017.

Refer to the Article Summary. By marketing to recreational marijuana users, Joel Schneider is trying to set his business apart from competing hotels and lodging establishments. All else equal, if his concept remains successful, in the long run we would expect Schneider to experience

- increased competition and lower economic profits.
- increased competition and higher economic profits.
- government regulation and no additional competition.
- rising average costs and long-run economic profits.

Answer: <https://biology-forums.com/index.php?topic=1907127>

Question 667

Question 1. What is meant by the term "opportunity cost"?

Question 2.a. Draw a production possibilities frontier for a country that produces two goods, beer and pretzels. Assume that resources are equally suited to both tasks.

b. Define opportunity costs. c. Use your production possibilities frontier graph to demonstrate the concept of opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=1906775>

Question 668

Question 1. Racial discrimination and other forms of discrimination based on irrelevant factors are illegal. Can price discrimination be illegal as well?

Question 2. Book publishers use price discrimination routinely, but the form of price discrimination they use is different from the form used by airlines and other industries. Explain.

Answer: <https://biology-forums.com/index.php?topic=1907334>

Question 669

Question 1. Wage differences among workers of different races and gender could be due to all of the following except

- differences in preferences for jobs.
- differences in work experience.
- differences in education.
- labor unions.

Question 2. Women typically earn less than men, even in the same occupation. Which of the following is an explanation for this discrepancy?

- Women do not work as hard as men because of cultural influences.
- Women have, on average, less workforce experience than men of the same age.
- Women are, on average, less motivated than men and therefore tend to avoid taking on more responsibilities.
- Women tend to take riskier jobs and earn compensating wage differentials.

Answer: <https://biology-forums.com/index.php?topic=1907399>

Question 670

Question 1. The largest percentage of federal income tax revenue in the United States is paid by the

- lowest income taxpayers.
- middle income taxpayers.
- highest income taxpayers.
- All groups of taxpayers—low income, high income and middle income—pay the same percent of federal income taxes.

Question 2. An average tax rate is calculated as

- $\text{total taxable income} \times \text{taxes paid}$.
- $\text{total taxable income} \div \text{taxes paid}$.
- $\text{taxes paid} \div \text{total taxable income}$.
- $(\text{total taxable income} - \text{taxes paid}) \div \text{taxable income}$.

Answer: <https://biology-forums.com/index.php?topic=1907431>

Question 671

An economist observes two consumers in a supermarket. One of the consumers buys a case of Coca-Cola and the other buys a case of Pepsi-Cola. Both colas sell for the same price and the ages and incomes of the consumers are also the same. Based on this information, how would the economist explain the consumers' choices?

- One of the consumers made the wrong choice, but it is impossible to say which one.
- Both consumers should have considered buying other colas that had lower prices.
- Both consumers should have purchased less than a case because they would be able to buy more later.
- Apparently, the consumers had different tastes.

Answer: <https://biology-forums.com/index.php?topic=1906956>

Question 672

Figure 18-1

Refer to Figure 18-1. Area B + C + F + G represents

- the portion of sales tax revenue borne by consumers.
- the portion of sales tax revenue borne by producers.
- the excess burden of the sales tax.
- sales tax revenue collected by the government.

Answer: <https://biology-forums.com/index.php?topic=1907462>

Question 673

Question 1. Price discrimination is a rational strategy for a profit-maximizing firm when

- it is possible to engage in arbitrage across market segments.
- it is not possible to segment consumers into identifiable markets.

- there is no opportunity for arbitrage across market segments.
- firms want to increase the amount of consumer surplus received by its customers.

Question 2. Bubba's Hula Shack Bar and Bistro has begun giving customers who can show proof that they arrived at the establishment by public transportation a 10 percent discount on their total bill. This is an example of

- arbitrage.
- two-part tariff pricing.
- price discrimination.
- odd pricing.

Answer: <https://biology-forums.com/index.php?topic=1907313>

Question 674

Question 1. Figure 4-8

Figure 4-8 shows the market for beer. The government plans to impose a per-unit tax in this market.

Refer to Figure 4-8. For each unit sold, the price sellers receive after the tax (net of tax) is

- \$20.
- \$22.
- \$27.
- \$32.

Question 2. Figure 4-8

Figure 4-8 shows the market for beer. The government plans to impose a per-unit tax in this market.

Refer to Figure 4-8. As a result of the tax, is there a loss in consumer surplus?

- Yes, because consumers pay a price above the economically efficient price.
- No, because the producer pays the tax.
- No, because the market reaches a new equilibrium
- No, because consumers are charged a lower price to cover their tax burden.

Answer: <https://biology-forums.com/index.php?topic=1906821>

Question 675

Question 1. The substitution effect of a price increase causes a decrease in the quantity of an inferior good demanded.

- true
- false

Question 2. The substitution effect of a change in the price of cauliflower is the portion of the change in the quantity of cauliflower demanded that can be attributed to the change in the price of a substitute vegetable such as asparagus.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1906970>

Question 676

Compare the distribution of income in the United States with the distribution of income in other high-income countries.

Answer: <https://biology-forums.com/index.php?topic=1907483>

Question 677

"The price of compact fluorescent light bulbs fell because of improvements in production technology. As a result, the demand for incandescent light bulbs decreased. This caused the price of incandescent light bulbs to fall; as the price of incandescent light bulbs fell the demand for incandescent light bulbs decreased even further." Evaluate this statement.

- The statement is false. A decrease in the price of compact fluorescent light bulbs would decrease the demand for incandescent light bulbs, but a decrease in the price of incandescent light bulbs would not cause the demand for incandescent light bulbs to decrease.
- The statement is false because the demand for incandescent light bulbs would increase as the price of compact fluorescent light bulbs fell.
- The statement is false because compact fluorescent light bulbs producers would not reduce their prices as a result of improvements in technology; doing so would reduce their profits.
- The statement is false because it confuses the law of demand with the law of supply.

Answer: <https://biology-forums.com/index.php?topic=1906805>

Question 678

One way by which firms differentiate their products is to try to anticipate changes in consumer tastes and adapt their products to fit those changed tastes.

- true
- false

Answer: <https://biology-forums.com/index.php?topic=1907106>

Question 679

Question 1. Which of the following is the largest source of revenue for the U.S. federal government?

- the individual income tax
- social insurance taxes
- sales taxes
- property taxes

Question 2. In the United States, the largest source of funds for public schools is

- the federal income tax.
- the property tax.
- the consumption tax.
- sales taxes.

Answer: <https://biology-forums.com/index.php?topic=1907437>

Question 680

Question 1. Figure 2-6

Refer to Figure 2-6. If the economy is currently producing at point E, what is the opportunity cost of moving to point B?

- 13 thousand hammers
- 10 thousand hammers
- 30 thousand wrenches
- 0 wrenches

Question 2. Figure 2-6

Refer to Figure 2-6. If the economy is currently producing at point E, what is the gain in production if the economy moves to point D?

- 13 thousand hammers
- 10 thousand hammers
- 8 thousand wrenches
- 0 wrenches

Answer: <https://biology-forums.com/index.php?topic=1906770>

Question 681

Question 1. Suppose the current price of oil is \$50 a barrel and the quantity supplied is 800 million barrels per day. If the price elasticity of supply for oil in the short run is estimated at 0.5, use the midpoint formula to calculate the percentage change in quantity supplied when the price of oil rises to \$58 a barrel.

Question 2. Suppose the current price of copper is \$3 per pound and the quantity supplied is 200 pounds per day. If the price of copper falls to \$2.50 per pound, the quantity supplied drops to 180 pounds per day. Use the midpoint formula to calculate the price elasticity of supply for copper.

Answer: <https://biology-forums.com/index.php?topic=1906922>

Question 682

Suppose two countries use different combinations of inputs, such as labor and capital, to produce the same product. This implies any one of the following except that

- the two countries use different technologies to produce the product.
- the inputs are not equally productive in the two countries.
- the prices of the inputs are not the same in the countries.
- one country is more efficient in the production of the good than the other.

Answer: <https://biology-forums.com/index.php?topic=1907048>

Question 683

One of the provisions of the Patient Protection and Affordable Care Act (ACA) is that in 2017, someone without health insurance was fined \$695 or 2.5 percent of their income, whichever amount was higher. A growing number of younger and healthier people chose to pay the fine and not purchase health insurance, which resulted in

- many additional insurance companies joining the ACA-established insurance marketplaces.
- some insurance companies leaving the ACA-established insurance marketplaces.
- the government tripling the fines for not purchasing health insurance.
- the total repeal of the ACA.

Answer: <https://biology-forums.com/index.php?topic=1906929>

Question 684

One reason why airlines charge business travelers and leisure travelers different prices is

- business travelers fly according to schedules that are planned months in advance. Many leisure travelers buy their tickets at the last minute.
- business travelers usually travel alone. Leisure travelers often fly with friends and family members; therefore, they have a more inelastic demand for

airline tickets than business travelers.

- business travelers fly more often than most leisure travelers. As a result, their employers are able to bargain with airlines for lower fares than leisure travelers pay.

- business travelers often have inflexible schedules and have to travel on a particular day. The opposite is true for leisure travelers.

Answer: <https://biology-forums.com/index.php?topic=1907315>

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