

Question 1

Which of the following is an example of a trade restriction?

- A) Japan places a tax on all Korean automobiles.
- B) Domestic wine is more expensive than wine imported from Chile.
- C) The United States, Canada, and Mexico sign the NAFTA agreement.
- D) Consumers prefer German beer to domestic beer.

Answer: <https://biology-forums.com/index.php?topic=324665>

Question 2

A monopoly is a firm that is the only seller of a good or service that does not have

- A) a patent.
- B) a close complement.
- C) a barrier to entry.
- D) a close substitute.

Answer: <https://biology-forums.com/index.php?topic=319889>

Question 3

Suppose a bank has the following balance sheet:

Assets Liabilities

Reserves \$14,000 Deposits \$100,000

Loans \$90,000 Net Worth \$4,000

If the required reserve ratio is 10 percent, how much excess reserves does the bank have? What is the maximum amount that the bank can expand its loans?

Answer: <https://biology-forums.com/index.php?topic=323220>

Question 4

Which of the following provides health-care coverage to people age 65 and over?

- A) Medicaid
- B) Medicare
- C) Social Security
- D) Health-Aid

Answer: <https://biology-forums.com/index.php?topic=324049>

Question 5

Which of the following is true about the Federal Reserve and its ability to prevent recessions? The Federal Reserve

- A) does not try to eliminate recessions, but instead focuses on preventing inflation.
- B) can fine tune the economy and realistically hope to keep the economy from experiencing recessions.
- C) cannot realistically fine tune the economy, but seeks to keep recessions shorter and milder than they would otherwise be.
- D) cannot realistically fine tune the economy and has little to no effect on the magnitude and length of recessions.

Answer: <https://biology-forums.com/index.php?topic=323670>

Question 6

A farm worker gets paid today in money, but plans to spend the money next week. This illustrates which function of money?

- A) medium of exchange
- B) unit of account
- C) store of value
- D) standard of deferred payment

Answer: <https://biology-forums.com/index.php?topic=322958>

Question 7

Which of the following would be the best measure of the cost of living?

- A) real GDP
- B) real GDP per person
- C) GDP deflator
- D) consumer price index

Answer: <https://biology-forums.com/index.php?topic=321609>

Question 8

Lionel's Lawn Care is a company that maintains residential yards. Lionel's cost for his standard package of mowing, edging, and trimming is \$15, and he charges \$25 for this service. For a total price of \$40, Lionel will also trim shrubs, a service that adds an additional \$10 to the total cost of the standard package. What is Lionel's marginal benefit if he sells the standard package?

- A) \$10
- B) \$15
- C) \$25
- D) \$40

Answer: <https://biology-forums.com/index.php?topic=311266>

Question 9

You wish to buy only one CD. Use the rule of equal marginal utility per dollar to determine which one to purchase: (a) Usher's latest CD for \$15 which gives you 75 units of utility, or (b) Tom Petty and the Heartbreakers' Greatest Hits for \$10 that gives you 100 units of utility?

Answer: <https://biology-forums.com/index.php?topic=318125>

Question 10

Recessions cause the unemployment rate to _____ and the inflation rate to _____.

- A) rise; rise
- B) rise; fall
- C) fall; rise
- D) fall; fall

Answer: <https://biology-forums.com/index.php?topic=322284>

Question 11

An increase in individual income taxes _____ disposable income, which _____ consumption spending.

- A) increases; increases
- B) increases; decreases
- C) decreases; increases
- D) decreases; decreases

Answer: <https://biology-forums.com/index.php?topic=324125>

Question 12

A market economy benefits from market power

- A) if the majority of the population are entrepreneurs.
- B) if firms with market power do research and development with the profits earned.
- C) if market power gets so bad the government creates public enterprises.
- D) under no circumstances.

Answer: <https://biology-forums.com/index.php?topic=320209>

Question 13

Suppose that American firms claim that protectionism in Canada is on the rise as the Canadian government attempts to protect its infant industries with a "Buy Canadian" provision. This policy, similar to the original "Buy American" provision in the 2009 U.S. stimulus bill, is likely to cause

- A) exporting countries to retaliate by placing trade barriers on Canadian imports.
- B) Canadian manufacturers to become more efficient.
- C) Canadian companies to pay lower prices for protected products.
- D) most countries to reduce their own trade barriers to be able to better compete with Canadian imports at home.

Answer: <https://biology-forums.com/index.php?topic=324719>

Question 14

In which of the following situations would the Fed conduct contractionary monetary policy?

- A) The Fed believes that aggregate demand was growing too slowly to keep up with potential GDP.
- B) The Fed fears that unemployment is climbing above the natural rate.
- C) The Fed is concerned that aggregate demand would continue to exceed the growth in potential GDP.
- D) The Fed is worried that deflation will become a problem.

Answer: <https://biology-forums.com/index.php?topic=323718>

Question 15

Use the dynamic aggregate demand and aggregate supply model and start with Year 1 in long-run macroeconomic equilibrium. For Year 2, graph aggregate demand, long-run aggregate supply, and short-run aggregate supply such that the condition of the economy will induce the Federal Reserve to conduct a contractionary monetary policy. Briefly explain the condition of the economy and what the Federal Reserve is attempting to do.

Answer: <https://biology-forums.com/index.php?topic=323821>

Question 16

If production displays economies of scale, the long-run average cost curve is

- A) above the short-run average total cost curve.
- B) downward-sloping.
- C) upward sloping.
- D) below the long-run marginal cost curve.

Answer: <https://biology-forums.com/index.php?topic=319150>

Question 17

Money is

- A) an asset that people are willing to accept in exchange for goods and services.
- B) a liability that people are willing to accept in exchange for goods and services.
- C) the income one earns over a period of time.
- D) one's assets net of one's liabilities at any point in time.

Answer: <https://biology-forums.com/index.php?topic=322940>

Question 18

How does the increasing use of MP3 players affect the market for compact discs?

- A) The demand curve for compact discs shifts to the right.
- B) The supply curve for compact discs shifts to the left.
- C) The supply curve for compact discs shifts to the right.
- D) The demand curve for compact discs shifts to the left.

Answer: <https://biology-forums.com/index.php?topic=313975>

Question 19

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=317450>

Question 20

The word "util" has been used by economists in the past as an objective measure of utility. Today economists believe that

- A) utility cannot be measured objectively.
- B) utility can be measured objectively because people can use prices of different goods to measure utility.
- C) all of the important conclusions of the economic model of consumer behavior depend on utility being measured objectively.
- D) the util truly is an objective, rather than a subjective, measure of utility.

Answer: <https://biology-forums.com/index.php?topic=318040>