

### Question 1

- The high-school dropout rate typically declines during a recession because
- A) more money flows into the public sector as the flow declines in the private sector.
  - B) teachers become more readily available during a recession.
  - C) the opportunity cost of continuing in school falls in a recession.
  - D) the demand for education rises in a recession.
  - E) the legal school-leaving age is a function of the unemployment rate.

Answer: <https://biology-forums.com/index.php?topic=312545>

### Question 2

- According to the textbook, when a foreign government provides aid to a poor nation, it
- A) interferes in the domestic affairs of the poor nation.
  - B) behaves in the interest of the poor nation.
  - C) pursues the global interest.
  - D) does all of the above.
  - E) does none of the above.

Answer: <https://biology-forums.com/index.php?topic=317026>

### Question 3

Which of the following Latin American countries had by far the worst growth rate between 1960 and 2011?

- A) Brazil
- B) Columbia
- C) Mexico
- D) Venezuela

Answer: <https://biology-forums.com/index.php?topic=317071>

### Question 4

Which statement best describes the relationship between scarcity and shortage?

- A) Neither scarcity nor shortages will exist if money prices are allowed to determine who gets what.
- B) Scarcity and shortages are unavoidable as long as money prices are allowed to determine who gets what.
- C) Scarcity is an inescapable fact of life but shortages are avoidable.
- D) Shortages are an inescapable fact of life but scarcity can be eliminated.

Answer: <https://biology-forums.com/index.php?topic=313234>

### Question 5

People who are not currently employed, but say they want a job, are counted as unemployed only if they

- A) are actively seeking employment.
- B) are between 16 and 65 years of age.
- C) are willing to accept a reasonable offer.
- D) have no other source of income.
- E) have previously held a job.

Answer: <https://biology-forums.com/index.php?topic=316187>

### Question 6

Which groups tend to have greater difficulties finding employment as a result of the minimum wage?

- A) Minorities
- B) Teens
- C) Those with little work experience
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313588>

### Question 7

Suppose each of the following is a highly-paid seller of services. Who provides a productive service?

- A) Dionne, the astrologer
- B) Jerry, the comedian
- C) Roger, the movie critic
- D) Joe, the vice president
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315563>

### Question 8

Which organization possesses a generally conceded and exclusive right to coerce adults?

- A) The capitalist enterprise
- B) The modern church
- C) The government
- D) The family

Answer: <https://biology-forums.com/index.php?topic=315313>

### Question 9

What will be the effects of a severe Florida freeze on the price of orange-juice-concentrate futures and what will occur as a result?

- A) The futures price will fall and less orange juice will be consumed currently.
- B) The futures price will fall and more orange juice will be consumed currently.
- C) The futures price will rise and less orange juice will be consumed currently.
- D) The futures price will rise and more orange juice will be consumed currently.

Answer: <https://biology-forums.com/index.php?topic=314143>

### Question 10

Grocery shoppers who willingly pay high prices at one supermarket to avoid long lines at the check-out counter of another supermarket with lower prices demonstrate, through their actions,

- A) they are not rational shoppers.
- B) they don't care about money.
- C) they would pay any amount of money to save a little time.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311930>

### Question 11

In an economy that did not use money, but in which barter was exclusively employed for the exchange of goods, inflation

- A) could not occur.
- B) would be almost entirely the result of speculation.
- C) would benefit buyers more than sellers.
- D) would redistribute real income rather than money income.
- E) would strike hardest at those on fixed incomes.

Answer: <https://biology-forums.com/index.php?topic=316075>

### Question 12

The "miracle" of the market, as addressed in your text, refers to the countless goods and services of great complexity made abundantly available

- A) so everybody gets what they need.
- B) so everybody gets what they want.
- C) and no failures of cooperation occur.
- D) even though most people do not know one another.

Answer: <https://biology-forums.com/index.php?topic=312928>

### Question 13

Capital is

- A) liquidity.
- B) interest.
- C) produced goods that can be used to produce future goods.
- D) non-existent in a socialist economy.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=315588>

### Question 14

Why are harder forms of liquor produced in "dry" counties in the U.S.?

- A) Drinkers in dry counties only prefer liquor to beer and wine.
- B) Producers only prefer to drink liquor.
- C) Producers find liquor more efficient to produce, given the rules of the game.
- D) Trick question: No liquor is produced in "dry" counties.

Answer: <https://biology-forums.com/index.php?topic=313514>

### Question 15

"Price gouging," or significant price spikes, are typically caused by

- A) a significant increase in consumer demand.
- B) a significant increase in supplier greed.
- C) government attempts to impose price caps.
- D) no systematic relationship between supply and demand.

Answer: <https://biology-forums.com/index.php?topic=313427>

### Question 16

GDP is used by economists to measure

- A) the market value of final goods and services produced over a particular time period.
- B) the overall well-being of society enjoyed over a particular time period.
- C) the overall efficiency of the macro economy over a particular time period.
- D) the economic strength of the nation.

Answer: <https://biology-forums.com/index.php?topic=315835>

### Question 17

Congestion pricing

- A) is an estimation of the price of being off of work with the flu.
- B) is an attempt to internalize the external costs of driving.
- C) is the raising of taxes on gasoline to support the construction of mass urban transit systems.
- D) works fine in theory but cannot work in the real world because the technology is lacking.

Answer: <https://biology-forums.com/index.php?topic=315187>

### Question 18

In the United States the assignment of tasks and distribution of benefits

- A) is determined by business firms.
- B) is determined democratically.
- C) is negotiated among potential buyers and potential sellers.
- D) leaves all parties free to do as they prefer.
- E) rests upon the principle of consumer sovereignty.

Answer: <https://biology-forums.com/index.php?topic=313311>

### Question 19

If freezing weather in Florida destroys a large portion of the current orange crop,

- A) prices of Florida oranges will rise and quantity demanded will fall.
- B) the supply of and the demand for Florida oranges will both fall.
- C) the demand for Florida oranges will fall and prices will rise.
- D) the supply of Florida oranges will decline but not the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=314140>

### Question 20

Lisa decided to give up being on the soccer team for piano lessons. Her opportunity cost of pursuing piano lessons is

- A) zero, as long as someone other than Lisa pays for the lessons.
- B) zero, as long as someone other than Lisa paid for her soccer fees and equipment.
- C) the satisfaction Lisa had enjoyed by being on the soccer team.
- D) the satisfaction Lisa enjoys by studying the piano.
- E) both A and B above.

Answer: <https://biology-forums.com/index.php?topic=312392>

### Question 21

The supply curve illustrates

- A) the amount of a good producers plan to sell at given prices.
- B) the amount of a good producers need to sell at given prices.
- C) the corresponding demand for a good at given prices.
- D) the sunk costs associated with producing a scarce good.

Answer: <https://biology-forums.com/index.php?topic=312965>

### Question 22

Suppose it costs a farmer \$1.00 to produce 1 unit of corn, \$2.10 to produce 2 units of corn, and \$3.30 to produce 3 units of corn. What's the average cost of producing 2 units of corn?

- A) \$1.00
- B) \$1.05
- C) \$1.10
- D) \$2.00
- E) \$2.10

Answer: <https://biology-forums.com/index.php?topic=312713>

### Question 23

Lu Thier is an accomplished violin and viola maker. He can make either 6 violins or 6 violas each year, or a combination such as 3 violins and 3 violas. Which statement below is true?

- A) The opportunity cost of producing 1 violin is 1 viola.
- B) The opportunity cost of producing 1 violin is 3 violas.
- C) The opportunity cost of producing 1 violin is 6 violas.
- D) The opportunity cost of producing 1 violin is 9 violas.

Answer: <https://biology-forums.com/index.php?topic=311502>

### Question 24

Which of the following might be an intermediate good?

- A) A box of Kellogg's corn flakes
- B) An iMac computer
- C) A U-Haul rental vehicle
- D) An economics textbook
- E) Any of the above might be, depending upon who is purchasing it.

Answer: <https://biology-forums.com/index.php?topic=315808>

### Question 25

Your college bookstore buys a used textbook for \$25 and sells it to you for \$125. What happens to GDP?

- A) It increases by \$25.
- B) It increases by \$100.
- C) It increases by \$125.
- D) It increases by \$150.

Answer: <https://biology-forums.com/index.php?topic=315867>

### Question 26

A free rider in economic theory is someone who does not contribute toward covering the cost of goods which he desires because he

- A) has a comparative advantage in defraying the cost of other goods.
- B) knows his paying or not paying will make no difference in their availability to him.
- C) regards all such costs as deadweight costs.
- D) regards all such costs as transaction costs.

Answer: <https://biology-forums.com/index.php?topic=315343>

### Question 27

Is the following quote correct? "Here's the law of demand in a nutshell: The higher the price, the lower the demand."

- A) Yes, it is totally correct.
- B) No. It would be correct if it were to also say "other things constant."
- C) No, because it confuses demand and quantity demanded.
- D) No, because the law of demand does not apply to nutshells.

Answer: <https://biology-forums.com/index.php?topic=313828>

### Question 28

The deposit expansion multiplier would increase if the Fed were to

- A) raise the required reserve ratio.
- B) lower the required reserve ratio.
- C) raise the discount rate.
- D) sell bonds.

Answer: <https://biology-forums.com/index.php?topic=316522>

### Question 29

Who knows how to measure the true cost of a pint of B-positive blood?

- A) An economist
- B) A clerk at the blood bank
- C) Only the Surgeon General of the United States
- D) Any competent medical authority
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312428>

### Question 30

The percentage markups which sellers use

- A) are based on their estimates or guesses about marginal cost and marginal revenue for particular goods.
- B) are between 10 and 15 percent.
- C) are the same on all products of a single firm.
- D) differ between products but are the same on average for all firms.

Answer: <https://biology-forums.com/index.php?topic=314234>

### Question 31

If you travel through the western United States in the summer, you are much more likely to encounter a shortage of camping spaces than a shortage of motel rooms because

- A) camping sites are usually less expensive than motel rooms.
- B) motels are more often privately owned.
- C) the government has not provided as many camping spaces as the public wants.
- D) there are more motel rooms than camping spaces.
- E) vacationers in the summer display a greater demand for outdoor than for indoor sleeping sites.

Answer: <https://biology-forums.com/index.php?topic=313174>

### Question 32

Fill in the blank: According to your text, \_\_\_\_\_ may be the most powerful force behind economic growth.

- A) minimum wages
- B) unionization
- C) technical innovation
- D) a well-motivated bureaucracy
- E) price compression

Answer: <https://biology-forums.com/index.php?topic=316987>

### Question 33

Suppose Carmen buys ramen noodles. To determine whether ramen noodles are a normal or inferior good for her, we must observe how Carmen

- A) responds to a change in the price of a substitute for ramen noodles.
- B) responds to a change in the price of a complement for ramen noodles.
- C) responds to a change in the price of ramen noodles itself.
- D) responds to a change in her income.
- E) responds to all of the above.

Answer: <https://biology-forums.com/index.php?topic=312047>

### Question 34

Marginal costs are the costs relevant to a decision because they

- A) are the costs that will be affected by the decision.
- B) the cost of producing one more unit of output.
- C) total cost divided by units of output.
- D) total cost minus sunk costs.

Answer: <https://biology-forums.com/index.php?topic=312617>

### Question 35

You hear that the price of gasoline will fall 20 cents overnight. This will tend to

- A) increase your demand today.
- B) decrease your demand tomorrow.
- C) increase your demand tomorrow.
- D) leave your demand unchanged both today and tomorrow, especially if it is highly elastic to changes in prices.

Answer: <https://biology-forums.com/index.php?topic=312091>

### Question 36

According to your textbook, rent controls on apartments

- A) produce fair outcomes.
- B) create problems of their own.
- C) tend to promote efficiency.
- D) do both B and C.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313460>

### Question 37

During the 1980s both the relative price and the purchases of BMWs increased dramatically. In the economic way of thinking,

- A) the supply curve of BMWs shifted to the right.
- B) the demand curve for BMWs shifted to the right.
- C) the supply curve of BMWs shifted to the left.
- D) the demand curve for BMWs shifted to the left.

Answer: <https://biology-forums.com/index.php?topic=313793>

### Question 38

Suppose the market-clearing price of wheat is \$2.50 per bushel. What would happen if wheat farmers persuaded the government to set a legally-mandated price support of \$3.75 per bushel?

- A) The demand for wheat would rise.
- B) The quantity demanded of wheat would fall.
- C) The supply of wheat would rise.
- D) A shortage of wheat would occur.

Answer: <https://biology-forums.com/index.php?topic=313629>

### Question 39

Business executives who think the demand for their product is very elastic at the current price are assuming

- A) the demand will become less elastic at a higher price.
- B) they will be able to sell more units at a higher price.
- C) they will sell fewer units but receive more dollars in sales revenue at a higher price.
- D) they will sell more units and receive more dollars in sales revenue at a lower price.
- E) they will sell more units but receive fewer dollars in sales revenue at a lower price.

Answer: <https://biology-forums.com/index.php?topic=312350>

### Question 40

According to the textbook authors, pollution is a growing "social" problem because

- A) only society, rather than individuals, pollutes.
- B) pollution is inefficient.
- C) pollution is economically efficient.
- D) more people are beginning to question the moral and legal rights of polluters.

Answer: <https://biology-forums.com/index.php?topic=315139>

### Question 41

If the GDP deflator rises from one year to the next, we know that

- A) economic growth has occurred.
- B) everyone in the economy is at least slightly worse off.
- C) real GDP has declined.
- D) the amount of double-counting in GDP has increased.
- E) the average money price of the goods included in GDP has risen.

Answer: <https://biology-forums.com/index.php?topic=316017>

### Question 42

The prediction by the American Medical Association of a shortage of physicians by the year 2020 assumes

- A) physicians' fees will not rise to a market clearing level.
- B) physicians' services will be free goods.
- C) physicians' services will no longer be scarce.
- D) physicians will be willing to work for less income.

Answer: <https://biology-forums.com/index.php?topic=313835>

### Question 43

How would economists interpret the following facts? Fact: Over the past two decades the relative price of new textbooks has risen dramatically. Another fact: Record numbers of new textbooks have been purchased by students over the past two decades.

- A) The law of demand has been violated.
- B) The law of supply has been violated.
- C) The supply and demand process in new textbooks hasn't worked correctly.
- D) The demand for textbooks has increased.
- E) The facts aren't true.

Answer: <https://biology-forums.com/index.php?topic=313811>

### Question 44

Roughly what was the change in Columbia's per capita GDP between 1960 and 2011?

- A) 25%
- B) 90%
- C) 150%
- D) 185%

Answer: <https://biology-forums.com/index.php?topic=317097>

### Question 45

Suppose Factory A emits 15,000 units of "Yuck" monthly, Factory B emits 30,000 units, and Factory C emits 45,000 units. Also suppose A's cost of reducing the emission is \$1 per unit, B's cost is \$2 per unit, and C's cost is \$3 per unit. If the EPA prohibits any factory from emitting more than 15,000 units of yuck per month, what would be the total cleanup cost?

- A) \$15,000
- B) \$40,000
- C) \$45,000
- D) \$90,000
- E) \$120,000

Answer: <https://biology-forums.com/index.php?topic=315101>

### Question 46

Which of the following Latin American countries had the strongest growth rate between 1960 and 2011?

- A) Argentina
- B) Chile
- C) Peru
- D) Venezuela

Answer: <https://biology-forums.com/index.php?topic=317074>

### Question 47

Suppose the market clearing price for apples falls from \$3.00 to \$2.00 per pound, and the overall market clearing output increases from 1 million to 2 million pounds. How can we explain the fall in price and increase in market output?

- A) Supply decreased and demand remained unchanged.
- B) Supply remained unchanged and demand decreased.
- C) Demand increased and supply remained unchanged.
- D) Demand remained unchanged and supply increased.

Answer: <https://biology-forums.com/index.php?topic=313118>

### Question 48

Comparable worth aims at

- A) increasing the earnings of the least-skilled workers in the labor force.
- B) raising the relative wages paid in jobs traditionally dominated by women.
- C) reducing the relative income shares going to property owners.
- D) securing equal wages for people performing identical jobs.
- E) securing equal wages for people performing identical jobs and performing equally well.

Answer: <https://biology-forums.com/index.php?topic=315664>

### Question 49

A person who refuses an offer of employment in order to keep looking for a better job is counted by the BLS as

- A) a discouraged worker.



- B) a shirker.
- C) eligible for unemployment compensation.
- D) not in the labor force.
- E) unemployed.

Answer: <https://biology-forums.com/index.php?topic=316184>

### Question 50

Nations with slower growth rates can "catch up" to rapidly growing countries by

- A) using budget deficits as a long-run policy tool.
- B) adopting the technologies of the wealthier nations.
- C) pressuring the central bank to increase the money supply and reduce interest rates.
- D) raising the minimum wage.
- E) exporting more than it imports.

Answer: <https://biology-forums.com/index.php?topic=316993>

### Question 51

To say that an individual displays a positive rate of time preference mean

- A) She prefers to have more time rather than less time in her day.
- B) She prefers to have less time rather than more time in her day.
- C) She prefers goods sooner rather than later in the future.
- D) She prefers goods later rather than earlier in the future.

Answer: <https://biology-forums.com/index.php?topic=313350>

### Question 52

People who buy futures on the commodity market are

- A) agreeing to accept a specified quantity in the future at whatever price prevails then.
- B) agreeing to pay a price agreed upon now for future delivery of a commodity.
- C) buying now and promising to deliver the commodity in the future.
- D) said to be "on the spot market."

Answer: <https://biology-forums.com/index.php?topic=314107>

### Question 53

In a community where poor people do not associate with members of the opposite sex until they are 21 years old, the cost of hiring a babysitter on weekends will be

- A) higher than in other communities.
- B) lower than in other communities.
- C) prohibitive.
- D) zero.

Answer: <https://biology-forums.com/index.php?topic=312536>

### Question 54

What would be the most likely effect in the market for OPEC oil if the U.S. were to impose a legal ceiling price on crude petroleum produced domestically? Assume their price is far below the current world price?

- A) The demand would decrease.
- B) The demand would increase.
- C) The supply would decrease.
- D) The supply would increase.
- E) Only the quantity would change, not the demand or the supply.

Answer: <https://biology-forums.com/index.php?topic=314725>

### Question 55

According to the text, paper money probably first evolved from

- A) the Federal Reserve.
- B) the early American savings and loan institutions.
- C) goldsmiths.
- D) the Bank of England.

Answer: <https://biology-forums.com/index.php?topic=316305>

### Question 56

Which statement best summarizes the perspective from which economic theory explains social occurrences? Economic theory assumes



- A) gains and losses will eventually cancel out.
- B) individuals make choices consistent with their goals.
- C) the law of averages holds in the long run.
- D) the value of anything is equal to its price.
- E) whatever people want is what they ought to be able to buy.

Answer: <https://biology-forums.com/index.php?topic=310984>

### Question 57

Eliza Doolittle hasn't worked in years, and doesn't intend to. What can we clearly conclude about Eliza?

- A) She's lazy.
- B) She's a parasite on society.
- C) She's not employed.
- D) She's unemployed.
- E) All of above are true.

Answer: <https://biology-forums.com/index.php?topic=316148>

### Question 58

Which of the following is a disadvantage of the command-and-control approach to the problem of pollution?

- A) It creates licenses to pollute.
- B) It is undemocratic.
- C) It only works in societies where everyone (or almost everyone) has a high degree of environmental consciousness.
- D) It usually overlooks less costly ways to achieve given goals.
- E) It violates property rights.

Answer: <https://biology-forums.com/index.php?topic=315047>

### Question 59

According to the text, the most serious cost of continued inflation in a democratic society is

- A) its tendency to undermine social consensus and feed political conflict.
- B) the eventual recession that must inevitably occur as a result of the inflation.
- C) the open and disguised unemployment that accompanies it, especially among minorities and teenagers.
- D) the slowdown in the rate of economic growth that it causes.
- E) the steady rise in the cost of living that it entails.

Answer: <https://biology-forums.com/index.php?topic=316073>

### Question 60

An increase in nominal gross domestic product necessarily entails an increase in

- A) both real output and the price level.
- B) either real output or the price level (or both).
- C) real output and employment.
- D) the price level and employment.

Answer: <https://biology-forums.com/index.php?topic=315963>

### Question 61

Movie theaters usually set lower prices for children than for adults because

- A) children can be served at lower costs.
- B) they expect to make up the loss on the sale of refreshments.
- C) they think the price elasticity of demand for movie tickets is quite elastic for children at the regular or adult price.
- D) they want to get young people into the habit of attending movies.

Answer: <https://biology-forums.com/index.php?topic=314451>

### Question 62

Price ceilings in the U.S. on retail gasoline sales in the 1970s caused

- A) massive and prolonged shortages.
- B) increased advertising of gasoline.
- C) longer hours of operation at most service stations.
- D) poor people to be assured of an adequate supply of gasoline.

Answer: <https://biology-forums.com/index.php?topic=313451>

### Question 63

The demand for salt is probably more inelastic at generally prevailing prices than the demand for potatoes because

- A) potatoes require salt but salt does not require potatoes.
- B) salt has long been a favorite target for taxation.
- C) salt is cheap relative to most users' incomes and has few good substitutes.
- D) salt will keep longer than potatoes before spoiling.
- E) there is so much potential salt in the ocean.

Answer: <https://biology-forums.com/index.php?topic=312317>

### Question 64

Complete the sentence. An entrepreneur advances a project only if the expected marginal benefit exceeds the expected marginal cost,

- A) and so does a government bureaucrat.
- B) but a government bureaucrat advances a project only if the marginal cost exceeds the marginal benefit.
- C) but a government bureaucrat is in no position to determine the cost of his own action.
- D) but a government bureaucrat has no concern about the benefit of his own action.

Answer: <https://biology-forums.com/index.php?topic=315283>

### Question 65

Fill in the blank: An opportunity cost is the \_\_\_\_\_ opportunity a person sacrifices when making a choice.

- A) every
- B) least desirable
- C) next-best
- D) strictly financial

Answer: <https://biology-forums.com/index.php?topic=311470>

### Question 66

Attempts to fine-tune the economy through counter-cyclical monetary policy

- A) demonstrated their effectiveness in the 1930s.
- B) demonstrated their effectiveness during World War II.
- C) demonstrated their effectiveness between 1945 and 1960.
- D) have not yet demonstrated their effectiveness.

Answer: <https://biology-forums.com/index.php?topic=316840>

### Question 67

If a price ceiling on coffee is set above the market-clearing price, then

- A) the quantity of coffee demanded will decrease.
- B) the quantity of coffee supplied will increase.
- C) the quantity demanded for coffee will increase.
- D) all of the above will occur.
- E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313620>

### Question 68

"Market clearing" refers to the case where

- A) the purchase and sale plans of buyers and sellers are fully coordinated.
- B) quantity demanded equals quantity supplied.
- C) there is neither a shortage nor surplus of a good.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=312994>

### Question 69

The slope of a producer's production possibilities frontier represents the producer's

- A) sunk costs of production.
- B) average costs of production.
- C) marginal costs of production.
- D) total costs of production.

Answer: <https://biology-forums.com/index.php?topic=312730>

### Question 70

Which of the following provides the clearest example of human capital?

- A) Automated equipment that can be used without any accompanying human labor
- B) Corporate stock owned by individuals and families rather than institutions such as mutual funds or corporations

- C) Machinery that has been designed and constructed by human beings
- D) Tools that cannot be used effectively except in combination with workers
- E) The ability to read

Answer: <https://biology-forums.com/index.php?topic=315605>

### Question 71

Fact: Very few skyscrapers are found on rural farmlands, far outside the city. Why?

- A) As opposed to city property, farmland cannot support a skyscraper's tremendous weight per square foot.
- B) Skyscrapers would spoil the view of the rural landscape.
- C) The opportunity cost of building skyscrapers in rural areas is too high.
- D) There are far too many dangers involved.

Answer: <https://biology-forums.com/index.php?topic=313725>

### Question 72

"My son is a smart entrepreneur. Rather than borrow money from others, he used his own savings to start his music business, and thereby avoided paying interest on loans." An economist would respond by saying

- A) "both you and your son are complete idiots."
- B) "it's always good to avoid borrowing and paying interest."
- C) "nobody can avoid paying interest, not even your clever son."
- D) "your son might have avoided paying interest, but he also avoided earning interest."

Answer: <https://biology-forums.com/index.php?topic=313901>

### Question 73

According to your textbook, expansionary monetary policy

- A) encourages entrepreneurs to invest in projects that only appear profitable.
- B) creates a temporary "boom," or economic expansion.
- C) will ultimately be followed by a "bust," as entrepreneurs learn of their forecasting errors.
- D) tends to generate all of the above.

Answer: <https://biology-forums.com/index.php?topic=316708>

### Question 74

Reducing prices below cost in order to eliminate competitors (with the intention of later raising prices to recoup all losses) is

- A) an empirical impossibility in a free society.
- B) called induced competition.
- C) called predatory price cutting.
- D) increasingly common in the American economy.

Answer: <https://biology-forums.com/index.php?topic=314577>

### Question 75

A reduced demand for lawyers' services to prosecute damage suits

- A) lowers the cost of hiring a lawyer to draw up a will.
- B) raises the cost of hiring a lawyer to draw up a will.
- C) raises the demand for lawyers' services in drawing up wills.
- D) will not affect the cost of hiring a lawyer to draw up a will though it could affect lawyers' fees.

Answer: <https://biology-forums.com/index.php?topic=312509>

### Question 76

If rising costs have compelled an increase in the price of football tickets for next season, you could safely assume the college athletic director

- A) doesn't know the difference between sunk costs and marginal costs.
- B) doesn't want fans to become angry or resentful about the price increase.
- C) isn't setting prices to maximize net revenue.
- D) really has not raised prices.
- E) would prefer not to raise prices but has no choice in the matter.

Answer: <https://biology-forums.com/index.php?topic=312663>

### Question 77

A decrease in nominal gross domestic product necessarily entails a decrease in

- A) both real output and the price level.
- B) either real output or the price level (or both).
- C) real output and employment.

D) the price level and employment.

Answer: <https://biology-forums.com/index.php?topic=315966>

### Question 78

Rank the following goods from least to most elastic: high octane unleaded gasoline, unleaded gasoline, gasoline.

- A) High octane unleaded gasoline, unleaded gasoline, gasoline
- B) High octane unleaded gasoline, gasoline, unleaded gasoline
- C) Unleaded gasoline, high octane unleaded gasoline, gasoline
- D) Gasoline, unleaded gasoline, high octane unleaded gasoline
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312245>

### Question 79

The ability of a commercial bank to increase the money supply is limited by the

- A) availability of eligible borrowers and the bank's reserves in relation to legal reserve requirements.
- B) demand of the public for liquidity.
- C) eligibility of the bank for currency drafts and its ratio of M2 to M1.
- D) willingness of customers to withdraw currency for circulation.

Answer: <https://biology-forums.com/index.php?topic=316445>

### Question 80

Suppose Factory A emits 15,000 units of "Yuck" monthly, Factory B emits 30,000 units, and Factory C emits 45,000 units. Also suppose A's cost of reducing the emission is \$1 per unit, B's cost is \$2 per unit, and C's cost is \$3 per unit. If the EPA wishes to reduce total emissions down to 45,000 units per month, which of the following is the lowest-cost method?

- A) Leave Factory C alone, and force both A and B to each reduce their emissions to zero units per month.
- B) Leave Factory A and B alone, and force C to reduce emissions to zero units per month.
- C) Leave Factory A alone, and force both B and C to each reduce their emissions to 15,000 units per month.
- D) All of the above would be accomplished at the same cost.

Answer: <https://biology-forums.com/index.php?topic=315109>

### Question 81

Why has the federal government generally run budget deficits over the past several decades?

- A) Political pressures make expenditures hard to control.
- B) The federal government's control of the money supply enables it to borrow indefinitely without becoming unable to find creditors.
- C) The public has accepted the notion that budget deficits can be good for the economy.
- D) A combination of the three factors mentioned above.

Answer: <https://biology-forums.com/index.php?topic=316891>

### Question 82

Suppose Acme County Bank and Trust has \$1 million in total deposits and the required reserve ratio is 10%. How many dollars is Acme allowed to use to seek profits?

- A) 0
- B) \$100,000
- C) \$900,000
- D) \$1 million
- E) \$10 million

Answer: <https://biology-forums.com/index.php?topic=316460>

### Question 83

What would an economist assume about Osama Bin Laden and Barack Obama?

- A) They pursue plans.
- B) Their plans are consistent with the public interest.
- C) They don't understand the economic way of thinking.
- D) Their demands for all scarce goods are very inelastic.

Answer: <https://biology-forums.com/index.php?topic=311082>

### Question 84

Unless demand is changing, price and quantity will

- A) be proportionate.
- B) move in opposite directions.

- C) move in the same direction.
- D) fluctuate cyclically.
- E) remain constant.

Answer: <https://biology-forums.com/index.php?topic=312106>

### Question 85

In the economic way of thinking, government consists of many different people interacting on the basis of

- A) fear.
- B) legal guarantees.
- C) prevailing property rights.
- D) public interests.

Answer: <https://biology-forums.com/index.php?topic=315226>

### Question 86

Relative prices are an effective way of informing producers of

- A) their marginal benefits of production.
- B) their marginal costs of production.
- C) both A and B.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312736>

### Question 87

Could pollution be eliminated by banning all activities harmful to the environment?

- A) No, because legislation is influenced by industrial lobbyists.
- B) No, because the cost of doing so would be higher than even the most dedicated environmentalist would agree to accept.
- C) Not until we have better information on the sources of pollution.
- D) Yes, if we are willing to place long-run considerations ahead of short-run profits.

Answer: <https://biology-forums.com/index.php?topic=314981>

### Question 88

People who "sell short" are selling goods

- A) at below-market prices.
- B) of poor quality.
- C) to purchasers who cannot afford to pay for them.
- D) they do not yet own.
- E) with the expectation of buying them back again.

Answer: <https://biology-forums.com/index.php?topic=314083>

### Question 89

Rank the following goods from least to most elastic: compact cars, convertible compact cars, cars.

- A) Cars, convertible compact cars, compact cars
- B) Compact cars, convertible compact cars, cars
- C) Convertible compact cars, compact cars, cars
- D) Cars, compact cars, convertible compact cars

Answer: <https://biology-forums.com/index.php?topic=312254>

### Question 90

The textbook asserts that banks create money themselves. How?

- A) Banks have their own printing presses, which is permitted by the Fed.
- B) Banks are allowed to reach well into their required reserves as long as they can demonstrate that it would be profitable to do so.
- C) Banks, when lending out their excess reserves, unleash a process that can increase the money supply through the deposit expansion multiplier.
- D) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316492>

### Question 91

The demand for a good is inelastic if, when its price rises,

- A) the demand falls.
- B) the quantity demanded falls.
- C) the quantity demanded increases.
- D) total dollar expenditure on the good decreases.

E) total dollar expenditure on the good increases.

Answer: <https://biology-forums.com/index.php?topic=312335>

### Question 92

In the economy of Pandemonia, 500 people have jobs, 500 people are not working but are searching for work, and 1500 people don't work and don't seek work. The unemployment rate is

- A) 10 percent.
- B) 40 percent.
- C) 50 percent.
- D) 66 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316203>

### Question 93

The first step toward reducing negative externalities or maintaining them within acceptable bounds, according to the argument of the textbook, is

- A) constructing an exhaustive list of all negative externalities.
- B) creating a central planning authority for negative externalities.
- C) cultivating such civic virtues as courtesy and tolerance.
- D) halting population growth.
- E) prohibiting activities whose costs are greater than their benefits.

Answer: <https://biology-forums.com/index.php?topic=315037>

### Question 94

Price elasticity of supply is defined as

- A) the quantity supplied divided by the quantity demanded.
- B) the change in the quantity supplied divided by the change in the quantity demanded.
- C) the percentage change in the quantity supplied divided by the percentage change in price.
- D) the percentage change in the quantity supplied divided by the percentage change in the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=312845>

### Question 95

If Barbecue Bob has a right to own and use his backyard barbecue, then Barbecue Bob also enjoys

- A) a right to pollute.
- B) a right to steal.
- C) a right to free charcoal.
- D) a right to clean air.

Answer: <https://biology-forums.com/index.php?topic=315124>

### Question 96

The fee schedule capable of contributing the most net revenue to a museum's budget depends on

- A) the cost of constructing the museum.
- B) the cost of heating and lighting the museum.
- C) the cost of purchasing and maintaining the museum exhibits.
- D) the demand to view the museum's collection.
- E) whether the museum is publicly or privately owned.

Answer: <https://biology-forums.com/index.php?topic=312661>

### Question 97

Because everybody lives under uncertainty, everybody is

- A) less than perfectly informed.
- B) ignorant of something.
- C) a speculator.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314044>

### Question 98

Fill in the blank: National income accountants who measure GDP try to avoid the \_\_\_\_\_ problem by only measuring the market value of all final goods and services produced within a country.

- A) double trouble

- B) double indemnity
- C) double counting
- D) double jeopardy
- E) double-your-pleasure

Answer: <https://biology-forums.com/index.php?topic=315841>

### Question 99

Specialization is another word for

- A) pursuing one's comparative advantage.
- B) the division of labor.
- C) producing at a comparably lower opportunity cost.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312889>

### Question 100

Will a large increase in the demand for a good cause a large increase in its price?

- A) No; an increased demand is associated with lower prices.
- B) Not if the demand for the good is highly elastic.
- C) Not if the demand for the good is highly inelastic.
- D) Not if the supply of the good is highly elastic.
- E) Not if the supply of the good is highly inelastic.

Answer: <https://biology-forums.com/index.php?topic=313192>

### Question 101

Net revenue is defined as

- A) marginal revenue minus marginal cost.
- B) total revenue minus marginal cost.
- C) total revenue minus total cost.
- D) gross revenue minus depreciation.

Answer: <https://biology-forums.com/index.php?topic=314225>

### Question 102

Did Mother Teresa create positive externalities when she helped the poor of Calcutta?

- A) No, because the poor continued to exist and her efforts were largely unsuccessful.
- B) No, because she fully calculated all the benefits of her activities.
- C) Yes, because her activities have inspired and benefited countless others whom Mother Teresa could not have known about or taken into account.
- D) Yes, because her activities had nothing to do with the search for economic profit.

Answer: <https://biology-forums.com/index.php?topic=314917>

### Question 103

The textbook cautions against speaking of "the people" as wanting a particular good

- A) because it is not clear in what sense groups as distinct from individuals can ever have wants.
- B) because people rarely know what they themselves really want.
- C) because the wants of the people are relevant only in a democracy.
- D) because assertions about "the people" confuse economics with politics.
- E) unless the majority has clearly voted for it.

Answer: <https://biology-forums.com/index.php?topic=311828>

### Question 104

The money prices attached to goods in the economy

- A) conceal the fact of their scarcity.
- B) make the goods artificially scarce.
- C) provide information about their scarcity.
- D) reflect the level of greed prevailing in particular markets.

Answer: <https://biology-forums.com/index.php?topic=313246>

### Question 105

Suppose a university refunds students 75% of their tuition if they drop out before the third week of class, 50% if they drop out between their third and fifth week, 25% if they drop out between their sixth and eighth week, and 0% after the eighth week. Flint paid \$1,000 tuition, and is in his seventh week



of class. What's his sunk cost?

- A) \$0
- B) \$250
- C) \$500
- D) \$750
- E) \$1,000

Answer: <https://biology-forums.com/index.php?topic=312569>

### Question 106

Fact: Churches and charities work hard to acquire more money to advance their projects. They happily accept money because

- A) they are clearly selfish and materialistic.
- B) the transaction costs of donating money are generally lower than the costs of donating other goods and services.
- C) they tend to see money as the root of all evil, and by collecting it they can more effectively destroy it and change the system for the better.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313299>

### Question 107

Complementary goods are goods people consume together, such as peanut butter and jelly. If the price of peanut butter falls, we predict

- A) the demand for peanut butter would increase.
- B) the demand for jelly would increase.
- C) the demand for peanut butter would decrease.
- D) the demand for jelly would decrease.

Answer: <https://biology-forums.com/index.php?topic=312017>

### Question 108

Inequality in the distribution of income in the United States today arises primarily from

- A) the collapse of the government's income support system.
- B) the highly unequal distribution of corporate wealth.
- C) the tax system.
- D) the weakness of labor unions.
- E) unequal abilities to supply valuable human services.

Answer: <https://biology-forums.com/index.php?topic=315710>

### Question 109

Because the sale of goods and services generates income for the sellers,

- A) GDP is unaffected by such exchanges.
- B) national income will usually be greater than GDP.
- C) national income will essentially equal GDP.
- D) national income will increase, but GDP will decrease.
- E) sales taxes must be subtracted from GDP.

Answer: <https://biology-forums.com/index.php?topic=315930>

### Question 110

A negative externality clearly occurs when

- A) a person's action unintentionally benefits other people.
- B) a person behaves in the public interest.
- C) a person's action unintentionally imposes costs on other people.
- D) a person couldn't care less about anybody else.

Answer: <https://biology-forums.com/index.php?topic=314908>

### Question 111

A college bookstore offers both new and used Physics 101 textbooks. Vicki pays \$120 for a new copy, Darrel pays \$85 for a used copy. Who made an economically efficient choice?

- A) Vicki
- B) Darrel
- C) Both Vicki and Darrel
- D) Neither one of them—they could have found a better deal on the Internet.

Answer: <https://biology-forums.com/index.php?topic=311409>

### Question 112

An opportunity cost is

- A) an opportunity lost.
- B) only the explicit costs of an action.
- C) only the costs a person can consciously articulate at the moment of deciding.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313925>

### Question 113

A free rider is someone who

- A) uses a bus transfer after it has expired.
- B) doesn't have to pay transaction costs.
- C) can obtain a desired good without paying for it and therefore has no incentive to contribute to the costs of making it available.
- D) can produce a good at zero marginal cost.

Answer: <https://biology-forums.com/index.php?topic=315364>

### Question 114

The existence of a shortage means

- A) people are buying more than is available.
- B) people cannot buy as much as they plan to buy at the prevailing money price.
- C) prices are too high.
- D) there is not enough to satisfy everyone's needs.

Answer: <https://biology-forums.com/index.php?topic=313257>

### Question 115

Fill in the blank: National income accountants define a(n) \_\_\_\_\_ good as something purchased without the goal of reselling it or further processing or remanufacturing it into another sellable good.

- A) scarce
- B) intermediate
- C) final
- D) finished
- E) completed

Answer: <https://biology-forums.com/index.php?topic=315804>

### Question 116

For deflation to occur,

- A) national income must decrease.
- B) real GDP must decrease.
- C) the price level must decrease.
- D) nominal GDP must decrease.

Answer: <https://biology-forums.com/index.php?topic=316039>

### Question 117

Your textbook argues that in a market system income is earned and "distributed"

- A) in the process of its creation.
- B) as a result of the supply and demand for productive services.
- C) in ways that might not be considered "fair" in all cases.
- D) in all of the above ways.

Answer: <https://biology-forums.com/index.php?topic=315529>

### Question 118

The brief success of the OPEC cartel in the 1970s can most plausibly be attributed to

- A) the dependence of industrial economies on oil.
- B) the fact that OPEC was a cartel formed by national governments.
- C) the inelastic demand for oil.
- D) the misguided policies of the U.S. government.
- E) the widespread expectation of much higher prices in the future.

Answer: <https://biology-forums.com/index.php?topic=314728>

### Question 119

According to your text, disagreements about the relative efficiency of particular projects are usually disagreements about

- A) the best way to conserve energy.
- B) the best way to conserve non-renewable resources of all kinds.
- C) scientific facts or technical processes.
- D) the relative value of particular goods to different people.
- E) who is entitled to make money from one project or another.

Answer: <https://biology-forums.com/index.php?topic=311454>

### Question 120

Macintosh and IBM computers are considered substitute goods. Other things constant, if IBM lowered its price, compared to the Mac, then

- A) the demand for IBM computers would increase.
- B) the demand for Mac computers would increase.
- C) the quantity demanded for IBM computers would increase.
- D) all of the above would occur.

Answer: <https://biology-forums.com/index.php?topic=312008>

### Question 121

Your textbook uses supply and demand curves together to illustrate

- A) the level of output needed by individuals.
- B) the level of output needed by society.
- C) how economists are necessary to make markets to work effectively.
- D) how market prices play a key role in coordinating the plans of sellers and buyers.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=312980>

### Question 122

A cartel is

- A) a chain of retail stores.
- B) a consent decree prohibiting specific anti-competitive practices.
- C) an automatic mark-up policy frequently used by retail establishments.
- D) an organization of sellers or buyers aiming to control competition.

Answer: <https://biology-forums.com/index.php?topic=314632>

### Question 123

According to your authors, the model of perfect competition

- A) is an accurate description of real-world markets.
- B) obscures how plan coordination occurs in the real world.
- C) explains how economic profits can exist over time.
- D) explains economic losses better than economic profits.

Answer: <https://biology-forums.com/index.php?topic=314523>

### Question 124

The term oligopoly is highly ambiguous in the absence of

- A) a clear and defensible definition of the product.
- B) a clear price structure.
- C) a definition of marginal cost.
- D) accounting rules adequately defining net revenue.
- E) clear distinctions between competitive and noncompetitive industries.

Answer: <https://biology-forums.com/index.php?topic=314538>

### Question 125

When the United States cannot produce all of the goods and services desired by its citizens, the economy is

- A) in a deep freeze.
- B) inefficient.
- C) in a shortage state.
- D) facing scarcity.

Answer: <https://biology-forums.com/index.php?topic=311020>

### Question 126

Spot market is to futures market as

- A) rice is to beans.

- B) today is to tomorrow.
- C) squares are to circles.
- D) quarters are to dollars.

Answer: <https://biology-forums.com/index.php?topic=314071>

### Question 127

The marginal cost to a student of missing a class meeting in Introductory Economics increases when

- A) textbook prices increase.
- B) tuition rates increase.
- C) valuable information is communicated in the class meetings.
- D) any of the above occurs.

Answer: <https://biology-forums.com/index.php?topic=312667>

### Question 128

Which of the following documents established "rules of the game"?

- A) The Book of Exodus
- B) The Scrabble Players Dictionary
- C) The Bylaws of the AFL-CIO
- D) The Constitution of South Africa
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311175>

### Question 129

Legislators in a democracy are more likely to support special interests than the broad interests of citizens generally because

- A) incumbents have such powerful advantages in election campaigns.
- B) money plays such a large role in political campaigns.
- C) they cannot know what the public interest requires in the absence of market information.
- D) they do not have to fear being voted out of office.
- E) they pay attention to the people paying attention to them.

Answer: <https://biology-forums.com/index.php?topic=315418>

### Question 130

The number of job seekers in any sector of the economy ordinarily exceeds, by at least a small amount, the number of jobs available. Thus, employers

- A) could increase their net revenue by lowering wages.
- B) could increase their net revenue by raising wages.
- C) do not pay close attention to marginal cost and marginal revenue in setting wages.
- D) face the threat of unionization.
- E) want employees to value their current jobs significantly more highly than they value alternative jobs.

Answer: <https://biology-forums.com/index.php?topic=313582>

### Question 131

What is both a necessary and sufficient condition for anything to become money?

- A) Metallic backing
- B) Government fiat
- C) Acceptability
- D) A stable price level
- E) Seignorage

Answer: <https://biology-forums.com/index.php?topic=316341>

### Question 132

Fill in the blank: \_\_\_\_\_ leads to speculation.

- A) Love
- B) Uncertainty
- C) Greed
- D) Money
- E) Sin

Answer: <https://biology-forums.com/index.php?topic=314050>

### Question 133

Suppose in Italy producers can make 10,000 dresses or 1,000 coats per day, while in Canada producers can make 14,000 similar dresses or 2,000

similar coats per day. Therefore

- A) the Italians are relatively more efficient at producing coats.
- B) the Italians are relatively more efficient at producing dresses.
- C) the Italians are relatively less efficient at producing both coats and dresses.
- D) the Canadians have a comparative advantage in both coats and dresses.

Answer: <https://biology-forums.com/index.php?topic=311688>

### Question 134

The owner of a productive resource is most usefully thought of as the person who

- A) can appropriate the income from its use.
- B) can use it most efficiently.
- C) is willing to pay the most to obtain it.
- D) possesses legal title.

Answer: <https://biology-forums.com/index.php?topic=315557>

### Question 135

If the government offers to pay wheat farmers \$1 for every bushel of wheat they market next year, in addition to the market price, the price of wheat will be

- A) higher than it would otherwise have been.
- B) lower than it would otherwise have been.
- C) one dollar.
- D) the same as it would otherwise have been although wheat farmers will be better off.

Answer: <https://biology-forums.com/index.php?topic=313600>

### Question 136

Suppose the quantity of oranges demanded is less than the quantity supplied. Then

- A) the market still clears, because consumers can buy all the oranges they wish at the prevailing market price.
- B) the market still clears, because producers can sell all the oranges they wish at the prevailing market price.
- C) the market clears, but is not fully coordinated.
- D) oranges are no longer scarce goods.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313022>

### Question 137

Which is an example of "capital"?

- A) A carpenter's skills
- B) A singer's voice
- C) A judge's unblemished reputation
- D) A blast furnace
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315596>

### Question 138

In the economic way of thinking, the identification of wealth with material objects

- A) is at the foundation of modern capitalism.
- B) is good economics but antithetical to religious precepts.
- C) is usually rejected by socialists.
- D) must be rejected because it makes no sense.

Answer: <https://biology-forums.com/index.php?topic=311250>

### Question 139

If quantity demanded increases at all possible prices, demand has

- A) increased.
- B) decreased
- C) remained the same; only quantity demanded has changed.
- D) remained the same; however, the curve has become more steep.

Answer: <https://biology-forums.com/index.php?topic=311954>

### Question 140

If a middle-eastern war reduced the quantity of crude petroleum available for export to Japan and the United States by 40%, and the U.S. government

- responded by imposing price ceilings on petroleum,
- A) more petroleum would be available for Japanese users.
  - B) the demand for crude petroleum in the U.S. would increase.
  - C) the demand for natural gas in the U.S. would decline.
  - D) the price of petroleum would rise even higher in Japan.
  - E) all of the above would be likely to result.

Answer: <https://biology-forums.com/index.php?topic=313454>

### Question 141

- A typical wheat farmer would never consider cost-plus-markup pricing because
- A) he cannot clearly estimate his costs.
  - B) the most profitable price he can ask for is the prevailing market price.
  - C) the government won't allow it.
  - D) he is a price searcher.

Answer: <https://biology-forums.com/index.php?topic=314206>

### Question 142

Roughly how many times has the U.S. experienced a budget surplus since 1960?

- A) 0
- B) 5
- C) 10
- D) 20
- E) 30

Answer: <https://biology-forums.com/index.php?topic=316900>

### Question 143

Fill in the blanks: If a political scientist believes Brazil is on the brink of civil unrest, which will significantly reduce next year's coffee supply, he should \_\_\_\_\_ coffee futures. Other things constant, he is more likely to profit from his decision when \_\_\_\_\_ people are aware of the possibility of the civil unrest.

- A) sell; fewer
- B) buy; fewer
- C) sell; more
- D) buy; more

Answer: <https://biology-forums.com/index.php?topic=314182>

### Question 144

Does fiscal policy affect monetary policy?

- A) No, because real output and income can and sometimes do move in the opposite direction from nominal money output and income.
- B) Yes, because the Fed and the Treasury naturally tend to pursue similar goals.
- C) Yes, because government deficits or surpluses affect the total demand for credit.
- D) Yes, because the government usually prints new money to finance deficits and retires that money when it runs a surplus.

Answer: <https://biology-forums.com/index.php?topic=316810>

### Question 145

The logical principle for maximization can be stated as follows:

- A) Do it if it feels good.
- B) Do it if the benefit from doing it is greater than the cost of doing it.
- C) Do it unless it's illegal, immoral, or fattening.
- D) Do it whenever the marginal benefit equals the marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314231>

### Question 146

Why would an economist claim that "oil comes out of our minds"?

- A) She wants to sound silly.
- B) She wants to tell lies.
- C) She wants to remind us that the recognition of useful resources is a product of our mental abilities.
- D) She wants to sound like a really big and important theorist and could not care less about the facts of the real world.

Answer: <https://biology-forums.com/index.php?topic=315624>

### Question 147

According to your textbook authors, the belief that economizing implies greedy behavior is

- A) common but mistaken.
- B) uncommon but true.
- C) both common and true.
- D) neither common nor true.

Answer: <https://biology-forums.com/index.php?topic=312410>

### Question 148

What's a normal good to me might be

- A) a normal good to you.
- B) an inferior good to you.
- C) a bad to you.
- D) any of the above to you.

Answer: <https://biology-forums.com/index.php?topic=312049>

### Question 149

According to the economic way of thinking, government officials tend to vote on legislation that

- A) concentrates benefits on a well-organized group.
- B) disperses costs throughout a great number of politically unorganized people.
- C) generates short-term benefits and postpones the costs.
- D) does all of the above.
- E) does none of the above.

Answer: <https://biology-forums.com/index.php?topic=316853>

### Question 150

The central problem all individuals face is

- A) greed.
- B) insufficient money income.
- C) scarcity of resources.
- D) the desire for present enjoyment.
- E) unequal wealth.

Answer: <https://biology-forums.com/index.php?topic=310994>

### Question 151

How can it be that people purchase more of a good while its price is rising?

- A) The supply curve must be shifting to the left.
- B) The demand curve must be shifting to the right.
- C) Supply and demand do not change.
- D) It cannot happen, otherwise the law of demand is violated.

Answer: <https://biology-forums.com/index.php?topic=313799>

### Question 152

An effective minimum wage tends to

- A) increase the supply of unskilled labor.
- B) decrease the demand for unskilled labor.
- C) create a surplus of unskilled labor.
- D) accomplish all of the above.
- E) accomplish none of the above.

Answer: <https://biology-forums.com/index.php?topic=313570>

### Question 153

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if the demand for peanuts (which can be grown on cotton land) increases?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313156>

### Question 154



Suppose the market-clearing price of milk is \$3.00 per gallon, but the dairy industry persuades the government to establish a legally-mandated price support at \$4.00 per gallon. The newly legislated price tends to

- A) create a surplus of milk.
- B) increase the price of milk products.
- C) increase the output of milk.
- D) reduce the quantity of milk demanded.
- E) do all of the above.

Answer: <https://biology-forums.com/index.php?topic=313647>

### Question 155

Interest is to saver as

- A) interest is to debtor.
- B) profit is to entrepreneur.
- C) tuition is to student.
- D) commission is to committee.

Answer: <https://biology-forums.com/index.php?topic=313853>

### Question 156

Typically the largest component of the narrowly-defined money stock in the United States, known officially as M1, is

- A) commercial bank reserves.
- B) currency in commercial bank vaults or the hands of the public.
- C) demand deposits and savings deposits in commercial banks.
- D) checking account deposits.
- E) gold, silver, coins, and paper currency.

Answer: <https://biology-forums.com/index.php?topic=316415>

### Question 157

Arbitrage means seeking profit by

- A) buying high and selling low.
- B) buying low and selling high.
- C) either of the above.
- D) neither of the above.

Answer: <https://biology-forums.com/index.php?topic=313976>

### Question 158

The opportunity costs of labor is largely determined by

- A) demand.
- B) supply.
- C) need.
- D) greed.

Answer: <https://biology-forums.com/index.php?topic=312446>

### Question 159

Consider the following simplified sequence of exchanges. A logger sells an oak tree to a sawmill owner for \$60. The sawmill mills it, and sells the boards to a woodworker for \$80. The woodworker makes an oak bookcase out of the boards, and sells it to a retailer for \$300. The retailer then sells you the bookcase for \$250. As a result, GDP increases by

- A) \$50.
- B) \$250.
- C) \$550
- D) \$690.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315855>

### Question 160

Which statement below is true for a price taker?

- A) Marginal revenue can only be positive.
- B) Marginal revenue can only be negative.
- C) Marginal revenue can only zero.
- D) Marginal revenue can be positive, negative, or zero.

Answer: <https://biology-forums.com/index.php?topic=314262>

### Question 161

The traditional typewriter market has collapsed over the past few decades because people prefer personal computers. Yet, some new typewriters continue to be produced and sold at historically low prices. How would you explain the decline in typewriter prices?

- A) Typewriter producers have become less greedy.
- B) The demand curve for typewriters has shifted to the left.
- C) The supply curve for typewriters has shifted to the right.
- D) The supply curve for typewriters has shifted to the left.

Answer: <https://biology-forums.com/index.php?topic=313082>

### Question 162

The government can turn a shortage of a good into a surplus by

- A) imposing a sufficiently low ceiling price.
- B) offering subsidies to producers.
- C) persuading producers to increase the amount of the good available.
- D) supporting the price of the good above the market clearing level.

Answer: <https://biology-forums.com/index.php?topic=313058>

### Question 163

There is no reason to think poets can't someday become as rich as professional basketball players in the market process. It is most likely to happen if

- A) the supply of poets increases substantially.
- B) the supply of poets decreases substantially.
- C) the cost of writing good poetry decreases substantially.
- D) poets are able to consistently sell out twenty-thousand-or-larger seat stadiums at thirty dollars (or more) per ticket.

Answer: <https://biology-forums.com/index.php?topic=313689>

### Question 164

Positive externalities tend to create free-rider problems because positive externalities

- A) appeal more to extroverts than to people who are reflective.
- B) are spill over benefits to people who don't pay for them.
- C) are concentrated in the hands of people living on unearned income.
- D) arise primarily from government programs.

Answer: <https://biology-forums.com/index.php?topic=315345>

### Question 165

Recall from Chapter 5: interest rates in the free market (without artificial lowering by the Fed) are largely determined by

- A) Congress.
- B) arbitrary bank lending practices.
- C) household saving and consumption preferences.
- D) tax revenues and lobbying demands.

Answer: <https://biology-forums.com/index.php?topic=316669>

### Question 166

Fill in the blank: According to the authors of your text, traffic congestion can be reduced by \_\_\_\_\_ the spillover costs associated with driving.

- A) modernizing
- B) estimating
- C) externalizing
- D) internalizing

Answer: <https://biology-forums.com/index.php?topic=315178>

### Question 167

In the economic way of thinking,

- A) buyers compete against other buyers, sellers cooperate with other sellers, and buyers cooperate with sellers.
- B) buyers cooperate with other buyers, sellers cooperate with other sellers, and buyers compete with sellers.
- C) buyers compete against other buyers, sellers compete against other sellers, and buyers cooperate with sellers.
- D) buyers cooperate with other buyers, sellers cooperate with other sellers, and buyers cooperate with sellers.

Answer: <https://biology-forums.com/index.php?topic=315644>

### Question 168

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 40 people employed; 50 people not in the labor force. How many people are unemployed?

- A) 100
- B) 90
- C) 50
- D) 40
- E) 10

Answer: <https://biology-forums.com/index.php?topic=316242>

### Question 169

The narrowly-defined money supply in the U.S., called M1, does not include which of the following?

- A) Coins in circulation
- B) Currency in circulation
- C) Currency in the vaults of commercial banks
- D) Demand deposit liabilities of commercial banks

Answer: <https://biology-forums.com/index.php?topic=316418>

### Question 170

Roughly what percent of American families lived below the poverty line in 2010?

- A) 12%
- B) 22%
- C) 32%
- D) 42%
- E) 52%

Answer: <https://biology-forums.com/index.php?topic=315721>

### Question 171

Fill in the blank: Rent controls tend to \_\_\_\_\_ discrimination among landlords.

- A) increase nonprice
- B) increase price
- C) decrease nonprice
- D) eliminate

Answer: <https://biology-forums.com/index.php?topic=313498>

### Question 172

If the demand for a good is increasing while the supply curve remains unchanged, then we will observe

- A) more purchases at a higher price.
- B) more purchases at a lower price.
- C) fewer purchases at a higher price.
- D) fewer purchases at a lower price.

Answer: <https://biology-forums.com/index.php?topic=313803>

### Question 173

Let's assume Ben can produce 3 units of a material good (M) or 3 units of a spiritual good (S) in a day, while Cal can produce 1 M or 2 Ss in a day.

Both Ben and Cal can potentially produce a larger combination of M and S

- A) if Ben specializes in S and Cal in M and they exchange with one another.
- B) if Ben specializes in M and Cal in S and they exchange with one another.
- C) if Ben specializes in both goods and doesn't exchange with Cal.
- D) only if Cal finds a way to also produce 3 M and 3 S per day.

Answer: <https://biology-forums.com/index.php?topic=311679>

### Question 174

Money is

- A) anything backed by credit cards.
- B) any durable good.
- C) anything declared by law to be a general medium of exchange.
- D) anything people use as a general medium of exchange.

Answer: <https://biology-forums.com/index.php?topic=316293>

### Question 175

A recession is a slowdown in the rate of economic growth that

- A) causes total income to fall even though total output has not declined.
- B) is unintended and therefore disappoints people's expectations.
- C) lowers the nominal level of gross domestic product.
- D) persists longer than one year.
- E) results in fewer people being employed.

Answer: <https://biology-forums.com/index.php?topic=316121>

### Question 176

When Federal Reserve Banks add to their holdings of government securities,

- A) commercial banks must reduce their net lending.
- B) commercial bank reserves increase.
- C) the Fed is extending less credit to the economy.
- D) the stock of money declines.

Answer: <https://biology-forums.com/index.php?topic=316624>

### Question 177

Suppose the nominal interest rate is 4% and the rate of inflation is 3%. The real interest rate is therefore

- A) 7%.
- B) 1%.
- C) 0%.
- D) -1%.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313403>

### Question 178

The merger of two daily New York City newspapers would be an example of a

- A) conglomerate merger.
- B) diagonal merger.
- C) horizontal merger.
- D) vertical merger.

Answer: <https://biology-forums.com/index.php?topic=314610>

### Question 179

"Dad said he'd pay for my education whether I go to State or to Ivy College. So I chose Ivy College, even though it'll cost him \$15,000 more in tuition each year!" Pick the correct statement:

- A) Her opportunity cost is \$15,000 each year.
- B) Her opportunity cost is the satisfaction she would have experienced at State.
- C) Whether she realizes it or not, her opportunity cost is infinite, just like her dad's love is infinite.
- D) She has no opportunity cost, because her dad will pay for her education.

Answer: <https://biology-forums.com/index.php?topic=311496>

### Question 180

The analysis of Chapter 15 argues that the painfully slow recovery following the Great Recession, in which the accumulation of mistakes during the housing bubble are not being fully corrected, is explained by

- A) the Fed's continued attempt to keep interest rates low and "help" the housing sector recover.
- B) the negative consequences of deficit policies that attempt to "stimulate" the economy.
- C) both of the above reasons.
- D) neither of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316740>

### Question 181

Quantity supplied means

- A) the amount of a good consumers plan to purchase.
- B) the amount of a good suppliers plan to sell at a given price.
- C) the only level of output that producers can produce.
- D) the same thing as "supply."

Answer: <https://biology-forums.com/index.php?topic=312968>

### Question 182

The price elasticity of demand is measured as

- A) the ratio of the typical consumer's quantity demanded to the entire quantity demanded in the market.
- B) the percentage change in quantity demanded divided by the percentage change in price.
- C) the number of purchases divided by the price of the product.
- D) price divided by quantity.
- E) quantity divided by price.

Answer: <https://biology-forums.com/index.php?topic=312169>

### Question 183

A surplus of peanuts implies

- A) more peanuts have been produced than can be used currently.
- B) peanuts are not currently scarce.
- C) there is currently no demand for peanuts.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313052>

### Question 184

Even if the City Council fixed high minimum taxi fares and gave licenses to operate to only a few cab owners, license holders would not earn large profits from operating taxis in the city because

- A) people would drive their own cars.
- B) people would substitute buses for taxis.
- C) taxis are not a necessity of life.
- D) the cost of owning a license would eat up the potential profits from operating a taxi.
- E) the demand would fall as taxi fares rose.

Answer: <https://biology-forums.com/index.php?topic=314829>

### Question 185

When people reduce their rate of time preference

- A) savings increase and the supply of credit decreases.
- B) savings increase and the supply of credit increases.
- C) savings decrease and the supply of credit increases.
- D) savings decrease and the supply of credit decreases.

Answer: <https://biology-forums.com/index.php?topic=313341>

### Question 186

According to your authors, "wealth = material things"

- A) must be rejected.
- B) makes sense to economists, but not non-economists.
- C) is the correct definition of wealth.
- D) helps us understand the foundations of what Adam Smith called the commercial society.

Answer: <https://biology-forums.com/index.php?topic=311271>

### Question 187

When demand for a product increases,

- A) suppliers change their plans.
- B) demanders change their plans.
- C) the price changes.
- D) all of the above occur.
- E) none of the above occur.

Answer: <https://biology-forums.com/index.php?topic=312986>

### Question 188

In the economy of Pandemonia, 500 people have jobs, 500 people are not working but are searching for work, and 1500 people don't work and don't seek work. The unemployment rate is

- A) 10 percent.
- B) 40 percent.
- C) 55 percent.
- D) 66 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316206>

### Question 189

An outward rotation of the production possibilities frontier occurs when

- A) traders specialize in and exchange the products of their comparative advantage.
- B) one trader steals from the other.
- C) traders produce goods at exactly the same levels of opportunity cost.
- D) one trader begins to produce both goods at a higher level of opportunity cost compared to the other.

Answer: <https://biology-forums.com/index.php?topic=311529>

### Question 190

A substantial increase in the legal minimum wage will tend to

- A) expand employment by increasing purchasing power and hence the demand for output.
- B) improve the position of the least skilled persons in the labor force.
- C) reduce employment by raising the cost of hiring some employees above their expected worth to potential employers.
- D) reduce the wages of highly skilled and highly paid employees.

Answer: <https://biology-forums.com/index.php?topic=313556>

### Question 191

Chuck Stake never eats vegetables, although he can afford to buy them. According to the economic way of thinking, Chuck

- A) must have a serious physiological aversion to vegetables.
- B) was probably forced to eat them as a kid, and now hates them.
- C) believes the additional benefits from eating vegetables are outweighed by the additional costs.
- D) has studied economics enough to know that nobody needs to eat their vegetables.

Answer: <https://biology-forums.com/index.php?topic=311841>

### Question 192

Which institution tends to increase specialization in society?

- A) Barter
- B) Government planning bureaus
- C) Money
- D) Price regulation

Answer: <https://biology-forums.com/index.php?topic=313323>

### Question 193

If you decide to go to a movie on a Friday night rather than write a letter to your grandmother, you

- A) are willing to deprive your grandmother of a letter simply in order to enjoy a movie.
- B) place more value on the movie than on your grandmother.
- C) would rather have fun than fulfill your responsibilities to your relatives.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312698>

### Question 194

Suppose it costs a farmer \$1.00 to produce 1 unit of corn, \$2.10 to produce 2 units of corn, and \$3.30 to produce 3 units of corn. What's the marginal cost of producing 2 units of corn?

- A) 0
- B) 10 cents
- C) \$1.10
- D) \$2.00
- E) \$2.10

Answer: <https://biology-forums.com/index.php?topic=312718>

### Question 195

Suppose the Utopian economy has the following characteristics: 100,000 people in the noninstitutional population; 80,000 people employed; 20,000 people not in the labor force. How many people are unemployed?

- A) 0
- B) 20,000
- C) 60,000
- D) 80,000
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316251>

### Question 196

There are very few, if any, farms within the city limits of Chicago because

- A) zoning laws have always prohibited them.
- B) the land under the city of Chicago is unfertile.
- C) Chicago is known for its butchers and freighters, not its farmers.
- D) the land is in extremely great demand for non-agricultural purposes.

Answer: <https://biology-forums.com/index.php?topic=313740>

### Question 197

Does an increase in the demand for Introductory Economics increase the cost to students of taking the course?

- A) No, because tuition rates are not set to clear the market.
- B) Not if the college refuses to hire additional people to teach the course.
- C) Yes, if the course is consequently taught in a larger room, which costs more to heat.
- D) Yes, insofar as students have to accept less satisfactory class schedules in order to take the course.

Answer: <https://biology-forums.com/index.php?topic=312551>

### Question 198

Hospitals typically include all their sunk costs when deciding how much it costs them to provide services because

- A) each patient benefits from the hospital's being adequately equipped.
- B) hospital administrators have no incentive to be efficient.
- C) no hospital could continue operating if it wasn't able to cover its sunk costs.
- D) the payments they receive are largely based on what they say are their costs.
- E) they are non-profit institutions and hence are in general poorly managed.

Answer: <https://biology-forums.com/index.php?topic=313772>

### Question 199

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) Gomer produces L more efficiently than Goober.
- B) Gomer produces W more efficiently than Goober.
- C) Goober produces W more efficiently than Gomer.
- D) Both A and B is true.

Answer: <https://biology-forums.com/index.php?topic=311607>

### Question 200

Paint and paintbrushes are complements. If the price of paint increases, then

- A) the demand for paintbrushes will increase.
- B) the demand for paintbrushes will decrease.
- C) the demand for paint will increase.
- D) the demand for paint will decrease.

Answer: <https://biology-forums.com/index.php?topic=312023>

### Question 201

A ski resort is clearly "selling short" when it

- A) charges lower prices for weekday lift tickets compared to weekend lift tickets.
- B) offers children and senior citizens discounts on lift tickets.
- C) charges a two-for-one special on Monday nights only.
- D) offers a discounted season ticket that must be purchased before the ski season opens.

Answer: <https://biology-forums.com/index.php?topic=314098>

### Question 202

If a commercial airline starts offering maxi-saver fares at huge discounts to passengers who purchase tickets at least 30 days in advance and agree to stay over a Saturday night, what is the most likely effect upon first-class passenger service?

- A) First-class fares will rise somewhat to compensate for the loss on other fares.
- B) The demand for first-class service may fall somewhat because the price of a substitute good has decreased substantially.
- C) The marginal cost of first-class service will rise somewhat because the total cost must be allocated among all passengers.
- D) The marginal revenue from first-class service will rise somewhat because first-class service is now more clearly a superior good.

Answer: <https://biology-forums.com/index.php?topic=314481>



### Question 203

Suppose the nominal interest rate is 1% and the rate of inflation is 3%. The real interest rate is therefore

- A) -2%.
- B) 2%.
- C) 4%.
- D) 5%.

Answer: <https://biology-forums.com/index.php?topic=313400>

### Question 204

"I'd rather have \$100 now than wait for \$100 six months from now." This person

- A) displays a negative rate of time preference.
- B) displays a positive rate of time preference.
- C) displays a zero rate of time preference.
- D) displays irrational behavior because the money will be more valuable later.

Answer: <https://biology-forums.com/index.php?topic=313354>

### Question 205

Which aggregate measure is used to determine whether or not a country is experiencing a recession?

- A) Nominal GDP
- B) Nominal interest rate
- C) Real GDP
- D) Real interest rate
- E) Gross business inventory investment

Answer: <https://biology-forums.com/index.php?topic=316112>

### Question 206

If the Slamdunkers can sell 5000 season tickets for \$100 and 6000 season tickets only by lowering the price to \$80, the demand for season tickets between the two prices is

- A) elastic.
- B) inelastic.
- C) marginal.
- D) unit elastic.

Answer: <https://biology-forums.com/index.php?topic=314396>

### Question 207

When nations attempt to move quickly from central planning to a market system, they face the obstacle of high transaction costs in large part because

- A) market systems are unnatural and require careful design.
- B) people who have lived under socialism lack the basic skills a market system requires.
- C) people who have long lived under socialism are not sufficiently individualistic.
- D) the experience of socialism makes people distrustful of one another.
- E) they lack many of the institutions that develop over time in a market system.

Answer: <https://biology-forums.com/index.php?topic=313309>

### Question 208

If Dr. Giltscalpel's gross revenue doubled when he doubled his surgical fees, the demand for his services within the relevant price range would be

- A) indeterminate.
- B) perfectly elastic.
- C) perfectly inelastic.
- D) unit elastic.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312329>

### Question 209

Suppose the price level is unchanged and real GDP rises. Then

- A) nominal GDP must decrease.
- B) nominal GDP must remain unchanged.
- C) nominal GDP must increase.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315969>

### Question 210

Which of the following would lead to an increase in the supply of ethnic restaurants in a college town?

- A) An increase in the wages paid to restaurant workers
- B) An increase in the price of American chain restaurants, and consumers regard American chain restaurants and ethnic restaurants as substitutes
- C) An increase in the demand for ethnic restaurants
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312806>

### Question 211

Requiring commercial banks to hold reserves equal to some fraction of their deposit liabilities

- A) acts as a constraint on bank lending.
- B) is an alternative for banks that choose not to use the gold standard.
- C) is without significance since banks are not required to meet their liabilities on demand by depositors.
- D) prevents runs on banks by depositors who fear that the banks may not have assets equal to their liabilities.
- E) really has no effect on the monetary system today.

Answer: <https://biology-forums.com/index.php?topic=316365>

### Question 212

For social cooperation to be promoted, an effective system of property rights will be one in which people

- A) behave cautiously and considerately because their rights are not clear.
- B) enjoy most rights in common with all other members of the society.
- C) know exactly what their rights are and don't expect them to change significantly.
- D) know their rights are always dependent upon continuing majority approval.
- E) realize the rules of the game can change at any moment.

Answer: <https://biology-forums.com/index.php?topic=314968>

### Question 213

Why would a speculator purchase 1,000 shares of XYZ.COM stock at a price ten times greater than its initial public offering price?

- A) They expect the price to soon fall.
- B) They expect to be able to sell it at a higher price.
- C) They must think the company will sustain long-run profits.
- D) They failed to realize the importance of economizing in their portfolio allocation.

Answer: <https://biology-forums.com/index.php?topic=314068>

### Question 214

When people say, "government officials act on the basis of the property rights which they perceive," they mean

- A) government officials are inherently conservative.
- B) government officials do not have to be concerned about information being scarce.
- C) government officials make decisions based on the expected consequences to themselves.
- D) government officials will ordinarily not confiscate property without due process of law.

Answer: <https://biology-forums.com/index.php?topic=315301>

### Question 215

Your authors state that the rise in the U.S. poverty rate from 2000 to 2010 was primarily caused by

- A) the rise of huge corporations and "big box stores" in the consumer goods sector.
- B) the growing number of students straddled with student loan debt.
- C) the Great Recession that began in 2008.
- D) none of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=315727>

### Question 216

Suppose the Fed buys \$1 billion worth of bonds and the required reserve ratio is 5%. In theoretical limit, the money supply could

- A) decrease by \$5 billion.
- B) increase by \$5 billion.
- C) increase by \$20 billion.
- D) decrease by \$20 billion.

Answer: <https://biology-forums.com/index.php?topic=316508>

### Question 217

A social system could eliminate profits and losses if it could

- A) eliminate greed and selfishness.
- B) eliminate uncertainty.
- C) fix all prices to reflect opportunity costs.
- D) fix all prices to reflect the value of the labor embodied in goods.
- E) tax all receipts above cost and redistribute them to firms unable to cover all their costs.

Answer: <https://biology-forums.com/index.php?topic=313958>

### Question 218

With price on the vertical axis and quantity on the horizontal axis, economists would draw an increase in supply as

- A) a leftward shift in the supply curve.
- B) a rightward shift in the supply curve.
- C) a vertical supply curve.
- D) any which way we like.

Answer: <https://biology-forums.com/index.php?topic=312775>

### Question 219

Who would the BLS count as unemployed? The person who

- A) searches for a job after retiring from the military.
- B) quits work and intends to stay at home raising his kids.
- C) was fired from work and decides to attend college full time rather than seek work.
- D) is dissatisfied with her present job and spends hours reading the help-wanted ads.

Answer: <https://biology-forums.com/index.php?topic=316169>

### Question 220

Which of the following is the most essential prerequisite for successful conduct of the "game" of urban traffic?

- A) An advance plan to coordinate the moves of participants
- B) Drivers who care as much about other people's interests as their own
- C) Extensive information on other drivers' destinations and objectives
- D) General consensus on and following of traffic rules

Answer: <https://biology-forums.com/index.php?topic=311145>

### Question 221

Of the following cancer patients, who is speculating?

- A) The one who follows their doctor's advice and elects chemotherapy
- B) The one who goes against their doctor's advice and rejects chemotherapy
- C) The one who gets a second opinion, but not a third opinion
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314062>

### Question 222

Which statement below is true?

- A) Only price takers practice price discrimination.
- B) Non-profit firms do not practice price discrimination.
- C) No U.S. government organization is officially allowed to practice price discrimination.
- D) All of the above are true.
- E) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=314426>

### Question 223

What best determines the price a price taker will charge?

- A) Demand
- B) Revenue
- C) Cost
- D) Reputation

Answer: <https://biology-forums.com/index.php?topic=314278>

### Question 224

Government is viewed in the economic way of thinking as many different people interacting on the basis of

- A) fear of punishment rather than hope for reward.
- B) legal considerations rather than profitability.
- C) prevailing property rights.
- D) principles of cooperation rather than of competition.
- E) regard for the public interest rather than private interest.

Answer: <https://biology-forums.com/index.php?topic=315469>

### Question 225

A doubling of the current minimum legal wage is likely to confer the most benefit and impose the least harm on members of which group listed below?

- A) Employers who own small businesses
- B) Highly skilled workers
- C) Shareholders of large corporations
- D) Teenagers
- E) Unskilled workers

Answer: <https://biology-forums.com/index.php?topic=313591>

### Question 226

If no beautification projects were undertaken in a city except by private individuals or firms, the city would almost surely be less beautiful than otherwise comparable cities because

- A) aesthetic standards vary so widely.
- B) it is extremely difficult to induce people to pay on a voluntary basis for the pleasure they receive from urban beautification projects.
- C) people may enjoy beauty, but they are not willing to pay for it.
- D) private individuals and firms generate more external costs than benefits.

Answer: <https://biology-forums.com/index.php?topic=315336>

### Question 227

You and your roommate go to a Sunday brunch at the local restaurant. All you can eat for \$4.95. You enjoyed your meal. Your roommate didn't care for it at all. Each of you paid your bill in full. Who incurred a sunk cost?

- A) Both you and your roommate
- B) Only you
- C) Only your roommate
- D) Neither of you

Answer: <https://biology-forums.com/index.php?topic=312584>

### Question 228

Do people's incomes result from the choices they make?

- A) Yes, and from no constraints whatsoever.
- B) Yes, but from among a limited set of options.
- C) No, because obviously no one would choose to be poor.
- D) No, because others often will not let people have what they choose.

Answer: <https://biology-forums.com/index.php?topic=315572>

### Question 229

If skilled and unskilled labor are substitutes, then an increased minimum wage would tend to

- A) reduce the demand for both unskilled and skilled workers.
- B) reduce the quantity demanded of unskilled workers and increase the demand for skilled workers.
- C) reduce the demand for unskilled workers and increase the quantity demanded of unskilled workers.
- D) reduce the quantity demanded for both unskilled and skilled workers.

Answer: <https://biology-forums.com/index.php?topic=313677>

### Question 230

Why do few avocados rot, even though in some seasons of the year far more avocados are harvested than in other seasons of the year?

- A) Consumers realize it would be inefficient to let avocados rot.
- B) Growers vary their advertising efforts with the season of the year.
- C) Prices fluctuate sharply as supplies increase or decrease.
- D) The taste for avocados varies proportionately to the supply.

Answer: <https://biology-forums.com/index.php?topic=314149>

### Question 231

According to your textbook, critics of "globalization" often fail to understand that

- A) money makes the world go round.
- B) voluntary trade is mutually beneficial.
- C) economics applies only to capitalist economic systems.
- D) greed is better than love.

Answer: <https://biology-forums.com/index.php?topic=317136>

### Question 232

Discretionary monetary policy was more frequently employed than discretionary fiscal policy in the two decades following World War II because

- A) economic conditions did not seem to require any use of fiscal policy tools during this period.
- B) economists did not yet believe in the effectiveness of fiscal policy.
- C) inflation was not yet seen as a problem.
- D) monetary policy could be altered without Congressional action.
- E) monetary policy was thought to be capable of raising output while holding down prices.

Answer: <https://biology-forums.com/index.php?topic=316749>

### Question 233

According to your text, with the exception of South Africa, the record of economic growth in sub-Saharan Africa

- A) is tragic.
- B) mirrors that of most of the Latin American countries.
- C) is about the same as South Korea.
- D) is respectable, but not fantastic.

Answer: <https://biology-forums.com/index.php?topic=317077>

### Question 234

A price searcher faces the following demand function: At \$7, 6, 5, 4, and \$3, the quantity demanded is 300, 400, 500, 600, and 700 units respectively.

Which statement below is true?

- A) Total revenue is \$11,500.
- B) Marginal revenue is \$300 when the price is \$5.
- C) Marginal revenue is \$100 when the price is \$5.
- D) Marginal revenue is \$2100 when the price is \$3.

Answer: <https://biology-forums.com/index.php?topic=314310>

### Question 235

An increase in the price of wheat futures will tend to cause

- A) a decrease in current wheat consumption.
- B) an increase in short-selling of wheat.
- C) a shortage of wheat in the future.
- D) a surplus of wheat in the future.

Answer: <https://biology-forums.com/index.php?topic=314131>

### Question 236

From the apartment landlord's perspective, what might be a substitute use of his rental property?

- A) A parking lot
- B) An office complex
- C) A condominium
- D) Any of the above.
- E) Definitely none of the above.

Answer: <https://biology-forums.com/index.php?topic=313507>

### Question 237

Any scientific theory

- A) emphasizes some factors while slighting others.
- B) contains some biases.
- C) offers no guarantee of being completely valid and true.
- D) is characterized by all of the above.
- E) is characterized by none of the above.

Answer: <https://biology-forums.com/index.php?topic=311204>

### Question 238

Which Fed policy would be part of an expansionary monetary policy?

- A) Buying government bonds.
- B) Raising the discount rate.
- C) Both of the above.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316578>

### Question 239

According to the 1974 Constitution of the former Yugoslavia, nobody in Yugoslavia owns resources. Being a socialist country, the constitution claimed resources were owned by "society" as a whole. According to the economic way of thinking,

- A) their economic problem would be solved.
- B) resources would finally be used efficiently, because the profit motive would be destroyed.
- C) people would use Yugoslavia's resources wastefully because they themselves wouldn't have to pay the opportunity cost.
- D) the central planners would know how to calculate the true values and costs of resource use.

Answer: <https://biology-forums.com/index.php?topic=315217>

### Question 240

If 80,000 people want tickets to the World Series at the current price, and there are only 55,000 tickets available,

- A) the cost of obtaining a ticket for someone who doesn't yet have one will be greater than the price stamped on its face.
- B) the demand for tickets is highly elastic.
- C) the price is too low.
- D) the quantity purchased will be greater than the quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=313263>

### Question 241

Barry Bonds and Jennifer Lopez have which of the following in common?

- A) Neither of them faces the problem of scarcity.
- B) Each of them acts solely in the public interest.
- C) Each of them chooses to advance some projects over others.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311076>

### Question 242

If an economist claims there are substitutes for fossil fuels, she is really saying

- A) fossil fuels don't have to be economized.
- B) fossil fuels aren't scarce goods.
- C) fossil fuels aren't important.
- D) fossil fuels are used, and maintained, only at a cost.
- E) economists don't care for fossil fuels.

Answer: <https://biology-forums.com/index.php?topic=315169>

### Question 243

How do your authors explain the vast differences between the growth rates of the United States and India?

- A) The tremendous degree of central planning in the United States
- B) Exploitation of the poorer nation by the richer nation
- C) The problems of central planning in India
- D) The lack of central planning in India
- E) The strength of the union movement in the United States

Answer: <https://biology-forums.com/index.php?topic=316960>

### Question 244

The time it takes for a one-dollar addition to bank reserves to work its way through the banking system and the financial portfolios of the public and have its full impact on the stock of money

- A) is about one quarter of a year.
- B) is between six and nine months.
- C) is not yet known precisely because little empirical research has been done on the question.
- D) probably cannot be predicted from an examination of historical data.

Answer: <https://biology-forums.com/index.php?topic=316804>

### Question 245

Suppose a Chinese restaurant routinely provides free fortune cookies to its customers. The economic way of thinking suggests the restaurant is

- A) engaging in predatory pricing of its meals.
- B) attempting to increase its total profit.
- C) selling Chinese food below cost.
- D) doing all of the above.
- E) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314857>

### Question 246

How is national output related to national income?

- A) Income is greater than output during recoveries and booms.
- B) Income is greater than output during recessions and depressions.
- C) Output exceeds income by the amount of unsold goods.
- D) They are always equal.
- E) They are only equal when the economy is in equilibrium.

Answer: <https://biology-forums.com/index.php?topic=315924>

### Question 247

Many predict there will be permanent, growing shortages of oil by the year 2025. The prognosticators are assuming

- A) oil prices will fall.
- B) oil prices will not adjust appropriately to coordinate the market.
- C) oil prices will rise.
- D) greed will ruin the supply and demand process in the world oil market.

Answer: <https://biology-forums.com/index.php?topic=313838>

### Question 248

Fill in the blank: According to the text a commercial society cannot develop successfully in the absence of \_\_\_\_\_.

- A) the rule of law
- B) low interest rates
- C) central economic planning
- D) massive government works projects
- E) perfect and complete information

Answer: <https://biology-forums.com/index.php?topic=311822>

### Question 249

Coal-fired steam locomotives become more efficient for railroads relative to oil-burning diesel locomotives as

- A) the price of coal increases.
- B) the price of oil increases.
- C) coal-fired steam locomotives become larger.
- D) railroad freight rates increase.

Answer: <https://biology-forums.com/index.php?topic=311418>

### Question 250

Suppose the price of coffee falls. Other things constant, what will not happen?

- A) People will consume more coffee.
- B) People will consume more cream.
- C) The demand for coffee will rise.
- D) The demand for cream will fall.
- E) More people will now consider drinking bottled water.

Answer: <https://biology-forums.com/index.php?topic=311981>

### Question 251

According to the economic theory of government, policies in a democracy will favor

- A) the interests of many small minorities.
- B) the public interest.
- C) the real interests of the majority.
- D) whatever the majority thinks it wants even when this is not in the majority's real long run interest.

Answer: <https://biology-forums.com/index.php?topic=316850>



### Question 252

What effect would an increase in the price of pork have on the demand for beef?

- A) It would decrease the demand for beef.
- B) It would decrease the demand for beef only if the demand for beef is elastic.
- C) It would increase the demand for beef.
- D) It would increase the demand for beef only if the demand for beef is inelastic.
- E) It would have no effect, because a change in price affects only the quantity demanded, not the demand.

Answer: <https://biology-forums.com/index.php?topic=312266>

### Question 253

Inflation is

- A) a decline in the total purchasing power of an economy.
- B) a decrease in the amount of other goods that a unit of money will purchase.
- C) a fall in people's real incomes.
- D) an increase in the cost of living.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316020>

### Question 254

Bonnie can produce either 10 hats or 20 scarves in a month. Phil can produce either 10 hats or 5 scarves in a month. Therefore:

- A) Phil has a comparative advantage in hats, Bonnie in scarves.
- B) Bonnie has a comparative advantage in hats, Phil in scarves.
- C) Phil has a comparative advantage in both hats and scarves.
- D) Bonnie has a comparative advantage in both hats and scarves.
- E) Neither of them has a comparative advantage in hats.

Answer: <https://biology-forums.com/index.php?topic=311646>

### Question 255

Fill in the blank: In the economic way of thinking, \_\_\_\_\_ are the key to help people coordinate production and consumption plans

- A) abundant levels of natural resources
- B) well-meaning and inspired economic planners
- C) market-formed prices
- D) years of training in economic theory

Answer: <https://biology-forums.com/index.php?topic=312895>

### Question 256

Publishers charge much higher prices for a book in hardcover than for the same book in paper cover because

- A) the demand for hardcover books is less elastic at the same price.
- B) the marginal cost of attaching hardcovers is very high.
- C) there are larger sunk costs in the production of hardcover editions.
- D) they have less bargaining power against bookstores in marketing paperback editions.
- E) they want to subsidize students.

Answer: <https://biology-forums.com/index.php?topic=314475>

### Question 257

Which of the following will not change the demand for movie tickets?

- A) A change in the cost of babysitting services
- B) A change in the incomes of moviegoers
- C) A change in the price of movie tickets
- D) A change in the quality of television programs
- E) A change in the quality of movies

Answer: <https://biology-forums.com/index.php?topic=311969>

### Question 258

Is the stock of a corporation with an excellent earnings record likely to be a better buy than the stock of a corporation doing very badly?

- A) No, because the price of each stock will reflect differing situations.
- B) Only if their different earnings records have persisted for several years.
- C) Yes, because stocks with large dividend returns to owners are always good buys.
- D) Yes, because the future is more likely to resemble the past than to differ from it in any systematic way.

Answer: <https://biology-forums.com/index.php?topic=314035>

### Question 259

From which of the following goods is it most difficult to exclude free riders?

- A) Tickets for the Newport Jazz Festival
- B) Food and beer sold at the Newport Jazz Festival
- C) Programs and souvenirs sold at the Newport Jazz Festival
- D) A radio simulcast of the Newport Jazz Festival

Answer: <https://biology-forums.com/index.php?topic=315361>

### Question 260

"30 people camp on the sidewalk in 10 degree weather for Phish reunion concert tickets, sold only at the door." In the economic way of thinking, the people camping out are

- A) competing against other Phish fans for concert tickets.
- B) taking what they believe is an efficient strategy for acquiring a scarce good.
- C) planning to cooperate with the sellers of the concert tickets.
- D) doing all the above.

Answer: <https://biology-forums.com/index.php?topic=313073>

### Question 261

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if new EPA regulation, which prohibit the use of certain pesticides and herbicides widely used by cotton farmers, are introduced?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313150>

### Question 262

Externalities occur

- A) only when a person acts out of greed.
- B) only when a person acts out of selfish interest.
- C) only when a person is concerned with personal profit.
- D) only when the decision maker does not take into account all the benefits or costs from an action.

Answer: <https://biology-forums.com/index.php?topic=314902>

### Question 263

The real rate of interest is

- A) the rate of inflation minus the nominal rate of interest.
- B) the nominal rate of interest minus the risk premium.
- C) the nominal rate of interest minus the rate of inflation.
- D) the rate of inflation minus the risk premium.

Answer: <https://biology-forums.com/index.php?topic=313379>

### Question 264

Which of these persons is not investing in human capital?

- A) A business student studying accounting
- B) A teenager who stays with a job she dislikes in order to obtain a favorable recommendation from the employer when she leaves
- C) A professional boxer lifting weights
- D) A student purchasing shares of stock in a computer software manufacturer
- E) An aspiring opera singer taking courses in conversational Italian

Answer: <https://biology-forums.com/index.php?topic=315602>

### Question 265

Use the economic way of thinking to complete the following statement: An entrepreneur who owns his own building

- A) enjoys the building as a free good.
- B) sacrifices rental income he could have been earned on the building.
- C) enjoys lower costs than other entrepreneurs who choose to rent buildings from others.
- D) enjoys larger economic profits compared to other entrepreneurs who choose to rent buildings from others.

Answer: <https://biology-forums.com/index.php?topic=313889>

### Question 266

If a seller can sell 5 units at \$8 each and can sell a 6th unit separately for \$7 (the people willing to pay \$8 don't learn about the reduced price), the marginal revenue from selling the 6th unit is

- A) \$47.
- B) \$7.50.
- C) \$7.
- D) \$2.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314390>

### Question 267

Fill in the blanks: Whenever the Fed \_\_\_\_\_ excess reserves in the banking system, they tend to \_\_\_\_\_ the overall money supply.

- A) raises; reduce
- B) raises; increase
- C) lowers; increase
- D) lowers; stabilize

Answer: <https://biology-forums.com/index.php?topic=316532>

### Question 268

ACME Steel made \$68 million in profits last year selling its steel to the Cogswell Car Corporation, which means

- A) Cogswell Car Corp. also enjoyed \$68 million in profits last year.
- B) Cogswell Car Corp. also suffered a \$68 million loss last year.
- C) Cogswell Car Corp. also expected to profit from the deal.
- D) Cogswell Car Corp. was acting inefficiently.

Answer: <https://biology-forums.com/index.php?topic=313943>

### Question 269

Effective cooperation among the members of a commercial society is more likely when

- A) economic decisions are placed in the hands of democratically-elected committees.
- B) everyone's income is approximately the same.
- C) people produce for use rather than for profit.
- D) prices do not change in response to temporary changes in circumstances.
- E) property rights are clearly defined.

Answer: <https://biology-forums.com/index.php?topic=313302>

### Question 270

Burger Queen enjoyed \$1 million in profits last year. What does Burger Queen's \$1 million in profits mean for its competitor, Burger Lord?

- A) Nothing.
- B) Burger Lord must have suffered \$1 million in losses last year.
- C) Burger Lord must have also enjoyed \$1 million in profits last year.
- D) Burger Queen is more efficient at serving its customers compared to Burger Lord.

Answer: <https://biology-forums.com/index.php?topic=313937>

### Question 271

When economists study the interactions of different people, the focus of their studies is on

- A) inequality of wealth.
- B) many different individual plans that must be coordinated.
- C) not enough jobs for everyone who wants one.
- D) people's excessive attachment to their own interests.
- E) too many dollars chasing too few goods.

Answer: <https://biology-forums.com/index.php?topic=310998>

### Question 272

The best time to purchase the stock of a corporation capable of generating large earnings in the future is when

- A) everyone expects its future earnings to be larger than they are now.
- B) the price of the stock is lower than it has been in recent years.
- C) the price of the stock is higher than it has been in recent years.
- D) you alone expect its future earnings to be larger than they are now.
- E) you know the corporation has already started to generate large earnings.

Answer: <https://biology-forums.com/index.php?topic=314015>

### Question 273

- Opportunity costs are
- A) always marginal costs.
  - B) never marginal costs.
  - C) not related to marginal costs.
  - D) sometimes marginal costs.
  - E) sunk costs.

Answer: <https://biology-forums.com/index.php?topic=312620>

### Question 274

Suppose Spam is an inferior good. If the U.S. economy hit bad times, and demanders' incomes were to fall, which of the following would tend to occur?

- A) Spam sales would increase.
- B) Spam demand would decrease.
- C) The price of Spam would increase.
- D) Both A and C above.
- E) Both B and C above.

Answer: <https://biology-forums.com/index.php?topic=313108>

### Question 275

Firms are not likely to include their sunk costs when calculating their true cost of supplying goods if they

- A) are calculating their income for tax purposes.
- B) have been accused by competitors of "dumping."
- C) have been accused by customers of "price gouging."
- D) must request price increases from a regulatory commission.
- E) want subsidies from the government.

Answer: <https://biology-forums.com/index.php?topic=313776>

### Question 276

Selling a newspaper at retail for ten cents when it cost twenty cents wholesale may be profitable if

- A) people who come in to buy a newspaper often make other purchases also.
- B) the wholesaler is also losing money.
- C) there are no substitutes for newspapers available.
- D) there is about to be a newspaper strike.

Answer: <https://biology-forums.com/index.php?topic=314590>

### Question 277

Fill in the blanks. According to your textbook, when humanitarian efforts to free Sudanese slaves were introduced, \_\_\_\_\_ increased initially, which led to \_\_\_\_\_ prices. Over time, the slave trade became \_\_\_\_\_ profitable and the supply of slaves \_\_\_\_\_.

- A) supply; lower; less; decreased
- B) demand; lower; more; decreased
- C) demand; higher; more; increased
- D) supply; higher; more; increased

Answer: <https://biology-forums.com/index.php?topic=313608>

### Question 278

Which statement below is true for a price searcher?

- A) Marginal revenue can only be positive.
- B) Marginal revenue can only be negative.
- C) Marginal revenue can only be zero.
- D) Marginal revenue can be positive, negative, or zero.

Answer: <https://biology-forums.com/index.php?topic=314260>

### Question 279

If the elasticity measure equals 0.6, then the demand is

- A) elastic.
- B) unit elastic.
- C) inelastic.

D) infinitely elastic.

Answer: <https://biology-forums.com/index.php?topic=312199>

### Question 280

Jones can brew 10 gallons of lager or 5 gallons of stout every three months, or any linear combination in between. Which statement below is true?

- A) It costs Jones 5 gallons of stout for every 10 gallons of lager brewed.
- B) It costs Jones 1 gallon of stout for every 2 gallons of lager brewed.
- C) It costs Jones 1/2 gallon of stout for every 1 gallon of lager brewed.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311514>

### Question 281

Recalling from Chapter 5, fill in the blanks: Other things constant, when households decide to save more, the supply of credit \_\_\_\_\_ and interest rates \_\_\_\_\_.

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

Answer: <https://biology-forums.com/index.php?topic=316661>

### Question 282

Consider the following situation. Tuition at State University is \$10,000 per year. Each of the students listed below paid their own tuition bills. Who among them incurred the greatest sunk cost?

- A) The student who received a two-year associate's degree
- B) The student who took five years to complete the bachelor's degree
- C) The student who took ten years to complete the bachelor's, master's, and Ph.D. degrees
- D) The student who dropped out during their first semester
- E) The student who dropped out after their third year

Answer: <https://biology-forums.com/index.php?topic=312587>

### Question 283

Suppose the nominal interest rate is 5% and the rate of inflation is 5%. The real interest rate is therefore

- A) 0%.
- B) 1%.
- C) 5%.
- D) 6%.

Answer: <https://biology-forums.com/index.php?topic=313396>

### Question 284

Redbox rents DVDs. Other things constant, which of the following would likely increase the demand for their DVDs?

- A) A rise in the cost of going to the movies
- B) A fall in the price of DVD players
- C) A fall in the price of Redbox DVD movie rentals
- D) Both A and B

Answer: <https://biology-forums.com/index.php?topic=311999>

### Question 285

Suppose Maria can make 12 pizzas or 4 lasagnas every Saturday afternoon, while Gina can make 10 pizzas or 2 lasagnas every Saturday afternoon. Which statement is true?

- A) It costs Maria 1/3 of a pizza to make 1 lasagna.
- B) It costs Maria 1 pizza to make 1 lasagna.
- C) It costs Gina 2 pizzas to make 1 lasagna.
- D) It costs Gina 5 pizzas to make 1 lasagna.

Answer: <https://biology-forums.com/index.php?topic=311586>

### Question 286

How can we determine separately the cost of producing ham hocks from the cost of producing bacon?

- A) By separately estimating the labor time it takes to butcher the hocks and the bacon
- B) By separately calculating the weight of the hocks and the bacon as percentages of total useable meat
- C) By consulting the average industry costs of ham hocks and bacon

D) There is no way to determine the specific costs of joint products.

Answer: <https://biology-forums.com/index.php?topic=314845>

### Question 287

Laura purchased a brand new Pontiac for \$20,000. The moment she assumed ownership, and drove it off the lot, its market value immediately fell to \$17,500. Is the \$2,500 difference in value a sunk cost?

- A) No.
- B) Yes it is, but only if Laura regrets her decision to have purchased the new Pontiac.
- C) Yes it is, but only if Laura receives no compensating benefit from the new Pontiac.
- D) Yes it is, but only if Laura decided to immediately resell the car.
- E) Yes it is, period.

Answer: <https://biology-forums.com/index.php?topic=312581>

### Question 288

If Bonnie can produce either 20 hats or 10 scarves in a month, and Phil can produce either 5 hats or 10 scarves in a month, then

- A) Bonnie is more efficient at producing hats, compared to Phil.
- B) Bonnie is equally efficient at producing scarves, compared to Phil.
- C) both A and B above are true.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311643>

### Question 289

If price discrimination enables sellers to increase net revenues, why don't all sellers try it? Because

- A) some sellers can't manipulate their price.
- B) some sellers can't control resentment.
- C) some sellers can't prevent low-price buyers reselling to high-price buyers.
- D) of all the above reasons.

Answer: <https://biology-forums.com/index.php?topic=314439>

### Question 290

When competing firms set prices with attention to the prices set by their competitors, the demand curve faced by each firm

- A) becomes indeterminate.
- B) becomes less elastic.
- C) becomes more elastic.
- D) shifts toward the northeast.
- E) shifts toward the southwest.

Answer: <https://biology-forums.com/index.php?topic=314665>

### Question 291

Both the Latin American countries and the sub-Saharan countries have poor economic growth records due to

- A) climate.
- B) geography.
- C) colonization.
- D) arbitrary governance.
- E) indifference from the World Bank.

Answer: <https://biology-forums.com/index.php?topic=317083>

### Question 292

According to your textbook, which procedure is the general rule to follow in order to maximize net revenue?

- A) Always choose a 25 percent markup if demand is inelastic.
- B) Always choose a 25 percent markup if demand is elastic.
- C) Always choose a markup between 50 and 100 percent (inclusively) if demand is inelastic.
- D) Always choose no more than a 10 percent markup if demand is perfectly elastic.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314242>

### Question 293

Competition among sellers occurs

- A) when marginal revenue equals marginal cost.
- B) when price equals marginal cost.

C) when price equals marginal revenue.  
D) whenever sellers try to attract customers from one another.  
Answer: <https://biology-forums.com/index.php?topic=314574>

### Question 294

The property rights of commissioners appointed to the Food and Drug Administration encourage them to

A) call for additional testing of a new drug even when a delay in approval is liable to cost more lives than additional testing is likely to save.  
B) make decisions in the interest of drug manufacturers.  
C) make decisions in the interest of physicians and patients.  
D) rush new drugs onto the market before they have been adequately tested.  
E) work shorter hours and take longer vacations than employees in the food and drug industries.  
Answer: <https://biology-forums.com/index.php?topic=315406>

### Question 295

If Congress authorized the President to lower tax rates or to initiate spending projects when aggregate demand was inadequate, which consequence could be predicted most confidently?

A) Aggregate spending would be more stable over time.  
B) Recessions would be less severe.  
C) Recessions would occur less frequently.  
D) The political power of the President would increase.  
E) We would experience a lower rate of inflation.  
Answer: <https://biology-forums.com/index.php?topic=316822>

### Question 296

Suppose Acme County Bank and Trust has \$1 million in total deposits and the required reserve ratio is 8%. How many dollars must the bank keep in its vaults or on deposit at a Federal Reserve Bank?

A) 0  
B) \$80,000  
C) \$920,000  
D) \$1,000,000  
E) None of the above—it's the bank's own choice.  
Answer: <https://biology-forums.com/index.php?topic=316466>

### Question 297

Fill in the blanks: \_\_\_\_\_ is defined as a sustained \_\_\_\_\_ in the purchasing power of money.

A) Inflation; fall  
B) Deflation; fall  
C) Inflation; rise  
D) Answers B and C above are both true.  
Answer: <https://biology-forums.com/index.php?topic=316029>

### Question 298

Suppose shoppers typically pay twice as much for frozen "convenience" foods compared to similar dinners they could prepare themselves. An economist would say

A) the purchase is inefficient because the consumer doesn't really need to pay twice as much for essentially the same dinner.  
B) the purchase is inefficient because the frozen dinner is of even lower quality than the homemade dinner, yet twice as expensive.  
C) the purchase is efficient if the consumer feels the savings in preparation time justifies the higher price.  
D) the purchase is efficient, but the consumer is still probably behaving irrationally.  
Answer: <https://biology-forums.com/index.php?topic=311376>

### Question 299

A pumped storage reservoir used regularly by an electrical utility is efficient for the utility to operate

A) even if it takes twice as much electricity to operate as it generates.  
B) only if it generates more electricity in the long run than it uses up.  
C) only if it generates more electricity in the short run than it uses up.  
D) only if the second law of thermodynamics ceases to hold.  
E) only when the utility ignores sunk costs.  
Answer: <https://biology-forums.com/index.php?topic=311451>

### Question 300



Economic theory is most useful in explaining the operation of social systems

- A) aimed at making a living.
- B) directed toward the satisfaction of material wants.
- C) in the world of business and finance.
- D) in which participants characteristically don't know one another personally.
- E) in which people pursue selfish interests.

Answer: <https://biology-forums.com/index.php?topic=311148>

### Question 301

The effective coordination of social behavior through voluntary exchange depends significantly upon

- A) clearly defined property rights.
- B) such civic virtues as courtesy and tolerance.
- C) well-established and generally accepted rules regarding behavior.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=315004>

### Question 302

People specialize in activities in which they have a comparative advantage

- A) if they know they are more productive than anyone else in the particular activity.
- B) only if they understand the logic of comparative advantage.
- C) when they expect to obtain more of whatever they want by doing so.
- D) only when all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311562>

### Question 303

Competition exists among sellers only if they

- A) all set price equal to marginal cost.
- B) are price takers.
- C) are so numerous that no one of them can affect the price by restricting output.
- D) receive no special privileges from government.
- E) struggle to satisfy potential buyers.

Answer: <https://biology-forums.com/index.php?topic=314529>

### Question 304

Competition is best characterized as

- A) a fully regulated set of market activities.
- B) a fair and just set of outcomes.
- C) a process of bids and offers.
- D) a necessary evil.

Answer: <https://biology-forums.com/index.php?topic=314746>

### Question 305

Suppose the nominal interest rate is 5% and the real interest rate is 2%. We can deduce that the rate of inflation is

- A) 7%.
- B) 3%.
- C) 2%.
- D) 0%.

Answer: <https://biology-forums.com/index.php?topic=313406>

### Question 306

How does the text distinguish between coercion and persuasion?

- A) Coercion uses force; persuasion uses reasoning.
- B) Coercion uses violence; persuasion is peaceful.
- C) Coercion cannot make everyone better off, but persuasion can.
- D) Coercion is evil, and persuasion is good.
- E) Coercion induces cooperation by threatening to reduce options, persuasion by promising to expand options.

Answer: <https://biology-forums.com/index.php?topic=315310>

### Question 307

When event B follows event A three times in succession, but people say B following A is "just a coincidence," they usually mean

- A) it is highly improbable B will follow A a fourth time.
- B) it is more common for A to follow B.
- C) B following A is only a subjective opinion.
- D) there has not been sufficient observation to connect B positively with A.
- E) they aren't aware of any causal theory linking B to A.

Answer: <https://biology-forums.com/index.php?topic=311230>

### Question 308

Which is the more efficient use of one's tight budget: going to a first-run movie at \$7.50 or waiting for the video to be available through Netflix?

- A) Going to the first-run movie
- B) Waiting for the video
- C) Doing neither, especially if one's budget is tight.
- D) It depends on the chooser's own evaluations of costs and benefits.

Answer: <https://biology-forums.com/index.php?topic=311388>

### Question 309

If the government keeps the price of bread low through subsidies, and farmers consequently buy bread to feed to their pigs, we can infer that

- A) pigs are more valuable than people.
- B) pork is more valuable than people.
- C) the farmers find it efficient to feed bread to pigs.
- D) the market system is not working.
- E) waste is occurring because marginal benefit is less than marginal cost.

Answer: <https://biology-forums.com/index.php?topic=311428>

### Question 310

Little Richie Lemons, a thirteen-year-old former lemonade stand owner, quit the business and now searches for an after-school job. Is he officially unemployed?

- A) No, because he was never employed in the first place.
- B) No, because he is under 16 years old.
- C) Yes, because he is no longer self-employed.
- D) Yes, because he is looking for work.

Answer: <https://biology-forums.com/index.php?topic=316163>

### Question 311

The market process will likely fail to fully coordinate supply and demand if transaction costs are

- A) non-existent.
- B) significant.
- C) locally perverse.
- D) inconsequential.

Answer: <https://biology-forums.com/index.php?topic=313291>

### Question 312

Clarity Dence pays \$375 for a used acoustic guitar from the local music instrument dealer. The dealer himself purchased it for \$150. In principle, how would this exchange affect GDP?

- A) Nothing happens to GDP, because the guitar is a used good.
- B) GDP increases by \$150.
- C) GDP increases by \$225.
- D) GDP increases by \$375.
- E) GDP increases by \$525.

Answer: <https://biology-forums.com/index.php?topic=315951>

### Question 313

Total expenditures for new final goods equals total output of new final goods in the income and product accounts

- A) because no one will produce what cannot be sold.
- B) because prices will rise or fall to clear the market.
- C) because unsold goods are assumed to be purchased by the firms that produced them.
- D) only at equilibrium.
- E) when all goods are sold in the year they are produced.

Answer: <https://biology-forums.com/index.php?topic=315939>

### Question 314

In any society, an effective system of property rights would not be possible without

- A) the cooperation of other people.
- B) the entire legal system to adjudicate them fairly.
- C) the police to enforce them.
- D) non-property (public rights).

Answer: <https://biology-forums.com/index.php?topic=314977>

### Question 315

The Illyrian economy has 1000 people in the labor force. 100 people don't have jobs but are searching for work, another 100 people would like to have jobs but quit searching because of poor job prospects, and another 100 people don't work and don't want to work. What's the rate of unemployment?

- A) 10 percent
- B) 20 percent
- C) 30 percent
- D) 100 percent
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316227>

### Question 316

When countries specialize in what they do efficiently and trade, the material wealth of nations

- A) expands.
- B) contracts
- C) remains the same.
- D) Need more information to answer this question.

Answer: <https://biology-forums.com/index.php?topic=311556>

### Question 317

When we hear on the news, "The Fed has increased interest rates today," the Fed has most likely

- A) raised the required reserve ratio.
- B) sold government bonds.
- C) lowered the discount rate.
- D) bought government bonds.

Answer: <https://biology-forums.com/index.php?topic=316548>

### Question 318

People who attend college for four years in order to equip themselves to earn higher incomes in later life are

- A) discounting the future at a higher rate than do people who don't attend college.
- B) giving up future satisfaction for the sake of current satisfaction.
- C) ignoring the fact that future income has less value than current income.
- D) investing in human capital.
- E) revealing a high rate of time preference.

Answer: <https://biology-forums.com/index.php?topic=315594>

### Question 319

Someone who turns down an opportunity to purchase a Bible for \$5 and then immediately pays \$5 to attend a movie thereby expects to obtain more satisfaction from seeing the movie than from

- A) cultivating the spiritual life.
- B) deepening his religious faith.
- C) owning the Bible just offered to him.
- D) reading the Bible.

Answer: <https://biology-forums.com/index.php?topic=312701>

### Question 320

Which of the following is not an important difference between privately-owned enterprises and government institutions?

- A) Decision makers confront different sets of incentives.
- B) Different kinds of information are available to decision makers.
- C) Government has the generally acknowledged right to use coercion.
- D) Self-seeking motives are less characteristic of government employees.

Answer: <https://biology-forums.com/index.php?topic=315295>

### Question 321

- GDP accounting ignores
- A) all non-market forms of production.
  - B) illegal (black market) production.
  - C) economic value added.
  - D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316278>

### Question 322

- What is the most likely effect of legislated rent controls on the rental vacancy rate in an area adopting such controls?
- A) The vacancy rate will not change because rent controls don't change the demand (curve) for housing.
  - B) The vacancy rate will rise because owners will be less eager to have tenants in their buildings.
  - C) The vacancy rate will fall because rent controls create a shortage situation.
  - D) The vacancy rate will become wholly arbitrary and unpredictable because allocation decisions will have to be made by political rather than economic criteria.

Answer: <https://biology-forums.com/index.php?topic=313477>

### Question 323

- A movement along a demand curve is most likely to be caused by
- A) a change in the population.
  - B) a change in expectations.
  - C) a change in income.
  - D) a change in the price of a good.

Answer: <https://biology-forums.com/index.php?topic=311960>

### Question 324

- Who was the author of the following prediction: in the absence of a system for enforcing order in society, life will be "solitary, poor, nasty, brutish, and short"?
- A) Thomas Hobbes
  - B) John Maynard Keynes
  - C) Thomas Kuhn
  - D) Jean-Jacques Rousseau
  - E) Adam Smith

Answer: <https://biology-forums.com/index.php?topic=311112>

### Question 325

- People who come to fear that their wealth is going to be confiscated will acquire a relatively greater incentive to invest in
- A) agricultural land.
  - B) human capital.
  - C) machinery and physical equipment.
  - D) urban real estate.

Answer: <https://biology-forums.com/index.php?topic=315770>

### Question 326

- The effective owner of a resource is the person who
- A) can appropriate the income that arises from selling the services of the resource.
  - B) enjoys physical possession of the resource.
  - C) has legal title to the resource.
  - D) has mixed the resource with individual effort to create private property.

Answer: <https://biology-forums.com/index.php?topic=315554>

### Question 327

- Comparable worth advocates have proposed that employers be required by law to pay wage rates equal to the value of the job. The most telling objection to this proposal is that
- A) employers will probably resist strenuously and successfully.
  - B) it is in the interest of employers to adjust their hiring so as to make the value of the job equal to the wage rate that must be paid.
  - C) the government has no legal authority to set wage rates in the private sector.
  - D) this would leave little or nothing for profits.

Answer: <https://biology-forums.com/index.php?topic=315673>

### Question 328

- A truly voluntary exchange
- A) has nothing to do with values, only with things.
  - B) is always an exchange of equal values.
  - C) is not an exchange of equal values.
  - D) is usually an exchange of equal values.

Answer: <https://biology-forums.com/index.php?topic=311280>

### Question 329

- The high price of agricultural land is basically
- A) the cause of high food prices.
  - B) the result of high food prices.
  - C) unrelated to food prices because processing costs dominate food prices.
  - D) unrelated to food prices because there is no opportunity cost of producing land.

Answer: <https://biology-forums.com/index.php?topic=312458>

### Question 330

- You and your roommate must divide the cooking and cleaning duties. Which of the following will contribute toward giving you a comparative advantage in cleaning?
- A) You develop a contagious disease.
  - B) Your roommate develops an allergy to dust.
  - C) Your roommate takes a course in cooking.
  - D) All of the above.
  - E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311565>

### Question 331

- What's another term for "positive externality"?
- A) Negative externality
  - B) Spillover cost
  - C) Spillover benefit
  - D) The "pay-as-you-go" principle

Answer: <https://biology-forums.com/index.php?topic=315373>

### Question 332

- Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Producers in which nation have an incentive to specialize in beef production?
- A) The U.S.
  - B) Canada
  - C) Both of the above have an incentive to specialize in beef production.
  - D) Neither of the above have an incentive to specialize in beef production.

Answer: <https://biology-forums.com/index.php?topic=311718>

### Question 333

- People who disagree vehemently about whether or not it is efficient to clear-cut forests or strip-mine for coal are basically disagreeing about
- A) the importance of material wealth.
  - B) the importance of the economy.
  - C) the proper relationship of human beings to the natural world.
  - D) who should have which rights.

Answer: <https://biology-forums.com/index.php?topic=311460>

### Question 334

- A continuing, long-term, large decline in the demand for coffee will not cause the price of coffee to fall much over the years if
- A) coffee is not scarce.
  - B) the demand for coffee is highly elastic.
  - C) the demand for coffee is highly inelastic.
  - D) the supply of coffee is highly elastic.
  - E) the supply of coffee is highly inelastic.

Answer: <https://biology-forums.com/index.php?topic=313141>

### Question 335

If Brazil's gross revenue from coffee exports doubles from one year to the next even though the number of bags of coffee exported declines 50 percent,

- A) individual Brazilian coffee producers are price searchers.
- B) individual Brazilian coffee producers have substantial market power.
- C) the demand for Brazilian coffee is most likely elastic.
- D) the demand for Brazilian coffee is most likely inelastic.

Answer: <https://biology-forums.com/index.php?topic=314378>

### Question 336

From which of the following goods is it most difficult to exclude free riders?

- A) A symphony orchestra concert
- B) An interstate highway
- C) An outdoor fireworks display
- D) Postal service

Answer: <https://biology-forums.com/index.php?topic=315355>

### Question 337

An effective price ceiling tends to

- A) decrease quantity supplied.
- B) Increase quantity demanded.
- C) discoordinate the plans of buyers and sellers.
- D) do all of the above.

Answer: <https://biology-forums.com/index.php?topic=313448>

### Question 338

If the Fed were to raise the required reserve ratio,

- A) excess reserves would decrease.
- B) excess reserves would increase.
- C) there would be no effect on the level of excess reserves.
- D) there would tend to be no effect on the nation's money supply.

Answer: <https://biology-forums.com/index.php?topic=316486>

### Question 339

According to your authors, which action below clearly restricts competition?

- A) A large firm raises its price.
- B) A large firm lowers its price.
- C) Government deregulates an industry.
- D) Antitrust legislation restricting other suppliers from entering into a market.

Answer: <https://biology-forums.com/index.php?topic=314782>

### Question 340

Exactly what is a "sunk cost"?

- A) A decision somebody regrets having made
- B) A mistaken choice
- C) Unrecoverable costs
- D) A cost that haunts you for the rest of your life

Answer: <https://biology-forums.com/index.php?topic=312578>

### Question 341

The textbook authors claim

- A) diabetics don't need insulin.
- B) diabetics don't want insulin.
- C) diabetics face no substitutes for insulin.
- D) diabetics can't find insulin at a fair price.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311850>

### Question 342

Let's assume Ben can produce 3 units of a material good (M) or 3 units of a spiritual good (S) in a day, while Cal can produce 1 M or 2 Ss in a day. Which statement below is true?

- A) It costs Cal 1/2 M to produce 1 S.
- B) It costs Cal 2 Ss to produce 1 M.
- C) It costs Ben 1 S to produce 1 M.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311676>

### Question 343

Members of the Federal Reserve Board of Governors can set monetary policy in relative independence of political pressures because

- A) monetary policy is too complex to be understood by the general public.
- B) their authority derives from the Constitution rather than popular election.
- C) they are not allowed to belong to any political party.
- D) they hold their positions for fourteen-year terms.

Answer: <https://biology-forums.com/index.php?topic=316825>

### Question 344

The marginal dollar cost to a patient of visiting a doctor when the patient's bill will be paid entirely by insurance is

- A) the same as if the patient had no insurance.
- B) the value of the care not received by some other patient who couldn't get an appointment.
- C) zero.
- D) zero only if the patient does not pay the insurance premiums.

Answer: <https://biology-forums.com/index.php?topic=313784>

### Question 345

According to the economic way of thinking, scarcity implies

- A) money.
- B) competition.
- C) capitalism.
- D) chaos.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311018>

### Question 346

There is no completely satisfactory way to define the money supply in the United States because

- A) data on the money supply are always approximate and only available after a time lag of several months.
- B) much of it is held by the public and so cannot be monitored by the Fed.
- C) the Federal Reserve uses a number of different definitions.
- D) the liquidity of any asset is a matter of degree.

Answer: <https://biology-forums.com/index.php?topic=316374>

### Question 347

With each 99 cent iTunes download, GDP

- A) rises by 99 cents.
- B) falls by 99 cents.
- C) remains unchanged.
- D) is impossible to measure with this sale because nothing physical has been produced.

Answer: <https://biology-forums.com/index.php?topic=315870>

### Question 348

Which confers a set of property rights?

- A) A driver's license
- B) A land contract
- C) A passing score on a C.P.A. exam
- D) A successful election campaign
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315490>



### Question 349

Which of the following is a clear difference between the market system and government?

- A) Collective welfare controls government policy; the market system serves the welfare of individuals.
- B) Competition regulates the market system, but competition does not constrain the actions of government officials.
- C) The market system serves the interests of some; government serves the interests of all.
- D) Each of the above statements expresses the difference between the two.
- E) None of the above expresses the difference between the two.

Answer: <https://biology-forums.com/index.php?topic=315220>

### Question 350

In the economic way of thinking, information is a scarce economic good because

- A) people need more information.
- B) modern-day capitalism turned information into a tradable commodity.
- C) it is valuable, and there are opportunity costs to get it.
- D) a political conspiracy limits its production to keep citizens uninformed.

Answer: <https://biology-forums.com/index.php?topic=311769>

### Question 351

Chapter 15 suggests that the Community Reinvestment Act (CRA) provides an example of

- A) bad intentions and bad unintended consequences.
- B) good intentions and bad unintended consequences.
- C) bad intentions and good unintended consequences.
- D) good intentions and good unintended consequences.

Answer: <https://biology-forums.com/index.php?topic=316738>

### Question 352

An increase in the level of government price supports for wheat will not make wheat farming more profitable because

- A) by definition government actions cannot affect profits.
- B) it raises the cost of growing wheat as well as the revenue.
- C) profit is the consequence of certainty and government policies are inherently uncertain.
- D) the demand for wheat is inelastic.
- E) wheat farmers are price takers, not price searchers.

Answer: <https://biology-forums.com/index.php?topic=314832>

### Question 353

Martha quits a minimum-wage part-time job for a salaried full-time job. The BLS will count Martha as

- A) originally unemployed but now employed.
- B) originally employed and continuing to be employed.
- C) originally a discouraged worker but now happily employed.
- D) any of the above.

Answer: <https://biology-forums.com/index.php?topic=316178>

### Question 354

Sellers who charge different prices to different customers can increase their net revenue

- A) by forcing some customers to pay more for the product than it is worth to them.
- B) by getting high-price customers in effect to subsidize sales to low-price customers.
- C) if the demand of some customers for the product enables the sellers to build volume by selling at prices below marginal cost.
- D) if they can prevent customers from reselling to one another.

Answer: <https://biology-forums.com/index.php?topic=314454>

### Question 355

Competition would probably be abolished if society could find a way to abolish

- A) inequality.
- B) scarcity.
- C) money.
- D) economists.

Answer: <https://biology-forums.com/index.php?topic=311006>

### Question 356

If Croatian firms can make 600 pitchforks or 100 hammers in a week and Slovenian firms can make 200 pitchforks or 200 hammers in a week, then

- A) the costs of production differ in each country.
- B) the Croats have an incentive to specialize in hammers.
- C) the Slovenes have an incentive to specialize in pitchforks.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311700>

### Question 357

The broadly-defined money supply in the U.S., called M2, differs from M1 primarily in its inclusion of

- A) bonds of all sorts held by the public.
- B) outstanding charge-account balances.
- C) savings deposits in financial institutions.
- D) Treasury bills held by the public.
- E) credit cards.

Answer: <https://biology-forums.com/index.php?topic=316421>

### Question 358

Fill in the blank: Economics is the study of \_\_\_\_\_ and its \_\_\_\_\_.

- A) greed; desirable consequences
- B) choice; unintended consequences
- C) money; financial consequences
- D) competition; legal consequences

Answer: <https://biology-forums.com/index.php?topic=310962>

### Question 359

When your textbook says that it is misleading to say that the market economy produces an aggregate GDP-measured "economic pie," the authors have the following claim in mind:

- A) Unlike a pie, income in the economy can't be divided independent of the exchange process.
- B) The economy produces more than just pies.
- C) The "pie" metaphor focuses solely on real GDP and excludes the more important measure of nominal GDP.
- D) The production of pies create no income opportunities for market participants.

Answer: <https://biology-forums.com/index.php?topic=315523>

### Question 360

Suppose the market-clearing interest rate on loans is 12%, but law-makers impose an 8% interest rate ceiling. The new law will tend to

- A) increase the supply of loans.
- B) decrease the supply of loans.
- C) increase the demand for loans.
- D) decrease the demand for loans.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313544>

### Question 361

If recessions are in large part the consequence of coordination failures,

- A) government must direct or control private spending to reduce instability.
- B) stability cannot be achieved without the use of discretionary fiscal policy.
- C) stability cannot be achieved without the use of discretionary monetary policy.
- D) the economy is unlikely to respond smoothly and predictably to shifts in government policy.

Answer: <https://biology-forums.com/index.php?topic=316819>

### Question 362

Legislators facing a close electoral contest will tend to favor

- A) policies with benefits greater than costs for everyone.
- B) policies with benefits greater than costs for the majority.
- C) policies with benefits in the near future and deferred costs.
- D) policies representing the public interest.

Answer: <https://biology-forums.com/index.php?topic=316846>

### Question 363

If political unrest abroad substantially reduces the supply of copper to the United States, the price of copper will rise by a larger amount

- A) the more elastic the demand for copper.
- B) the more inelastic the demand for copper.
- C) the more elastic the supply of copper.
- D) the more inelastic the supply of copper.

Answer: <https://biology-forums.com/index.php?topic=313189>

### Question 364

According to the textbook, when claim they are using the cost-plus-markup formula, they

- A) usually choose a 10 percent markup.
- B) usually choose a 50 percent markup.
- C) usually choose a 100 percent markup.
- D) might not be correctly describing their price-setting behavior.

Answer: <https://biology-forums.com/index.php?topic=314209>

### Question 365

Fill in the blank: The Players Union went on strike against the NBA during the 1998-1999 season, canceling games for weeks. Other things constant, the strike and subsequent cancellation of games would tend to \_\_\_\_\_ the price elasticity of demand for hockey tickets during the same period the NBA games were canceled.

- A) worsen
- B) preserve
- C) increase
- D) decrease

Answer: <https://biology-forums.com/index.php?topic=312278>

### Question 366

Which combination is a clear example of "joint products"?

- A) Steel and cars
- B) Cars and tires
- C) Tires and air
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314848>

### Question 367

The total market demand for the wheat grown by U.S. farmers is

- A) always equal to the total supply.
- B) completely or perfectly elastic.
- C) completely or perfectly inelastic.
- D) less than completely or perfectly elastic.
- E) unit elastic at the prevailing price.

Answer: <https://biology-forums.com/index.php?topic=314367>

### Question 368

What helps to explain the remarkable 7.3% growth rate in South Korea between 1960 and 2011?

- A) The education of South Korean women
- B) A radical reduction in foreign imports and a maximization of South Korean exports
- C) Huge foreign aid from the World Bank
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=317053>

### Question 369

Demand relates the amounts of a good purchased to

- A) the amounts actually obtained.
- B) the gross domestic product.
- C) the quantity needed.
- D) the sacrifices required to obtain the good.

E) the time required to produce the good.

Answer: <https://biology-forums.com/index.php?topic=312109>

### Question 370

When firms set prices by adding a fixed percentage markup to marginal costs, they are likely

- A) concerned with the rate of profit rather than its net amount.
- B) earning a satisfactory rather than a maximum profit.
- C) exploiting their customers.
- D) poorly managed.
- E) searching for the most advantageous prices to set on the basis of limited information.

Answer: <https://biology-forums.com/index.php?topic=314194>

### Question 371

Suppose a credit union strives for a 3% real return on its loans to members, and expects a 2% inflation rate. What nominal rate of interest should it charge its members?

- A) 0%
- B) 1%
- C) 3%
- D) 6%

Answer: <https://biology-forums.com/index.php?topic=316103>

### Question 372

Citizen voters are typically ignorant of many political issues because

- A) information is not a good.
- B) information is only a free good.
- C) information is a scarce good.
- D) politicians have always conspired to keep voters misinformed.

Answer: <https://biology-forums.com/index.php?topic=315424>

### Question 373

Suppose a babysitter demands payment in full before the parents go out for the night. Using the economic way of thinking, the babysitter is clearly

- A) exploiting the parents.
- B) exploiting the children.
- C) selling short.
- D) in it only for the money.

Answer: <https://biology-forums.com/index.php?topic=314104>

### Question 374

A fish hatchery raises brook trout and rainbow trout. An increase in the market price of brook trout therefore tends to

- A) reduce the demand for brook trout.
- B) increase the hatchery's cost of raising rainbow trout.
- C) increase the demand for brook trout.
- D) decrease the hatchery's cost of raising rainbow trout.

Answer: <https://biology-forums.com/index.php?topic=312491>

### Question 375

Strictly speaking, which has a cost?

- A) Land
- B) Electricity
- C) Business inventory
- D) Any human action
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312422>

### Question 376

According to your text, competition generally requires

- A) fixed costs.
- B) fixed prices.
- C) fixed profits.
- D) detailed government regulation.

E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314755>

### Question 377

Suppose the quantity demanded of milk increases by 15% when milk prices are decreased by 3%. The price elasticity of demand for milk is

- A) elastic and equal to 0.2.
- B) inelastic and equal to 0.2.
- C) elastic and equal to 5.
- D) inelastic and equal to 5.

Answer: <https://biology-forums.com/index.php?topic=312233>

### Question 378

The services produced by spouses who cook, clean, and otherwise maintain homes are not counted in the gross domestic product because

- A) services are not tangible goods.
- B) there is no accepted and reliable way to measure their value.
- C) they do not add to the wealth of the nation.
- D) this would entail double-counting, since such spouses usually receive free room and board.
- E) while they are useful services, they do not represent productive labor.

Answer: <https://biology-forums.com/index.php?topic=316269>

### Question 379

Which of the following would be likely to change the relative efficiency of trucks versus trains in carrying freight?

- A) Higher wages for truck drivers
- B) More powerful locomotives
- C) Tolls on interstate highways
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311367>

### Question 380

Someone who says he loves his mother far more than he loves football but nonetheless attends a football game when he could be visiting his mother

- A) displays weakness of will.
- B) is a hypocrite.
- C) is behaving inconsistently with his own stated values.
- D) places a lower marginal value on visiting his mother than on attending the football game.
- E) shows that the marginal value of visiting his mother is less for him than the marginal cost of attending the football game.

Answer: <https://biology-forums.com/index.php?topic=312670>

### Question 381

Your textbook argues that the phrase "the distribution of income" is misleading because

- A) income is not created in a market economy, only wealth is.
- B) it suggests that income is not earned in process of its creation and can simply be parceled out any which way policymakers wish.
- C) income in the form of wages and salaries can be negative, and therefore cannot be distributed.
- D) it is only related to ethical rather than economic considerations.

Answer: <https://biology-forums.com/index.php?topic=315520>

### Question 382

Suppose a Chinese restaurant provides free tea and fortune cookies to its customers. The restaurant is clearly

- A) generating a negative externality.
- B) generating a positive externality.
- C) selling food below cost.
- D) attempting to increase its total profit.
- E) doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314944>

### Question 383

If a drought reduced by 20 percent the quantity of wheat available for consumption, by how much would the price of wheat have to rise to clear the market if the price elasticity of demand was .25?

- A) 4 percent
- B) 4.5 percent
- C) 5 percent

D) 25 percent

E) 80 percent

Answer: <https://biology-forums.com/index.php?topic=312179>

### Question 384

A maximum price set by law above the market-clearing price is called a

A) price cap.

B) price spike.

C) price floor.

D) price ceiling.

Answer: <https://biology-forums.com/index.php?topic=313439>

### Question 385

Suppose, compared to last year, the price of beer has increased 4%, the price of jeans has increased 7%, and the price of video rentals has decreased 1%. On the basis of this data, what can an economist conclude about the rate of inflation in the overall economy?

A) Nothing.

B) The inflation rate is 4%.

C) The inflation rate is 7%.

D) The inflation rate is 10%.

E) The inflation rate is 11%.

Answer: <https://biology-forums.com/index.php?topic=316051>

### Question 386

The statement that "water is a necessity" is misleading because

A) it does not distinguish fresh water from salt water.

B) it fails to specify for whom water is a necessity.

C) it incorrectly assumes people use water only or primarily for drinking.

D) water is a necessity only in desert environments.

E) water is extremely abundant.

Answer: <https://biology-forums.com/index.php?topic=311861>

### Question 387

Suppose we observe a substantial increase in the price of a good, and, at the same time, an increase in the quantity of the good demanded. What can we conclude?

A) The law of supply is untrue.

B) Consumers haven't followed the law of demand.

C) The demand curve has shifted to the right.

D) The good is a luxury good.

Answer: <https://biology-forums.com/index.php?topic=313806>

### Question 388

The high-school dropout rate usually declines in an economic recession because

A) a decline in job opportunities lowers the opportunity cost of remaining in high school.

B) high schools begin to offer more practical and relevant courses.

C) laws are passed to prevent teenagers from entering the labor market.

D) recessions increase the demand for education.

E) tuition and book prices usually fall in a recession.

Answer: <https://biology-forums.com/index.php?topic=312542>

### Question 389

The prisoners' dilemma is a tool of social analysis, and it shows why

A) individuals sometimes behave in ways inconsistent with their own best interest.

B) judges sometimes hand down sentences heavier or lighter than the law recommends.

C) people who break the law and are caught are behaving irrationally.

D) people who break the law and are caught are behaving rationally.

E) societies sometimes produce situations no member of the society wants.

Answer: <https://biology-forums.com/index.php?topic=315481>

### Question 390

According to economic theory, elected government officials will favor

- A) federal budget surpluses.
- B) balanced federal budgets.
- C) federal budget deficits.
- D) shrinking federal budgets.

Answer: <https://biology-forums.com/index.php?topic=316882>

### Question 391

Suppose the nominal interest rate is 15% and the rate of inflation is 3%. The real interest rate is therefore

- A) 3%.
- B) 5%.
- C) 12%.
- D) 18%.

Answer: <https://biology-forums.com/index.php?topic=313394>

### Question 392

If Bonnie can produce either 10 hats or 20 scarves in a month, and Phil can produce either 10 hats or 5 scarves in a month, then

- A) Bonnie is equally efficient at producing hats, compared to Phil.
- B) Bonnie is more efficient at producing hats, compared to Phil.
- C) Bonnie is more efficient at producing scarves, compared to Phil.
- D) Phil is more efficient at producing scarves, compared to Bonnie.

Answer: <https://biology-forums.com/index.php?topic=311649>

### Question 393

The process of supply and demand

- A) guarantees shortages or surpluses will never exist.
- B) guarantees the greatest amount of social happiness.
- C) ensures that people will be able to obtain all that they need.
- D) generates useful information regarding the relative scarcities of goods and services.
- E) accomplishes all of the above.

Answer: <https://biology-forums.com/index.php?topic=312939>

### Question 394

Consider the market for credit. When the demand for credit increases while the supply of credit remains unchanged,

- A) the interest rate will decrease and the amount of credit provided in the market will increase.
- B) the interest rate will increase and the amount of credit provided in the market will increase.
- C) the interest rate will decrease and the amount of credit provided in the market will decrease.
- D) the interest rate will increase and the amount of credit provided in the market will decrease.

Answer: <https://biology-forums.com/index.php?topic=313332>

### Question 395

A single production possibilities frontier assumes

- A) a given set of resources.
- B) only one good can be produced from a given set of resources.
- C) resources are free.
- D) there are no opportunity costs of production.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311520>

### Question 396

If the demand for a good is determined to be "inelastic," then the elasticity measure

- A) is greater than 1.0.
- B) is equal to 1.0.
- C) is less than 1.0.
- D) is infinite.

Answer: <https://biology-forums.com/index.php?topic=312206>

### Question 397

Generally, any human decision is

- A) speculative.
- B) perfectly informed.



- C) irrational at its base.
- D) good.

Answer: <https://biology-forums.com/index.php?topic=314041>

### Question 398

Can economic theory prove national restrictions on international trade will reduce global welfare?

- A) No, but it can demonstrate that they will reduce the welfare of the nations that impose the restrictions.
- B) No, but it can demonstrate that they reduce efficiency.
- C) No, but it can predict which groups will be made worse off or better off.
- D) Yes, if welfare is defined as economic welfare.

Answer: <https://biology-forums.com/index.php?topic=317130>

### Question 399

Mergers between companies producing widely divergent goods is called a

- A) conglomerate merger.
- B) diagonal merger.
- C) horizontal merger.
- D) vertical merger.

Answer: <https://biology-forums.com/index.php?topic=314604>

### Question 400

Suppose Factory A emits 15,000 units of "Yuck" monthly, Factory B emits 30,000 units, and Factory C emits 45,000 units. Also suppose A's cost of reducing the emission is \$1 per unit, B's cost is \$2 per unit, and C's cost is \$3 per unit. If the EPA orders each factory to reduce its emissions by half, what would be the total cleanup cost?

- A) \$45,000
- B) \$67,500
- C) \$105,000
- D) \$122,500
- E) \$127,000

Answer: <https://biology-forums.com/index.php?topic=315104>

### Question 401

The costs affecting decisions to supply are always

- A) accounting costs.
- B) marginal costs.
- C) past costs.
- D) per unit costs.
- E) non-taxable costs.

Answer: <https://biology-forums.com/index.php?topic=312452>

### Question 402

A social system in which rights are clearly defined and participants are free to exchange as they choose will tend to allocate resources to

- A) their most efficient uses.
- B) their most highly valued uses.
- C) uses on which the highest monetary value is placed.
- D) uses which maximize social welfare.
- E) uses which produce the greatest good for the greatest member.

Answer: <https://biology-forums.com/index.php?topic=311464>

### Question 403

Fill in the blank: Middlemen tend to have \_\_\_\_\_ in information production.

- A) no interest
- B) a comparative advantage
- C) a monopoly
- D) little time to engage
- E) a wasteful way of engaging

Answer: <https://biology-forums.com/index.php?topic=311745>

### Question 404

Are the wages of the pilots marginal costs or sunk costs to an airline trying to decide whether to add a late-night flight from Seattle to San Francisco?

They are

- A) marginal costs because pilots are indispensable to the flight.
- B) sunk costs if the pilots will receive no additional compensation for the flight.
- C) marginal costs because they will be paid after the flight rather than before.
- D) sunk costs because pilots' wage rates are determined by a contract already existing.

Answer: <https://biology-forums.com/index.php?topic=312635>

### Question 405

According to your text, the economic way of thinking focuses on

- A) actions, interactions, and consequences.
- B) intentions, motivations, and results.
- C) hypothesis generation, determination of control group, and testing of hypothesis.
- D) id, ego, and superego.

Answer: <https://biology-forums.com/index.php?topic=311058>

### Question 406

Economists find the notion of people "needing" things to be

- A) supported by the law of demand.
- B) considered false.
- C) seriously misleading because they ignore substitutes.
- D) considered tentatively true until the preponderance of the data suggests otherwise.

Answer: <https://biology-forums.com/index.php?topic=311831>

### Question 407

OPEC was able to function as an extremely successful cartel in the last half of the 1970s because

- A) it was an association of governments rather than of private individuals.
- B) it was able to separate OPEC oil from non-OPEC oil and to engage in price discrimination.
- C) the increasing scarcity of oil produced an upward-sloping marginal revenue curve.
- D) the widespread expectation of much higher future prices discouraged current production.
- E) wars in the Middle East raised the marginal cost of producing oil.

Answer: <https://biology-forums.com/index.php?topic=314731>

### Question 408

When firms in an industry are selling similar products, and they agree to share the market,

- A) each firm earns a profit even though marginal cost is greater than marginal revenue.
- B) each firm secures a net revenue about as large as it would have received if it were the only seller.
- C) they try to keep each firm's price above its marginal cost.
- D) they tend to produce higher prices and larger output.
- E) the agreement will enforce itself because none of the firms will have an interest in triggering a competitive struggle.

Answer: <https://biology-forums.com/index.php?topic=314544>

### Question 409

Economic growth means people produce

- A) money.
- B) material things.
- C) whatever people value.
- D) only durable and high-quality goods.

Answer: <https://biology-forums.com/index.php?topic=311268>

### Question 410

An asset becomes more liquid and hence more money-like

- A) as its value relative to other goods approaches zero.
- B) as its value relative to other goods becomes more uncertain and unpredictable.
- C) as the cost of exchanging it for other goods approaches zero.
- D) when it is demanded for its own intrinsic value.

Answer: <https://biology-forums.com/index.php?topic=316350>

### Question 411

Checking account deposits are counted in M1, but savings account deposits are not because

- A) checking deposits can be used for payment; cash in savings cannot.

- B) checking deposits are a form of consumption; savings deposits are a form of investments.  
C) Trick question! Neither type is counted in M1.  
D) Trick question! Both deposit types are counted in M1.

Answer: <https://biology-forums.com/index.php?topic=316390>

### Question 412

Other things constant, which case would tend to reflect the highest elasticity of demand for eggs?

- A) A restaurant that spends 1% of their budget on eggs  
B) A restaurant that spends 2% of their budget on eggs  
C) A restaurant that spends 5% of their budget on eggs  
D) The question can't be answered without information on the price of eggs.

Answer: <https://biology-forums.com/index.php?topic=312302>

### Question 413

If Mother Teresa had spent \$190,000 on a leprosarium in Calcutta, how would her purchase have directly affected U.S. GDP?

- A) It would remain unchanged because the expenditure occurred outside the domestic economy.  
B) It would remain unchanged because Mother Teresa was not acting out of her own selfish interests.  
C) It would have increased by \$190,000.  
D) It would have decreased by \$190,000.

Answer: <https://biology-forums.com/index.php?topic=315909>

### Question 414

In the economic way of thinking, a rise in the real output of final goods and services can be associated with

- A) a fall in the price level.  
B) a rise in nominal GDP.  
C) a rise in the price level.  
D) a fall in nominal GDP.  
E) any of the above.

Answer: <https://biology-forums.com/index.php?topic=316012>

### Question 415

The textbook defines a "well-organized" market as a market in which

- A) all information available to sellers and buyers is also available to other parties to exchange transactions.  
B) bids and offers of buyers and sellers are brought together to establish a single price over a wide area.  
C) the government regulates maximum and minimum prices.  
D) the terms of exchange between buyers and sellers are controlled by a professional marketing association.

Answer: <https://biology-forums.com/index.php?topic=311804>

### Question 416

If a price floor on coffee is set above the market-clearing price, then

- A) the quantity of coffee demanded will decrease.  
B) the quantity of coffee supplied will increase.  
C) the quantity demanded for coffee will increase.  
D) Both A and B will occur  
E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313623>

### Question 417

When a government mandate sets the rental price of an apartment below the market clearing level, which of the following result?

- A) A shortage  
B) A surplus  
C) Scarcity  
D) The outcome is unknowable.

Answer: <https://biology-forums.com/index.php?topic=313469>

### Question 418

Which is an example of expansionary fiscal policy?

- A) A lowering of tax rates  
B) A lowering of government spending  
C) An increase in the discount rate

- D) An increase in the federal funds rate
- E) An increase in reserve requirements

Answer: <https://biology-forums.com/index.php?topic=316767>

### Question 419

Why does a new hardcover Stephen King novel have a higher price than the paperback edition?

- A) It costs more to produce.
- B) The elasticity of demand differs.
- C) The publisher is more greedy when marketing the hardcover edition.
- D) The publisher is a price searcher on the hardcover editions and a price taker on the paperback editions.

Answer: <https://biology-forums.com/index.php?topic=314477>

### Question 420

Systematic efforts to extend vaccination throughout the world have produced a situation today in which the smallpox virus is

- A) in short supply (a shortage exists).
- B) rare.
- C) scarce.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=313267>

### Question 421

The word oligopoly means

- A) elastic demand.
- B) few sellers.
- C) independent action.
- D) interdependent selling.
- E) predatory pricing.

Answer: <https://biology-forums.com/index.php?topic=314535>

### Question 422

As presented in the textbook, gross domestic product is the sum of annual

- A) business profits (both incorporated and unincorporated) plus all tax receipts of federal, state, and local governments.
- B) consumption, saving, and investment.
- C) expenditures for new final goods by consumers, investors, government.
- D) total sales of all business firms.
- E) wages and salaries paid or received.

Answer: <https://biology-forums.com/index.php?topic=315784>

### Question 423

Which of the following regions had the most impressive growth rate between 1960 and 2011?

- A) India
- B) East Asia
- C) Latin America
- D) Sub-Saharan Africa

Answer: <https://biology-forums.com/index.php?topic=317086>

### Question 424

People who run their own businesses

- A) can keep their labor costs down by not hiring any employees.
- B) have lower labor costs if they dislike working for anyone else than if they don't mind working for others.
- C) have no labor costs unless the business is incorporated.
- D) have the same labor costs as people who hire employees to run their businesses.

Answer: <https://biology-forums.com/index.php?topic=312512>

### Question 425

People use water for trivial, unimportant purposes because

- A) there is little demand for water.
- B) its relative price is very low.
- C) they don't realize how essential water is to life.
- D) they don't realize the world's supply of water is limited.

E) they underestimate the total demand for water.

Answer: <https://biology-forums.com/index.php?topic=311924>

### Question 426

Who wrote the following criticism of European colonial expansion into poorer non-European nations? "The superiority of force happened to be so great on the side of the Europeans, that they were enabled to commit with impunity every sort of injustice in those remote countries."

- A) Adam Smith
- B) Karl Marx
- C) Alfred Marshall
- D) John Maynard Keynes
- E) John Kenneth Galbraith

Answer: <https://biology-forums.com/index.php?topic=316963>

### Question 427

What will be the principal and most immediate effect on the supply or demand of raw cotton grown in the United States if beef demand rises and ranchers are induced to reduce their flocks of sheep (for wool) in order to grow more cattle?

- A) Decrease in demand.
- B) Decrease in supply.
- C) Increase in demand.
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313165>

### Question 428

Suppose drug companies come out with new wonder-drugs capable of curing the common cold. What is the most likely effect on the demand for physicians' services?

- A) The demand will become more elastic.
- B) The demand will become more inelastic.
- C) The demand will decrease if government or private insurance pays all or most of the physicians' fees.
- D) The demand will increase if the drugs can only be obtained with a physician's prescription.
- E) The demand will not change, though the quantity demanded almost certainly will.

Answer: <https://biology-forums.com/index.php?topic=312326>

### Question 429

Why are suburban stores more likely than downtown stores to provide free parking for their customers?

- A) Fewer people drive their cars to downtown stores than to suburban stores.
- B) Suburban people are more addicted to the automobile than are inner-city residents.
- C) The cost of using land is higher in the downtown area.
- D) There is not much land available in the downtown area.

Answer: <https://biology-forums.com/index.php?topic=312464>

### Question 430

If the manager of a nonprofit enterprise sets prices below market clearing levels, she

- A) increases the net revenue of the enterprise.
- B) provides herself with control over a valuable good.
- C) reduces her personal popularity.
- D) produces all of the above consequences.

Answer: <https://biology-forums.com/index.php?topic=314412>

### Question 431

In the economy of Euphoria, 400 people have jobs, 200 people are not working but are searching for work, and 100 people don't work and don't seek work. The unemployment rate is

- A) 20 percent.
- B) 25 percent.
- C) 33 percent.
- D) 50 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316218>

### Question 432

Suppose in Italy producers can make 10,000 dresses or 1,000 coats per day, while in Canada producers can make 14,000 similar dresses or 2,000

similar coats per day. Therefore

- A) only the Italians can gain through specialization and exchange.
- B) only the Canadians can gain through specialization and exchange.
- C) Canadians have an incentive to specialize in coats.
- D) Italians have an incentive to specialize in coats.

Answer: <https://biology-forums.com/index.php?topic=311691>

### Question 433

According to your textbook, the current war on drugs in the United States has similar consequences to the earlier prohibition on alcohol. The similar consequences include

- A) an underground supply and demand process.
- B) the production of more powerful and dangerous forms of the illegal products.
- C) production and distribution being controlled by people with a comparative advantage in crime
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313535>

### Question 434

The most immediate and direct effect of minimum price laws designed to prevent predatory pricing is to

- A) guarantee profits to all sellers, large or small.
- B) guarantee profits to large sellers exclusively.
- C) guarantee profits to small sellers exclusively.
- D) preserve competition without guaranteeing profits.
- E) prevent competition without guaranteeing profits.

Answer: <https://biology-forums.com/index.php?topic=314592>

### Question 435

Gus happens to spot a couple of sunbathers during his walk in the park. The sunbathers generate

- A) a negative externality if Gus is disturbed by their activity.
- B) a positive externality if Gus enjoys witnessing their activity.
- C) both of the above.
- D) neither of the above, as long as no monetary payment was involved.

Answer: <https://biology-forums.com/index.php?topic=314941>

### Question 436

According to your authors, the United States would probably not have experienced tremendous economic growth between 1800 and 1870 were it not for

- A) slavery.
- B) sharecropping.
- C) antitrust legislation.
- D) balanced federal budgets.
- E) technological innovation.

Answer: <https://biology-forums.com/index.php?topic=316990>

### Question 437

A grower of commercial Christmas trees can raise blue spruce and Douglas fir. Therefore, an increase in the expected market price of Douglas firs tends to

- A) reduce the planting of Douglas firs.
- B) reduce the planting of blue spruce trees.
- C) increase the cost of planting Douglas firs.
- D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=312482>

### Question 438

Demand curves for the services of productive resources

- A) have no meaning, because people must have income in order to live.
- B) obey the law of demand.
- C) tend to be perfectly elastic in the long run because any resource can ultimately function as a substitute for any other.
- D) tend to be perfectly inelastic in the short run as long as production processes are determined by technology.

Answer: <https://biology-forums.com/index.php?topic=315661>

### Question 439

Fill in the blanks: \_\_\_\_\_ marginal costs of production would tend to \_\_\_\_\_ a good's \_\_\_\_\_.

- A) Higher; increase; supply curve
- B) Lower; increase; supply curve
- C) Lower; decrease; supply curve
- D) lower; increase; demand curve

Answer: <https://biology-forums.com/index.php?topic=312836>

### Question 440

According to your text, what is the significant distinction between the government and the nongovernment sector of society?

- A) Government decisions are made by collectives rather than by individuals.
- B) Government is usually granted the right to coerce adults.
- C) Government officials pursue the public interest rather than narrow special interests.
- D) Government takes the long-run view and thus cares for the interests of future generations.
- E) The government sector is not characterized by competition.

Answer: <https://biology-forums.com/index.php?topic=315460>

### Question 441

Fill in the blanks: If a meteorologist discovers a new warming pattern is developing, and the new pattern will create a much larger-than-expected soybean harvest, she should \_\_\_\_\_ soybean futures. Other things constant, she is more likely to profit from her decision when \_\_\_\_\_ people are aware of the warming pattern and its consequences.

- A) buy; fewer
- B) sell; fewer
- C) sell; more
- D) buy; more

Answer: <https://biology-forums.com/index.php?topic=314185>

### Question 442

The economic way of thinking asserts, as a universal claim, that

- A) politicians are immoral.
- B) voters are immoral.
- C) morals don't matter in politics.
- D) all of the above are true.
- E) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=316918>

### Question 443

Federal Reserve Chairman Ben Bernanke once said if all else fails, the Fed could drop money from helicopters to help the US economy. If "helicopter Ben" ever comes to the rescue and begins dropping money from the sky, the will be engaged in

- A) shenanigans.
- B) expansionary monetary policy.
- C) operation financial Armageddon.
- D) contractionary monetary policy.

Answer: <https://biology-forums.com/index.php?topic=316590>

### Question 444

Suppose the quantity demanded of cigarette cartons falls by 5% when prices are increased by 100%. The price elasticity of demand for cigarettes is

- A) elastic and equal to 0.05.
- B) inelastic and equal to 0.05.
- C) elastic and equal to 20.
- D) inelastic and equal to 20.

Answer: <https://biology-forums.com/index.php?topic=312230>

### Question 445

The problems that inflation creates are caused almost entirely by

- A) corporations.
- B) greed.
- C) price searchers.
- D) uncertainty.



E) unions.

Answer: <https://biology-forums.com/index.php?topic=316060>

### Question 446

The only way to eliminate all competition from social life would be through

- A) abolishing money.
- B) eliminating all scarcity.
- C) eliminating all selfishness.
- D) giving government the power to control everything.
- E) making everyone as concerned about others as they are about themselves.

Answer: <https://biology-forums.com/index.php?topic=313213>

### Question 447

Socialism seeks to abolish the market-price system. In the economic way of thinking, socialism would therefore

- A) generate tremendous economic growth.
- B) overcome scarcity.
- C) lead to a greater coordination among peoples' production and consumption plans.
- D) allow everybody the opportunity to seek their comparative advantage.
- E) accomplish none of the above.

Answer: <https://biology-forums.com/index.php?topic=313275>

### Question 448

In the economic way of thinking, a tropical rainforest is a scarce good. Thus,

- A) there is no substitute for a tropical rain forest.
- B) there is a substitute for a tropical rain forest.
- C) tropical rains forests should be preserved at any cost.
- D) tropical rain forests can be preserved at no cost.
- E) economists don't like tropical rainforests.

Answer: <https://biology-forums.com/index.php?topic=315157>

### Question 449

Which is the most likely reason why more young people from low-income regions are more likely to join the military, compared to those in high income regions?

- A) They are more easily pressured by recruitment officers.
- B) Their opportunity costs are relatively lower.
- C) They are more patriotic than their richer counterparts.
- D) They are, to put it bluntly, more foolish than their richer counterparts.

Answer: <https://biology-forums.com/index.php?topic=312401>

### Question 450

Government actions to compel more competition in an industry

- A) always entail costs, which must be compared to any gains created by the policy.
- B) always have the effect of lowering prices to consumers.
- C) cannot benefit anyone if they result in greater inefficiency.
- D) will result in lower prices but cannot bring about a larger output.
- E) will not succeed because competition, like morality, cannot be legislated.

Answer: <https://biology-forums.com/index.php?topic=314571>

### Question 451

This year Gus purchased a used 1972 vehicle from Wee-Rob-U Auto Sales. The dealer paid \$500 for it yesterday, and sold it to Gus for \$3500. In principle, what happens to GDP?

- A) Nothing, because the vehicle was already accounted for in 1972.
- B) Nothing, because Gus was ripped off.
- C) It increases by \$3000.
- D) It increases by \$3,500.
- E) It increases by \$6,500.

Answer: <https://biology-forums.com/index.php?topic=315948>

### Question 452

Giuseppe Vibrato was so sick of his job that he quit, and now spends his days at the tavern, saying he never wants to work again. Giuseppe is

- A) a discouraged worker.
- B) a discouraged drinker.
- C) unemployed.
- D) neither employed nor unemployed.

Answer: <https://biology-forums.com/index.php?topic=316154>

### Question 453

Scarcity can be eliminated by

- A) abolishing competition.
- B) abolishing capitalism.
- C) abolishing money.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311008>

### Question 454

If the U.S. Postal Service raised its first-class postage rate by 10 percent and found (to its surprise) total receipts from first-class mail service subsequently increased by 10 percent, the demand for first-class mail service would be

- A) completely elastic.
- B) completely inelastic.
- C) greater than anticipated.
- D) unit elastic.
- E) upward sloping.

Answer: <https://biology-forums.com/index.php?topic=312358>

### Question 455

The most important function of middlemen is to

- A) act as marketing agents for producers.
- B) expand the number of jobs in the economy.
- C) produce valuable information and lower transaction costs.
- D) protect consumers from exploitation.
- E) stand between buyers and sellers to control markups.

Answer: <https://biology-forums.com/index.php?topic=311733>

### Question 456

Suppose Ed Sike, whom you've met in chapter 8, loses one of his \$10 bills. What directly happens to GDP?

- A) It increases by ten dollars.
- B) It decreases by ten dollars.
- C) It decreases by more than ten dollars due to an unavoidable multiplier process.
- D) It remains unchanged.

Answer: <https://biology-forums.com/index.php?topic=315916>

### Question 457

A successful cartel must divide the market among its members to prevent members'

- A) marginal cost from exceeding their individual marginal revenues.
- B) output from decreasing.
- C) prices from rising above the cartel price.
- D) selling costs from rising.

Answer: <https://biology-forums.com/index.php?topic=314556>

### Question 458

Is it more efficient for a group of musicians to perform a show "unplugged" (with acoustic instruments) or with state-of-the-art electric instruments?

- A) Unplugged is more efficient because the instruments are considerably less expensive to operate.
- B) It depends on what the musicians are trying to accomplish.
- C) The use of electric instruments is more efficient because acoustic instruments have become more expensive in recent years.
- D) It depends exclusively on the relative ratios of energy output to energy input in each instrument class.

Answer: <https://biology-forums.com/index.php?topic=311413>

### Question 459

Which event is most likely to increase the elasticity of demand for a good?

- A) A decrease in the demand for the good
- B) A decrease in the price of the good
- C) An increase in the demand for the good
- D) Higher incomes for consumers of the good
- E) The appearance on the market of excellent substitutes for the good

Answer: <https://biology-forums.com/index.php?topic=312311>

### Question 460

According to your authors, the prohibition on alcohol kept the \_\_\_\_\_ curve relatively stable while the \_\_\_\_\_ curve became more \_\_\_\_\_.

- A) supply; demand; elastic
- B) supply; demand; inelastic
- C) demand; supply; elastic
- D) demand; supply; inelastic

Answer: <https://biology-forums.com/index.php?topic=313526>

### Question 461

An increase in the minimum wage for unskilled labor tends to

- A) generate unemployment among unskilled laborers.
- B) increase the quantity supplied of unskilled laborers.
- C) decrease the quantity demanded for unskilled laborers.
- D) encourage employers to seek substitutes for unskilled labor.
- E) accomplish all of the above.

Answer: <https://biology-forums.com/index.php?topic=313579>

### Question 462

If the demand for a good is determined to be "unit elastic," then the elasticity measure

- A) is greater than 1.0.
- B) is equal to 1.0.
- C) is less than 1.0.
- D) is infinite.

Answer: <https://biology-forums.com/index.php?topic=312209>

### Question 463

According to your textbook, which of the following best explains the fact that income inequality has increased in the U.S. since 1980?

- A) The weakening of the labor union movement
- B) A reduction in economic growth
- C) A growing distrust of the efficacy of federal government spending programs combined with a rising concern over federal budget deficits
- D) A rise in the number of single-parent families at low income levels and a rise in two-parent two-earner families at higher income levels

Answer: <https://biology-forums.com/index.php?topic=315698>

### Question 464

Consider the following simplified sequence of exchanges. A logger sells an oak tree to a sawmill owner for \$60. The sawmill mills it, and sells the boards to a woodworker for \$80. The woodworker makes an oak bookcase out of the boards, and sells it to a retailer for \$300. The retailer then sells you the bookcase for \$500. As a result, GDP increases by

- A) \$200.
- B) \$300.
- C) \$440.
- D) \$500.
- E) \$940.

Answer: <https://biology-forums.com/index.php?topic=315849>

### Question 465

Total employment tends to decrease in response to any increase in the legal minimum wage because

- A) employers can usually find substitutes for unskilled workers.
- B) higher wages mean fewer family members will be forced to take jobs.
- C) wages must be paid out of profits and profits are limited.
- D) workers are often willing to trade jobs for income.

Answer: <https://biology-forums.com/index.php?topic=313564>

### Question 466

Externalities could be eliminated from society if it were not for the existence of

- A) conflicting interests.
- B) government.
- C) private property.
- D) selfishness
- E) transaction costs.

Answer: <https://biology-forums.com/index.php?topic=314959>

### Question 467

The textbook presents the movement of rush-hour traffic as an example of social

- A) chaos.
- B) competition.
- C) conflict.
- D) confusion.
- E) cooperation.

Answer: <https://biology-forums.com/index.php?topic=311136>

### Question 468

Any combination of two goods that lies beyond the production possibilities frontier

- A) is currently impossible to produce.
- B) is currently possible to produce, but not worth trying.
- C) represents economic waste.
- D) represents a more efficient combination of output than anything lying on the frontier.

Answer: <https://biology-forums.com/index.php?topic=311538>

### Question 469

As opposed to GDP, GNP tries to measure

- A) the happiness of a nation.
- B) the value of all intermediate goods produced in a nation.
- C) the economic performance of a nation's citizens regardless of where they happen to be producing.
- D) the economic performance of a country's economy regardless of the nationality of the producers.

Answer: <https://biology-forums.com/index.php?topic=315822>

### Question 470

Suppose Regretta Sigh becomes the lucky winner of a \$10,000,000 state lottery jackpot after purchasing a single \$1.00 lottery ticket. How does her lucky expenditure affect current GDP?

- A) GDP rises by \$1.00.
- B) GDP rises by \$9,999,999.
- C) GDP rises by \$10,000,000.
- D) GDP rises by \$10,000,001.
- E) GDP rises by the present value of the total cash prize.

Answer: <https://biology-forums.com/index.php?topic=315921>

### Question 471

Changes in market prices tend to

- A) change the plans of suppliers.
- B) change the plans of demanders.
- C) change the plans of suppliers and demanders.
- D) have no predictable effect on anybody's plans.

Answer: <https://biology-forums.com/index.php?topic=312991>

### Question 472

Consider the market for credit. When the demand for credit decreases while the supply of credit remains unchanged,

- A) the interest rate will decrease and the amount of credit provided in the market will increase.
- B) the interest rate will increase and the amount of credit provided in the market will increase.
- C) the interest rate will decrease and the amount of credit provided in the market will decrease.
- D) the interest rate will increase and the amount of credit provided in the market will decrease.

Answer: <https://biology-forums.com/index.php?topic=313336>

### Question 473

Suppose a successful advertising campaign increases the demand for Nike shoes. Which would tend to occur?

- A) The demand curve for Nikes would shift to the right.
- B) The quantity supplied of Nikes would increase.
- C) The price of Nikes would rise.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313079>

#### Question 474

Large and long-continued increases in the demand for electricity will tend to result in

- A) a higher cost of generating electricity.
- B) a higher price for electricity but no increase in the cost of generating it.
- C) a reduction in the quantity of electricity demanded as a consequence of higher prices.
- D) an increase in the quantity of electricity demanded and hence a decrease in its price.

Answer: <https://biology-forums.com/index.php?topic=312677>

#### Question 475

Under the right circumstances, what resource could be used in the production of gasoline?

- A) Rosary beads
- B) A telephone operator
- C) Olive oil
- D) Computers
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312919>

#### Question 476

Producers typically face increasing marginal costs of production. Thus, their production possibilities frontier would

- A) slope upward.
- B) bend inward.
- C) bend outward.
- D) appear as a straight line.

Answer: <https://biology-forums.com/index.php?topic=312733>

#### Question 477

A sunk cost has no effect on supply because it

- A) applies to all suppliers.
- B) can be passed on to consumers.
- C) cannot be avoided by not supplying.
- D) cannot be passed on to consumers.
- E) did not have to be incurred in order for the good to be supplied.

Answer: <https://biology-forums.com/index.php?topic=312554>

#### Question 478

Fill in the blanks: Recessions are generally measured as a \_\_\_\_\_ in \_\_\_\_\_.

- A) rise; real GDP
- B) fall; real GDP
- C) rise; nominal GDP
- D) fall, nominal GDP

Answer: <https://biology-forums.com/index.php?topic=316109>

#### Question 479

Harry and Gus fish the same lake together from the same boat. Each morning Harry typically catches either 20 bluegills or 5 walleyes (depending on how deep he fishes) while Gus typically catches either 20 bluegills or 2 walleyes (depending on how deep he fishes). If they wish to fill their boat with the largest combination of bluegills and walleyes tomorrow morning,

- A) Harry should try to catch both bluegills and walleyes, and Gus ought to row.
- B) Harry should fish only for walleyes and Gus should fish only for bluegills.
- C) Harry should fish only for bluegills and Gus should fish only for walleyes.
- D) they best not bother trying.

Answer: <https://biology-forums.com/index.php?topic=311598>

#### Question 480

The concept of demand as used in economic theory expresses the relationship between the quantity of a good people will want to purchase and

- A) the price of complementary goods.
- B) the price of that good.
- C) the supply of substitute goods.
- D) the supply of that good.
- E) their welfare overall.

Answer: <https://biology-forums.com/index.php?topic=311936>

### Question 481

Middlemen have a comparative advantage in

- A) lowering transaction costs.
- B) raising transaction costs.
- C) robbery and theft.
- D) tax evasion.
- E) buying products at a high price and selling them at a lower price.

Answer: <https://biology-forums.com/index.php?topic=311754>

### Question 482

In the economic way of thinking, capital contributes to

- A) the exploitation of labor.
- B) wealth.
- C) greed.
- D) macroeconomic inefficiency.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315590>

### Question 483

Larger volume is more likely to be associated with lower prices if the larger volume results from

- A) increased demand.
- B) inelastic demand.
- C) increased supply.
- D) elastic supply.
- E) inelastic supply.

Answer: <https://biology-forums.com/index.php?topic=312842>

### Question 484

Government is a social institution

- A) in which people do not engage in competition.
- B) in which the public interest, rather than private interests, guide individual behavior.
- C) whose behavior is determined by individuals' perceptions of marginal costs and marginal benefits.
- D) whose detailed actions are governed by the will of the majority.

Answer: <https://biology-forums.com/index.php?topic=315235>

### Question 485

The time it takes for an additional dollar of net government expenditures to work its way through the economy and have its full effect

- A) is about one quarter of a year.
- B) is between one and two years.
- C) is not yet known precisely because little empirical research has been done on the question.
- D) probably cannot be predicted from an examination of historical data.

Answer: <https://biology-forums.com/index.php?topic=316801>

### Question 486

The existence of scarcity in economics comes from

- A) resources being limited in supply.
- B) people being stupid.
- C) governments being corrupt.
- D) the rich controlling most resources.

Answer: <https://biology-forums.com/index.php?topic=310972>

### Question 487

Assume foreign beer is a normal good. If the incomes of demanders decreases,

- A) the demand for foreign beer will increase.
- B) the quantity supplied of foreign beer will increase.
- C) the market output of foreign beer will increase.
- D) all of the above will occur.
- E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313105>

### Question 488

What can economists conclude if they observe an increase in real GDP?

- A) The price level must have fallen.
- B) The real output of final goods and services must have risen.
- C) National welfare must have risen.
- D) Nominal GDP must have risen.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316009>

### Question 489

Rank the following goods from least to most elastic: gasoline, Unocal gasoline, gasoline at Murph's Unocal Station.

- A) Gasoline, Unocal gasoline, gasoline at Murph's Unocal Station
- B) Gasoline, gasoline at Murph's Unocal Station, Unocal gasoline
- C) Gasoline at Murph's Unocal Station, Unocal gasoline, gasoline
- D) Unocal gasoline, gasoline at Murph's Unocal Station, gasoline
- E) Unocal gasoline, gasoline, gasoline at Murph's Unocal Station

Answer: <https://biology-forums.com/index.php?topic=312239>

### Question 490

An increase in the supply (curve) of a good implies a larger quantity of the good will now be supplied

- A) at the same price.
- B) even if the price falls substantially.
- C) only if the price rises.
- D) whenever the demand decreases.

Answer: <https://biology-forums.com/index.php?topic=312833>

### Question 491

The more time gasoline consumers have to adjust to a price change,

- A) the lower their price elasticity of demand.
- B) the greater their price elasticity of demand.
- C) the less sensitive they will be to the price change.
- D) the less time they will have to seek out substitutes for gasoline.

Answer: <https://biology-forums.com/index.php?topic=312284>

### Question 492

If oil refiners expect the government to tax away any profits created by international supply disruptions, refiners will choose to

- A) carry smaller inventories of crude petroleum.
- B) leave the oil refining business.
- C) prevent the price of crude petroleum from rising.
- D) raise their prices to cover their added risks.
- E) take a higher percentage of their profits as windfalls.

Answer: <https://biology-forums.com/index.php?topic=314824>

### Question 493

According to the law of demand,

- A) everything has its price.
- B) human wants are insatiable.
- C) people will do anything to obtain goods they want.
- D) there are no free goods.
- E) there is a negative relationship between the amount of anything people will purchase and the sacrifice that must make to obtain it.

Answer: <https://biology-forums.com/index.php?topic=311912>



### Question 494

Legal reserve requirements on banks in the United States today are primarily

- A) a limitation on banks' ability to make loans.
- B) a protection for bank depositors against runs.
- C) a protection for bank shareholders against capital loss.
- D) an attempt to restrain the market power of banks.
- E) designed to control competition among banks.

Answer: <https://biology-forums.com/index.php?topic=316439>

### Question 495

The theories of economics, with surprisingly few exceptions, are extensions of which of the following assumptions about people?

- A) People will do whatever earns them the most money.
- B) People will do whatever helps them to be "one up" on others.
- C) People will do whatever makes them popular.
- D) People will do whatever most effectively promotes the common good.
- E) People will do whatever yields them the largest net benefit.

Answer: <https://biology-forums.com/index.php?topic=310988>

### Question 496

Which of the following accurately measures the welfare or happiness of society?

- A) Nominal GDP
- B) Real GDP
- C) Both Nominal GDP and Real GDP
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316003>

### Question 497

Zero economic profits would most likely exist in which market environment?

- A) Pure monopoly
- B) Oligopoly
- C) Perfect competition
- D) Any market structure riddled with uncertainty
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314496>

### Question 498

Why do people in New York City often read the obituaries to locate an apartment?

- A) They are strange.
- B) They find it efficient, given the alternatives.
- C) The landlords force them to.
- D) There is no other source of apartment rental information outside the obituaries.

Answer: <https://biology-forums.com/index.php?topic=313480>

### Question 499

Economists believe a volunteer military is likely to

- A) cost more than a conscripted military.
- B) cost taxpayers more than a conscripted military would.
- C) impose higher costs on military personnel than does a conscripted military.
- D) increase the percentage of incompetent people in the armed forces.

Answer: <https://biology-forums.com/index.php?topic=312754>

### Question 500

Which of the following is a form of capital for most economics professors?

- A) Chalk
- B) Paper
- C) Calculators
- D) All of the above
- E) None of the above is capital, since economists define capital as liquid assets.

Answer: <https://biology-forums.com/index.php?topic=314002>

### Question 501

If a pizza seller reduces its prices, the price cut will

- A) have no effect on the demand for competing sellers' pizza.
- B) increase the seller's gross revenue.
- C) increase the seller's net revenue.
- D) shift the seller's demand curve if competing pizza sellers match the price decreases.

Answer: <https://biology-forums.com/index.php?topic=314668>

### Question 502

We often witness prices of water, gasoline and construction materials surge in a region just before a major storm hits. Some call this "price gouging." In the economic way of thinking, however, those higher prices are caused by

- A) an increase in supply and an increase in demand.
- B) an increase in supply and a decrease in demand.
- C) a decrease in supply and an increase in demand.
- D) a decrease in supply and a decrease in demand.
- E) practices that are not connected to underlying supply and demand conditions.

Answer: <https://biology-forums.com/index.php?topic=313424>

### Question 503

Which economy managed to eliminate economic profits and losses?

- A) Socialist Cuba
- B) Socialist China
- C) Fascist Italy
- D) Nazi Germany
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313952>

### Question 504

A physician who laid off her nurse and receptionist and performed their tasks herself would probably

- A) decrease her accounting profit but increase her economic profit.
- B) decrease her profit from the economist's point of view even if she increased her accounting profit.
- C) increase both her accounting and economic profit if her practice was a busy one.
- D) wind up with lower labor costs unless the layoff greatly increased the demand for her professional services.
- E) work more efficiently in order to get everything done.

Answer: <https://biology-forums.com/index.php?topic=313913>

### Question 505

Individuals tend to trade because

- A) they place different values on their property.
- B) they expect to gain more than they give up.
- C) they expect to increase their own wealth as a result of the trade.
- D) all the above are true.

Answer: <https://biology-forums.com/index.php?topic=311289>

### Question 506

In order to move aggregate demand to the level consistent with full employment by means of fiscal policy, government officials who set the budget must know

- A) the current level of aggregate demand.
- B) the level of aggregate demand that would be consistent with full employment.
- C) the size of the budget changes required to induce the appropriate-sized changes in aggregate demand.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316816>

### Question 507

If people in Pottsville purchase 20 percent more pickles today than they did in 1980, even though the price of pickles has increased 40 percent since 1980, the demand for pickles in Pottsville

- A) does not obey the law of demand.
- B) has changed since 1980.
- C) is relatively elastic.

- D) is relatively inelastic.
- E) is unit elastic.

Answer: <https://biology-forums.com/index.php?topic=312263>

### Question 508

Suppose the pizza at Pizza House and Little Weezer's are fairly close substitutes. If Pizza House raises their price 20%, and Little Weezer's keeps their price unchanged, which is most likely to occur?

- A) The demand for Little Weezer's pizza will increase
- B) The demand for Pizza House pizza will decrease
- C) Both A and B
- D) None of the above

Answer: <https://biology-forums.com/index.php?topic=312005>

### Question 509

A draft system, whether in professional sports or the military, enables the people who are hiring to avoid paying their employees

- A) a living wage.
- B) the true value of their labor.
- C) what others are willing to pay them.
- D) what they want to be paid.

Answer: <https://biology-forums.com/index.php?topic=312769>

### Question 510

The usefulness of money in commercial societies comes from the fact that

- A) money is backed by gold.
- B) most people will change their behavior at least a little in response to money incentives.
- C) most people will do anything at all for money.
- D) most people would rather spend money than save it.
- E) the quantity of money can easily be expanded or contracted.

Answer: <https://biology-forums.com/index.php?topic=311000>

### Question 511

A necessary condition for "perfect competition" is

- A) price searchers.
- B) price takers.
- C) legal restrictions on entry into the market.
- D) a small number of huge firms.
- E) widespread and long-run economic profits.

Answer: <https://biology-forums.com/index.php?topic=314499>

### Question 512

An effective price ceiling tends to

- A) increase quantity supplied.
- B) decrease quantity demanded.
- C) leave quantity supplied and demanded unchanged.
- D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313445>

### Question 513

The property rights people actually possess

- A) are limited to the rights sanctioned by law.
- B) are the rights they can exercise regardless of what others do.
- C) are the similar rights they grant other because all rights in a society must be mutual.
- D) depend heavily on the cooperation of other people.

Answer: <https://biology-forums.com/index.php?topic=314965>

### Question 514

Fill in the blanks: A change in \_\_\_\_\_ causes a change in \_\_\_\_\_ and therefore a change in \_\_\_\_\_.

- A) cost; demand; price
- B) price; demand; supply
- C) supply; price; demand

D) demand; price; cost

Answer: <https://biology-forums.com/index.php?topic=313752>

### Question 515

According to your text, the so-called "Superbowl Effect"

- A) is an example of a mere statistical correlation.
- B) is an example of correct cause-and-effect reasoning.
- C) is a sound discovery in economic theory.
- D) is based upon a false set of facts.

Answer: <https://biology-forums.com/index.php?topic=311234>

### Question 516

Economic theory assumes elected and appointed government officials

- A) place their personal or private welfare ahead of the public interest.
- B) place the public interest ahead of any personal or private interests of their own.
- C) are free to pursue the public interest because they aren't constrained by competition.
- D) respond to the anticipated costs and benefits to themselves of decisions contemplated.

Answer: <https://biology-forums.com/index.php?topic=315232>

### Question 517

According to your textbook,

- A) millions of people know how to make pencils, but only a few know how to use them.
- B) millions of people know how to make pencils, but nobody knows how to use them.
- C) no single person anywhere in the world knows how to make a pencil.
- D) no single person anywhere in the world knows how to use a pencil.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312898>

### Question 518

According to the economic way of thinking, alcohol prohibition in the U.S.

- A) effectively destroyed peoples' incentives to produce and drink liquor.
- B) abolished the supply and demand process in liquor.
- C) led to a surge in prices and considerable profit opportunities for people willing to break the law.
- D) failed to make liquor truly illegal.

Answer: <https://biology-forums.com/index.php?topic=313529>

### Question 519

According to your textbook, changes in supply and demand reflect changes in

- A) society's overall welfare.
- B) the plans that buyers and sellers are making.
- C) the overall efficiency of the market.
- D) government policy.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312982>

### Question 520

Fill in the blanks: Other things constant, \_\_\_\_\_ people will seek medical care when the price of a doctor's visit \_\_\_\_\_.

- A) fewer; falls
- B) more; falls
- C) more; rises
- D) no; rises.

Answer: <https://biology-forums.com/index.php?topic=311843>

### Question 521

Recalling from Chapter 5, fill in the blanks: Other things constant, when household "time preferences" \_\_\_\_\_, business investment tends to \_\_\_\_\_.

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

Answer: <https://biology-forums.com/index.php?topic=316666>

### Question 522

What's another word for "marginal"?

- A) Phenomenal
- B) Additional
- C) Sentimental
- D) Detrimental
- E) Magical

Answer: <https://biology-forums.com/index.php?topic=314272>

### Question 523

People who consent to bear costs for the benefit of others whom they do not know personally usually do so

- A) because they are concerned about the welfare of society.
- B) because they have been offered some benefit as an inducement.
- C) only when they are compelled by force.
- D) without calculating the costs to themselves.

Answer: <https://biology-forums.com/index.php?topic=315007>

### Question 524

Economist's can justify supporting education through taxation on which of the following grounds?

- A) Education generates spillover benefits.
- B) Low-income people could not otherwise afford education.
- C) Most economists are educators.
- D) Free education extends equal opportunity to all.
- E) Public education is more efficient than allowing education to be provided by the market.

Answer: <https://biology-forums.com/index.php?topic=315388>

### Question 525

According to your authors, which of the following is necessary for real-world markets to clear?

- A) Supply and demand curves
- B) The hard work of expert economists
- C) A well-managed national economic plan
- D) "Rules of the game," which allow for competitive bidding on scarce goods
- E) Nothing more than pure luck

Answer: <https://biology-forums.com/index.php?topic=313067>

### Question 526

The stabilization policies of government are most likely to promote

- A) high employment.
- B) price stability.
- C) reduced aggregate fluctuations.
- D) the interests of those who plan and execute them.
- E) the interests of the majority of voters.

Answer: <https://biology-forums.com/index.php?topic=316843>

### Question 527

The systemic costs and burdens that inflation imposes upon a society are almost entirely the result of

- A) government price controls.
- B) inability to predict its rate and timing.
- C) the fact that no one can ultimately gain from higher prices because everyone is a consumer.
- D) the lag between the rise of wage costs and the subsequent rise of prices.
- E) the lag between the rise of prices and the subsequent rise of wages.

Answer: <https://biology-forums.com/index.php?topic=316064>

### Question 528

Which of the following is a significant barrier to reducing the damage people do to one another's environment?

- A) Low negotiation costs among people
- B) Property rights clearly assigned to specific persons
- C) Scarcity of public or common property relative to private property

- D) All of them.
- E) None of them.

Answer: <https://biology-forums.com/index.php?topic=314994>

### Question 529

In 2009 Al Gore won the Nobel Peace Prize and was awarded \$1.4 million. He donated it to his Alliance for Climate Protection. From the economic point of view his charitable project suggests

- A) Gore himself no longer faced scarcity because he was in a position to give so much of his money away.
- B) the Alliance at least temporarily overcame scarcity because they enjoyed free resources.
- C) it was chosen over other uses of his money, and therefore even Gore had to economize.
- D) it was a ploy to gain more media attention after his Vice Presidency.

Answer: <https://biology-forums.com/index.php?topic=311050>

### Question 530

Economic theory looks at social coordination as a process of

- A) continuing mutual adjustments to the situations created by the actions of others.
- B) continuous adjustment of extremes to conform to the average.
- C) passing information up from below and instructions or commands down from above.
- D) sacrificing personal interest to the public or general interest.
- E) sacrificing the public interest to self-interest.

Answer: <https://biology-forums.com/index.php?topic=311127>

### Question 531

What gives a demand deposit value?

- A) The belief others will readily accept the demand deposit in exchange for valuable goods
- B) The currency the bank holds as reserves
- C) The guarantees the government provides
- D) The gold backing the deposits
- E) In God we trust.

Answer: <https://biology-forums.com/index.php?topic=316368>

### Question 532

What is a necessary condition for sustainable economic growth?

- A) Fair tax rates
- B) Public transportation
- C) The accumulation of additional capital
- D) A general price-level deflation to ensure low prices for goods and services

Answer: <https://biology-forums.com/index.php?topic=316978>

### Question 533

What will be the principal and most immediate effect on the supply or demand of raw cotton grown in the United States if a low-cost process for making cotton cloth wrinkle-free is developed?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313162>

### Question 534

Sensible buyers or sellers will want to continue acquiring information

- A) as long as the additional information extends their choices.
- B) as long as the anticipated additional benefit exceeds the additional cost of doing so.
- C) as long as they can be assured of acquiring correct information.
- D) indefinitely, because more information is better than less.

Answer: <https://biology-forums.com/index.php?topic=311760>

### Question 535

Specialization and exchange develop under conditions of

- A) massive ignorance.
- B) a total conflict of interests.

- C) coercion and exploitation.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312886>

### Question 536

For a seller who is a price taker, marginal revenue is always

- A) less than marginal cost.
- B) more than marginal cost.
- C) the same as marginal cost.
- D) less than price.
- E) the same as price.

Answer: <https://biology-forums.com/index.php?topic=314346>

### Question 537

If a seller can sell 5 units at \$8 each but can sell 6 units only by lowering the price to \$7 (and must sell all units at the same price), the marginal revenue from selling the 6th unit is

- A) \$42.
- B) \$7.50.
- C) \$7.
- D) \$2.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314388>

### Question 538

The Federal Reserve uses open market operations rather than changes in legal reserve requirements as its principal tool of monetary management because changes in legal reserve requirements

- A) can be easily evaded by commercial banks.
- B) must secure Congressional approval.
- C) would be excessively powerful and disruptive.
- D) would be less profitable for the Federal Reserve Banks.

Answer: <https://biology-forums.com/index.php?topic=316615>

### Question 539

If the Fed purchases government bonds, it

- A) decreases bank reserves and the supply of money.
- B) decreases bank reserves but increases the supply of money.
- C) increases bank reserves and the supply of money.
- D) increases bank reserves but decreases the supply of money.

Answer: <https://biology-forums.com/index.php?topic=316621>

### Question 540

The most accurate procedure for finding out whether it is more efficient for a commercial airline to use 727s or 757s for its domestic flights is to

- A) compare the fuel efficiency of 727s and 757s.
- B) compare the fuel efficiency and operating cost of 727s and 757s.
- C) compare the acquisition cost, operating cost, and fuel efficiency of 727s and 757s.
- D) compare the acquisition cost, operating cost, and fuel efficiency per passenger seat of 727s and 757s.
- E) see whether the airline has chosen to use 727s or 757s.

Answer: <https://biology-forums.com/index.php?topic=311424>

### Question 541

What is a necessary condition for being categorized as unemployed?

- A) Being homeless
- B) Actively searching for a job
- C) Having no source of income
- D) Having no hope of finding a job in the foreseeable future

Answer: <https://biology-forums.com/index.php?topic=316142>

### Question 542

According to economic theory, a person

- A) wants to advance his or her own interests and will try to do it rationally.



- B) would not generate negative externalities if one has a properly-developed social conscience.
- C) acts in a profit-seeking way in the market process and in a social-seeking way in government processes.
- D) necessarily behaves as an individualist in markets and as a socialist in government.

Answer: <https://biology-forums.com/index.php?topic=315250>

### Question 543

According to economic theory, a politician

- A) expands activities whose marginal benefit exceeds marginal cost.
- B) contracts activities whose marginal cost exceeds marginal benefit.
- C) does not necessarily act on narrow or selfish interests.
- D) does all of the above.
- E) does none of the above.

Answer: <https://biology-forums.com/index.php?topic=315265>

### Question 544

Economics is the study of

- A) Why people are greedy.
- B) Why the government is ruining our lives.
- C) Why the Dow Jones Industrial Average moves around.
- D) The choices people make when confronted with scarcity.

Answer: <https://biology-forums.com/index.php?topic=310966>

### Question 545

Popular criticism of determining who gets what by means of money prices increases in periods of inflation because

- A) inflation hits poor people the hardest.
- B) people mistakenly assume an increase in money prices makes them worse off.
- C) the wealthy will eventually acquire everything if inflation continues long enough.
- D) there is no one who benefits from rising prices.

Answer: <https://biology-forums.com/index.php?topic=313240>

### Question 546

Does a 21 year old who inherited millions of dollars' worth of corporate stock and who never works supply anyone with productive services?

- A) No, by definition.
- B) Only if her wealth is invested in capital equipment that adds to economic growth.
- C) Only if others are willing to pay to watch her enjoy life.
- D) Yes, if she supplies the services of the resources she owns.

Answer: <https://biology-forums.com/index.php?topic=315585>

### Question 547

When prices are allowed to fluctuate after a crisis, such as Hurricane Katrina, the high prices

- A) provide information to suppliers about where goods and services are most highly desired.
- B) are evidence of price gouging.
- C) justify government intervention.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313418>

### Question 548

When airlines overbook a flight and passengers are paid to take a later flight, which category of passenger is most likely to give up their reservations?

- A) Passengers not in a hurry
- B) Poor passengers
- C) Selfish passengers
- D) Unselfish passengers
- E) Wealthy passengers

Answer: <https://biology-forums.com/index.php?topic=311434>

### Question 549

Fill in the blanks: If you are informed copper prices will fall in the next few months, you should \_\_\_\_\_ copper futures. But if that information becomes common knowledge, others will do the same thing, and the price of copper futures will \_\_\_\_\_.

- A) buy; rise
- B) sell; rise

C) buy; fall

D) sell; fall

Answer: <https://biology-forums.com/index.php?topic=314176>

### Question 550

Recessions in the U.S. economy show up in economic data as periods of

A) declining prices.

B) rising interest rates.

C) slower growth or actual decline in nominal GDP.

D) slower growth or actual decline in real GDP.

Answer: <https://biology-forums.com/index.php?topic=316133>

### Question 551

Which of the following might be a final good?

A) A box of Kellogg's corn flakes

B) An iMac computer

C) A U-Haul rental vehicle

D) An economics textbook

E) Any of the above might be, depending upon who is purchasing it.

Answer: <https://biology-forums.com/index.php?topic=315810>

### Question 552

When the price of a good decreases,

A) demand increases.

B) quantity demanded increases.

C) demand decreases.

D) quantity demanded decreases.

Answer: <https://biology-forums.com/index.php?topic=311957>

### Question 553

If a good is scarce

A) some criteria must be established to determine who gets what.

B) its price is above the market-clearing level.

C) its price is below the market-clearing level.

D) the quantity demanded is greater than the quantity supplied.

E) the supply is less than the demand.

Answer: <https://biology-forums.com/index.php?topic=313216>

### Question 554

Entrepreneurs tend to have a comparative advantage in

A) arbitrage.

B) manipulating market prices.

C) stealing other people's ideas.

D) selling their products below cost.

E) hiring others to act as residual claimants.

Answer: <https://biology-forums.com/index.php?topic=313982>

### Question 555

In most economies, resources are allocated by

A) a central planning board.

B) a dictator.

C) the combined and decentralized actions of millions of people.

D) the majority's will.

Answer: <https://biology-forums.com/index.php?topic=311012>

### Question 556

Beginning in December 2007, the Fed began cutting the federal funds rate from 4.25% to less than 1%. During this time, it was engaged in \_\_\_\_\_ monetary policy in order to reduce the threat of a \_\_\_\_\_ in the US economy.

A) expansionary; stagflation

B) contractionary; stagflation

- C) expansionary; recession
- D) contractionary; recession

Answer: <https://biology-forums.com/index.php?topic=316587>

### Question 557

"I'm telling you, instead of charging \$50 each, they could give the opera tickets away for free, and I myself still wouldn't go—ever!" What can we say about this person's demand for opera tickets?

- A) His price elasticity is infinite, which means his demand curve is upward sloping.
- B) His price elasticity is exactly equal to 1, which means his demand curve is unit elastic.
- C) His price elasticity is exactly equal to 50, which means his demand curve is very elastic.
- D) He doesn't have a demand for opera tickets.

Answer: <https://biology-forums.com/index.php?topic=312236>

### Question 558

A price searcher faces the following demand curve: At \$9, \$8, \$7, and \$6, the quantity demanded is 10, 20, 30, and 40 units, respectively. If the firm's marginal cost is \$70 at any level of output, it would maximize net revenues by

- A) producing 10 units and charging \$9.
- B) producing 20 units and charging \$8.
- C) producing 30 units and charging \$7.
- D) producing 40 units and charging \$6.
- E) charging \$70 plus markup.

Answer: <https://biology-forums.com/index.php?topic=314328>

### Question 559

The money supply would tend to fall if the Fed

- A) sells bonds.
- B) buys bonds.
- C) lowers the discount rate.
- D) lowers reserve requirements.

Answer: <https://biology-forums.com/index.php?topic=316593>

### Question 560

We see evidence of shortages when we see scarce goods beginning to be acquired by

- A) price decreases.
- B) rising nonmoney costs.
- C) the money price.
- D) unfair means.

Answer: <https://biology-forums.com/index.php?topic=313210>

### Question 561

When its marginal cost increases, a firm aiming at maximizing net revenue

- A) can always raise its price, but only by the amount of the cost increase.
- B) can often raise its price by more than the cost increase.
- C) can raise its price, but always by less than the cost increase.
- D) may not be able to raise its price at all.

Answer: <https://biology-forums.com/index.php?topic=314355>

### Question 562

The demand for government regulation of sellers most often originates with

- A) consumers.
- B) economists.
- C) politicians.
- D) sellers.

Answer: <https://biology-forums.com/index.php?topic=315382>

### Question 563

Economic theory suggests

- A) social order is maintained only when people act in the public interest.
- B) as a rule, people cooperate more effectively when they're selfish compared to when they're generous.
- C) a great deal of effective cooperation can occur in the presence of minimal generosity and also without a great deal of government guidance and

control.

D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311130>

### Question 564

What did President George W. Bush and Mother Teresa have in common?

- A) They each pursued projects in which they were interested.
- B) They each demonstrated a burning desire to directly serve the poorest of the poor.
- C) They each promoted a plan to build up the American nuclear defense system.
- D) They were both well-known fans of the Dallas Cowboys.

Answer: <https://biology-forums.com/index.php?topic=311079>

### Question 565

A price searcher faces the following demand curve: At \$9, \$8, \$7, and \$6, the quantity demanded is 10, 20, 30, and 40 units, respectively. If the firm's marginal cost is \$50 at any level of output, it would maximize net revenues by

- A) producing 10 units and charging \$9.
- B) producing 20 units and charging \$8.
- C) producing 30 units and charging \$7.
- D) producing 40 units and charging \$6.
- E) charging \$50 plus markup.

Answer: <https://biology-forums.com/index.php?topic=314326>

### Question 566

According to the Economic Freedom Index,

- A) countries with the lowest economic freedom enjoyed the highest per capita GDP.
- B) countries with the highest economic freedom enjoyed the lowest per capita GDP.
- C) countries with the highest economic freedom enjoyed the highest per capita GDP.
- D) there is no relationship between economic freedom and per capita GDP.

Answer: <https://biology-forums.com/index.php?topic=317115>

### Question 567

Halibut tends to be much more expensive than cod. According to the economic way of thinking, relatively high halibut prices can be explained by

- A) using the theory of supply and demand.
- B) pointing out the cause—Halibut boats are often more expensive than boats used to fish for cod.
- C) acknowledging the price differential is unfair to consumers of halibut.
- D) acknowledging the price differential is unfair to cod fishermen.

Answer: <https://biology-forums.com/index.php?topic=313704>

### Question 568

The employment rate is defined as

- A) the percentage of the labor force holding employment.
- B) the percentage of the noninstitutional population either working currently or looking for work.
- C) the percentage of the noninstitutional population holding employment.
- D) the percentage of the population currently receiving wages or salaries.
- E) the percentage of the population currently working and living principally on earnings from labor.

Answer: <https://biology-forums.com/index.php?topic=316199>

### Question 569

Market systems are often referred to as "automatic" or "self-regulating" because they function

- A) effectively even when no participant in the system plans ahead.
- B) effectively in the absence of any laws.
- C) effectively even when the society is breaking down.
- D) without an overall, comprehensive plan.
- E) without the intervention of human beings.

Answer: <https://biology-forums.com/index.php?topic=312880>

### Question 570

If there are 200 physicians per 100,000 population in the United States generally, but over 500 per 100,000 population in San Francisco,

- A) physicians are not scarce in San Francisco.
- B) physicians particularly enjoy living and working in San Francisco, for financial and other reasons.

- C) residents of San Francisco necessarily need more medical services than the average American.  
D) there is a shortage of patients in San Francisco.  
E) there is a surplus of physicians in San Francisco.

Answer: <https://biology-forums.com/index.php?topic=313168>

### Question 571

Are credit cards "money"?

- A) No, because they are not used as a general medium of exchange.  
B) No, because they are used to make money.  
C) Yes, because they are used as a general medium of exchange.  
D) Yes, because they are used to make money.

Answer: <https://biology-forums.com/index.php?topic=316329>

### Question 572

Which is the most likely effect upon the market for cotton of a greatly increased price for corn, which can usually be grown on land suitable for cotton cultivation?

- A) The demand for cotton will decrease and the quantity exchanged will fall.  
B) The demand for cotton will increase and the quantity exchanged will rise.  
C) The supply of cotton will increase and the quantity exchanged will rise.  
D) The supply of cotton will decrease and the quantity exchanged will fall.  
E) The supply of cotton will increase and the quantity exchanged will fall.

Answer: <https://biology-forums.com/index.php?topic=313186>

### Question 573

What is an efficient way to study for an economics exam?

- A) Attend every lecture and take copious notes.  
B) Read the assigned material once before each class and once after.  
C) Form study sessions with others in class.  
D) Put off everything and instead cram the night before the exam.  
E) Any of the above might be efficient, depending on one's perceived costs and benefits.

Answer: <https://biology-forums.com/index.php?topic=311397>

### Question 574

Economists study

- A) the choices people make, but not the consequences of their choices.  
B) the consequences of peoples' choices, but not the choices themselves.  
C) the choices people make in a world where resources are scarce.  
D) theories and ignore all the facts.  
E) data rather than people.

Answer: <https://biology-forums.com/index.php?topic=310968>

### Question 575

California voters and legislators frequently debate about the true cost of water in the course of trying to establish state policy to govern the use of water. The issue is confusing because

- A) all water is ultimately a free gift of nature.  
B) the cost of water is infinite.  
C) water in itself, considered simply as a chemical compound, cannot be assigned any specific cost.  
D) we cannot settle a question that is entirely a matter of opinion.

Answer: <https://biology-forums.com/index.php?topic=312859>

### Question 576

Several national fast-food chains offer "kids' meals" with free giveaway toys, something many independent, local establishments cannot afford to do. The national chains are

- A) engaging in predatory pricing.  
B) selling meals below cost.  
C) distributing toys below cost.  
D) engaging in anti-competitive behavior because the independents cannot afford to give away toys.  
E) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314872>

### Question 577

In trying to determine the "true cost" of some debated proposal,

- A) actions have no true cost, only benefits.
- B) actions will entail different costs for different people.
- C) the costs of actions must ultimately be the same for everyone.
- D) there is no difference between costs and benefits.

Answer: <https://biology-forums.com/index.php?topic=312865>

### Question 578

George was assigned to read a chapter in economics tonight, but he has a math exam tomorrow. He chooses to study for the math exam and postpone his economics studies until after the exam. What is the opportunity cost of George's decision?

- A) The lower math grade he would have received had he not studied for the math exam
- B) The economics knowledge he sacrificed by not reading the assigned chapter
- C) Both A and B above
- D) Without information regarding the price of the textbook and the value to George of the math exam, George's opportunity cost cannot be determined.

Answer: <https://biology-forums.com/index.php?topic=311481>

### Question 579

As a result of losing his job, Uncle Roy dropped his cable TV service and instead bought a new iPod. For Uncle Roy,

- A) cable is an inferior good and the iPod is a normal good.
- B) cable is a normal good and the iPod is an inferior good.
- C) both cable and the iPod are normal goods.
- D) both cable and the iPod are inferior goods.
- E) cable and the iPod are complementary goods.

Answer: <https://biology-forums.com/index.php?topic=312055>

### Question 580

One well-established full-service stock brokerage charges \$35 commissions per trade. A new online brokerage charges \$7.95 per trade. Yet, many people still elect to use the traditional, full service broker. Why?

- A) They're fools.
- B) They must not be aware of online brokers.
- C) They might perceive the low commission to be a sign of low reliability.
- D) They are failing to economize.

Answer: <https://biology-forums.com/index.php?topic=311798>

### Question 581

A fall in the rate of people's time preference in general tends to

- A) increase interest rates.
- B) decrease interest rates.
- C) have no effect on interest rates.
- D) have no effect at all in the market for credit.

Answer: <https://biology-forums.com/index.php?topic=313375>

### Question 582

A geologist tells the ACME Mining Company she's certain there is a gold vein one thousand feet below the surface of its property, but ACME still decides not to mine for that gold. How would an economist explain their decision?

- A) The owners of ACME aren't as greedy as other mining operations.
- B) The owners of ACME probably distrust the geological reports.
- C) The owners of ACME feel the additional costs of mining for gold outweigh the additional benefits.
- D) The owners of ACME are ignorant of the basic principles of economics.

Answer: <https://biology-forums.com/index.php?topic=313761>

### Question 583

Legal ceilings on the rate of interest charged to individuals

- A) guarantee credit is allocated according to need rather than ability to pay.
- B) make it easier for people with poor credit ratings to obtain loans.
- C) reduce the probability corporations will obtain scarce credit by bidding funds away from consumers.
- D) accomplish all of the above.
- E) accomplish none of the above.

Answer: <https://biology-forums.com/index.php?topic=313537>

### Question 584

If losses are unavoidable in an uncertain world, then

- A) profits are too.
- B) profits are only the result of good luck.
- C) profits are avoidable.
- D) profits are the result of people acting with perfect information.

Answer: <https://biology-forums.com/index.php?topic=313949>

### Question 585

Technical innovation spurs economic growth because it

- A) increases labor productivity.
- B) increases the stock of capital goods.
- C) provides more powerful means of production.
- D) does all of the above.

Answer: <https://biology-forums.com/index.php?topic=316984>

### Question 586

Which of the following would shift the supply curve to the right?

- A) A rise in the expected future price of the good
- B) A rise in the costs of producing the good
- C) Fewer producers in the industry
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312793>

### Question 587

As applied to voter behavior, the "rational ignorance" hypothesis claims

- A) voters will have no incentive to be informed of political issues.
- B) voters will stop gathering information once the marginal costs exceed the marginal benefits.
- C) voters only vote on the basis of their instinctual or gut feelings.
- D) voters are selfish.

Answer: <https://biology-forums.com/index.php?topic=315427>

### Question 588

Sustained economic growth generally occurs when a nation

- A) abandons the market system in favor of central economic planning.
- B) abandons the rule of law in favor of a series of licenses, regulations, and tariffs to control and protect the domestic economy.
- C) subsidizes loss-generating enterprises and thereby preserves jobs and incomes.
- D) creates conditions where people are free to specialize and exchange.

Answer: <https://biology-forums.com/index.php?topic=316972>

### Question 589

The Economic Freedom Index includes which of the following measures of economic freedom within a nation?

- A) Levels of economic regulation
- B) Freedom of pricing
- C) Stability of monetary policy
- D) Taxation levels
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=317112>

### Question 590

Financial panics characterized by depositor "runs" and consequent bank failures have not occurred in the United States since the 1930s primarily because

- A) commercial banks now hold larger reserves.
- B) the Federal Deposit Insurance Corporation has reduced the fears of depositors.
- C) we have abandoned the gold standard.
- D) we have had no major recessions since the 1930s.

Answer: <https://biology-forums.com/index.php?topic=316454>



### Question 591

- An event is productive as long as
- A) it is incurred without any opportunity cost.
  - B) it increases wealth.
  - C) the value of the inputs exactly equals the value of the output.
  - D) it creates a new material object.
  - E) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311307>

### Question 592

- Will scarce goods necessarily be rationed in some manner?
- A) Not if people agree to share them equitably
  - B) Not if there is enough for everyone to have what they need
  - C) Not if their prices are free to rise
  - D) Not if they are privately owned
  - E) Yes

Answer: <https://biology-forums.com/index.php?topic=312368>

### Question 593

- Urban traffic moves as effectively as it does because
- A) all drivers have the same attitudes regarding courtesy, safety, and speed.
  - B) drivers are usually concentrating intently on their own narrow goals.
  - C) insurance does not cover all the costs of an accident.
  - D) drivers take other drivers' specific goals and interests into account.
  - E) police are able to enforce the city's traffic plan.

Answer: <https://biology-forums.com/index.php?topic=311139>

### Question 594

- "Total revenue minus total cost" is
- A) an incorrect definition of profit.
  - B) the correct definition of profit.
  - C) the economist's definition of profit.
  - D) the government's definition of profit.
  - E) the most common definition of profit.

Answer: <https://biology-forums.com/index.php?topic=313844>

### Question 595

Consider the following simplified sequence of exchanges. A logger sells an oak tree to a sawmill owner for \$60. The sawmill mills it, and sells the boards to a woodworker for \$80. The woodworker makes an oak bookcase out of the boards, and sells it to a retailer for \$300. The retailer then sells you the bookcase for \$250. What is the total value added?

- A) \$50
- B) \$250
- C) \$550
- D) \$690
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315858>

### Question 596

- A health club requires six-months advanced payment. A commuter railroad offers discounted monthly tickets. What do they clearly have in common?
- A) They are earning profits.
  - B) They are selling short.
  - C) They are exploiting customers.
  - D) They are facing financial problems.

Answer: <https://biology-forums.com/index.php?topic=314101>

### Question 597

- The term for the Fed's day-to-day technique for controlling the stock of money is called
- A) discounting operations.
  - B) interest-rate operations.

- C) liquidity operations.
- D) open heart operations.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316605>

### Question 598

Retailers and other middlemen provide benefits to patrons

- A) because people don't realize how much they could save by cutting out middlemen.
- B) but the middlemen benefit far more.
- C) by lowering the cost to their customers of acquiring valuable information.
- D) only because their customers are irrational.

Answer: <https://biology-forums.com/index.php?topic=311736>

### Question 599

To economize means to

- A) allocate available resources in a way that yields the most value to the economizer.
- B) behave in a selfish rather than generous manner.
- C) conserve as much as possible for future use.
- D) put economic theory to work.
- E) save rather than spend.

Answer: <https://biology-forums.com/index.php?topic=310992>

### Question 600

Why do landlords tend to discriminate against a person's race, religion, or age more when rent controls are imposed?

- A) Landlords are naturally racist and bigoted.
- B) Only minority groups will take an interest in apartments with controlled rents.
- C) Economists will encourage landlords to discriminate.
- D) Rent controls lower the personal costs of discriminatory behavior among landlords.
- E) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=313496>

### Question 601

If the baseball team can sell 6000 box-seat tickets when they set the price at \$10 and 7000 box-seat tickets when they lower the price to \$8, the marginal revenue per ticket between 6000 and 7000 tickets is

- A) \$60,000.
- B) \$56,000.
- C) \$9.
- D) \$2.
- E) minus \$4.

Answer: <https://biology-forums.com/index.php?topic=314343>

### Question 602

Suppose we observe people buying more of a good even though its price has risen. What would an economist conclude?

- A) Impossible! We will never observe prices and quantity simultaneously rising in the real world.
- B) The demand curve for the good must be upward-sloping.
- C) The law of demand doesn't hold.
- D) The demand curve has shifted to the right.
- E) Consumption increasing as prices increase only occurs when a good is needed for survival.

Answer: <https://biology-forums.com/index.php?topic=313094>

### Question 603

Speculators who believe the world-wide demand for cocoa products is going to increase enormously next year will cause

- A) less cocoa to be consumed next year.
- B) less cocoa to be consumed this year.
- C) less cocoa to be produced next year.
- D) less cocoa to be produced this year.
- E) none of the above since speculation only affects price.

Answer: <https://biology-forums.com/index.php?topic=314119>

### Question 604

The economic point of view assumes central bankers, bureaucrats, elected politicians, and tax collectors

- A) are immoral.
- B) act selfishly.
- C) respond to incentives.
- D) act in the national interest.

Answer: <https://biology-forums.com/index.php?topic=316942>

### Question 605

Which is an example of restrictive fiscal policy?

- A) An increase in the discount rate
- B) An increase in the federal funds rate
- C) An increase in reserve requirements
- D) A lowering of tax rates
- E) A lowering of government spending

Answer: <https://biology-forums.com/index.php?topic=316773>

### Question 606

Which of the following is not among the first steps the textbook recommends be taken to reduce negative externalities?

- A) Adjudication
- B) More scientific research
- C) Negotiation
- D) The cultivation of civic virtues

Answer: <https://biology-forums.com/index.php?topic=314980>

### Question 607

Fill in the blank: Rebecca goes to the hairdresser more often now that her salary has increased. For Rebecca, the hairdresser's service is probably \_\_\_\_\_.

- A) a normal good
- B) an inferior good
- C) a free good
- D) a bad

Answer: <https://biology-forums.com/index.php?topic=312052>

### Question 608

Which of the following most accurately describes what occurs during a time of inflation?

- A) People must work longer to live as well.
- B) Prices rise faster than incomes.
- C) The average standard of living declines.
- D) The cost of living increases.
- E) The purchasing power of money falls.

Answer: <https://biology-forums.com/index.php?topic=316045>

### Question 609

Economic growth is supported by

- A) the rule of law.
- B) competent and honest government officials.
- C) an educated populace.
- D) openness to international trade and investment.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=317004>

### Question 610

How can we separate the cost of the electricity that generates the heat from a light bulb and the cost of the electricity that generates that same bulb's light?

- A) By comparing the wattage of the bulb with the change in air temperature
- B) By distinguishing sunk costs from marginal costs
- C) By dividing the total cost in two
- D) We cannot do it in any defensible way.

Answer: <https://biology-forums.com/index.php?topic=314644>

### Question 611

If there are 1000 different sellers of a particular good, and they are all charging exactly the same price, that the sellers are probably

- A) colluding.
- B) making a profit.
- C) oligopolists.
- D) price takers.
- E) securing government assistance.

Answer: <https://biology-forums.com/index.php?topic=314623>

### Question 612

If one really believes that price spikes known as "price gouging" are due to a surge in greed among suppliers, then

- A) they haven't quite mastered the economic way of thinking.
- B) their comfort in knowing that thousands if not millions of others agree with them is not sufficient economic evidence to conclude that their claim is correct.
- C) their claim implies that significant price decreases are due to a sudden reduction in greed among suppliers.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=313430>

### Question 613

Based on opportunity cost, where would one expect to have the most difficulty finding a teenager to baby-sit?

- A) A high-income area with lots of teenagers
- B) A low-income area with lots of teenagers
- C) A middle-income area with lots of teenagers
- D) Any income area because teenagers no longer like babysitting

Answer: <https://biology-forums.com/index.php?topic=312527>

### Question 614

When Exxon Mobil reports record profits of more than \$10 billion per quarter, we know

- A) other oil companies must be struggling.
- B) consumers must be paying high prices at the pump.
- C) consumers must have lost \$10 billion in surplus.
- D) all of the above.
- E) none of the above follow from the information given.

Answer: <https://biology-forums.com/index.php?topic=313940>

### Question 615

Which is the most popular tool of the Fed used to control the stock of money?

- A) Manipulating reserve requirements.
- B) Buying and selling government bonds.
- C) Manipulating the discount rate.
- D) Issuing new U.S. Treasury bonds.

Answer: <https://biology-forums.com/index.php?topic=316608>

### Question 616

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) Goober has a comparative advantage only in W.
- B) Goober has a comparative advantage in both L and W.
- C) Gomer has a comparative advantage only in W.
- D) Gomer has a comparative advantage in both L and W.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311613>

### Question 617

Fill in the blanks: \_\_\_\_\_ attempts to reduce negative externalities by \_\_\_\_\_.

- A) Adjudication; letting people work out the problem themselves
- B) Adjudication; discovering who has which rights
- C) Negotiation; creating new rights
- D) Negotiation; appropriate taxation

Answer: <https://biology-forums.com/index.php?topic=315097>

### Question 618

In the economic way of thinking, the demand for clean air is

- A) nonexistent.
- B) independent of price or cost.
- C) completely inelastic.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315142>

### Question 619

The Kwakiutl Indians of the Northwest used Hudson Bay blankets as a general medium of exchange. In the economic way of thinking, their blankets were therefore used

- A) irrationally.
- B) as goods in and of themselves.
- C) without regard to their value.
- D) as money.

Answer: <https://biology-forums.com/index.php?topic=316299>

### Question 620

A unit of output whose production and sale adds less to cost than it generates in additional revenue is

- A) a profitable unit to produce and sell if marginal cost declines with additional output.
- B) a profitable unit to produce and sell if total receipts exceed total costs.
- C) a profitable unit to produce and sell unless it must be sold at a price below average unit cost.
- D) a profitable unit to produce and sell.

Answer: <https://biology-forums.com/index.php?topic=314352>

### Question 621

A commercial society, as described by Adam Smith, develops when

- A) maximizing income becomes the ultimate objective for most people.
- B) more people are employed in service industries than in agriculture and manufacturing.
- C) private interest replaces the public interest.
- D) the division of labor extends itself throughout the society.
- E) traditional values give way to commercial values.

Answer: <https://biology-forums.com/index.php?topic=311115>

### Question 622

A national taco chain offers in-house customers free refills on drinks. It is clearly

- A) attempting to increase its total profit.
- B) generating a negative externality.
- C) generating a positive externality.
- D) engaging in predatory pricing.
- E) doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314947>

### Question 623

Attempts to fine-tune the economy through counter-cyclical fiscal policy

- A) demonstrated their effectiveness in the 1930s.
- B) demonstrated their effectiveness during World War II.
- C) demonstrated their effectiveness between 1945 and 1960.
- D) have not yet demonstrated their effectiveness.

Answer: <https://biology-forums.com/index.php?topic=316837>

### Question 624

A cartel is

- A) an agreement among competitors to regulate prices or output.
- B) a bond with no fixed maturity date.
- C) a contract between manufacturers and retailers.
- D) a highly leveraged buy-out.

E) a shopping center in which all lessees pay the same percentage of common operating costs.

Answer: <https://biology-forums.com/index.php?topic=314705>

### Question 625

Suppose Marquette Bank and Trust has \$10 million in total deposits and the required reserve ratio is 7%. How many dollars can the bank use to seek profit opportunities?

- A) \$9.3 million
- B) \$7 million
- C) \$930,000
- D) \$700,000
- E) 0. Banks cannot seek profits.

Answer: <https://biology-forums.com/index.php?topic=316472>

### Question 626

According to your text, many people don't understand how economic systems work because they

- A) are too lazy to study them.
- B) don't think economic systems matter greatly.
- C) tend to look at them when they are not performing adequately.
- D) prefer to believe what they read or hear in the media.
- E) have not been trained in the scientific way of thinking.

Answer: <https://biology-forums.com/index.php?topic=311242>

### Question 627

A negative externality

- A) occurs under any undesirable event.
- B) occurs when an action doesn't take into account the costs it imposes on others.
- C) can be a natural phenomenon, such as being struck dead by a bolt of lightning.
- D) cannot occur at the same time as a positive externality.

Answer: <https://biology-forums.com/index.php?topic=314935>

### Question 628

Which of the following policies face difficult problems of timing?

- A) Fiscal policy
- B) Monetary policy
- C) Both of the above.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316789>

### Question 629

The economic way of thinking is

- A) a biased perspective at the present time, and we should eliminate bias from economics.
- B) a biased perspective, but the existence of bias does not mean the discipline should be condemned.
- C) biased only when it is used to argue for particular policies.
- D) unbiased because economics is a science.
- E) unbiased insofar as its conclusions are drawn exclusively from actual facts.

Answer: <https://biology-forums.com/index.php?topic=311195>

### Question 630

We all use the services of speculators as information in reaching our own economic decisions

- A) because speculators are aggressive about marketing the information they produce.
- B) because we all use prices, which are set by bids and offers based on predictions of the future.
- C) if we buy or sell commodities through an organized exchange.
- D) if we play the stock market.

Answer: <https://biology-forums.com/index.php?topic=314077>

### Question 631

Supermarkets will frequently not carry the products of food processors unless the processors pay fees to the supermarkets because

- A) supermarkets are cartels.
- B) supermarkets often dominate the geographic areas in which they sell.
- C) supermarkets stand between the food processors and the ultimate consumers.

D) supermarket shelves are scarce goods.  
E) supermarkets typically have more bargaining power than food processors.  
Answer: <https://biology-forums.com/index.php?topic=314676>

### Question 632

Marginal revenue is less than price for  
A) all price searchers.  
B) all price takers.  
C) price searchers who can't restrict price reductions to the new purchases they want to attract.  
D) sellers who face inelastic demand curves.  
Answer: <https://biology-forums.com/index.php?topic=314305>

### Question 633

The people of the Island of Yap used stones as a general medium of exchange. Therefore,  
A) their economic system was based upon barter.  
B) their stones served as money.  
C) they had no price system, because prices can't be measured with stones.  
D) inflation was impossible.  
Answer: <https://biology-forums.com/index.php?topic=316296>

### Question 634

If people expect to have the profits from correct decisions confiscated but do not expect to be compensated for the losses from incorrect decisions, they will  
A) attempt to maximize risk.  
B) only make choices when the outcomes are absolutely certain.  
C) try to do what most others are doing.  
D) undertake longer-range projects more frequently.  
Answer: <https://biology-forums.com/index.php?topic=314038>

### Question 635

In one northern town, the snowmobilers enjoy snow while non-snowmobilers hate it. When the town gets two feet of fresh snow, which group is made wealthier?  
A) Non-snowmobilers  
B) Snowmobilers  
C) Everybody  
D) Nobody  
Answer: <https://biology-forums.com/index.php?topic=311265>

### Question 636

Which of the following is an important difference between government and privately-owned enterprises?  
A) Government can distribute goods without employing discriminatory rationing criteria.  
B) Government can more easily use negative incentives to obtain resources.  
C) Government does not produce exchangeable commodities or services.  
D) Government provides services at a lower opportunity cost.  
E) Government tends to pay close attention to the varying preferences of the people.  
Answer: <https://biology-forums.com/index.php?topic=315298>

### Question 637

A merger between a firm extracting petroleum and a firm refining petroleum is a  
A) conglomerate merger.  
B) diagonal merger.  
C) horizontal merger.  
D) vertical merger.  
Answer: <https://biology-forums.com/index.php?topic=314658>

### Question 638

In the 1990s, Oprah Winfrey, the former national talk-show host, discouraged Americans from eating beef. She argued beef consumption could create major health problems, and, as a result, beef purchases and the price of beef fell substantially. Which of the following occurred?  
A) The supply curve of beef shifted to the left.  
B) The demand curve for beef shifted to the left.



- C) The supply curve of beef shifted to the right.
- D) The demand curve for beef shifted to the right.
- E) Neither the supply curve nor the demand curve for beef had changed.

Answer: <https://biology-forums.com/index.php?topic=313088>

### Question 639

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Therefore

- A) U.S. producers have a comparative advantage in oranges.
- B) Canadian producers have a comparative advantage in beef.
- C) both countries could gain through specialization and exchange.
- D) all of the above are true.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311715>

### Question 640

The term "predatory pricing" is usually used by people who are objecting to

- A) extremely unpredictable prices.
- B) low prices.
- C) prices unrelated to costs of production.
- D) speculative pricing policies.
- E) very high prices.

Answer: <https://biology-forums.com/index.php?topic=314684>

### Question 641

What is the approximate cost to a professional basketball team of giving ten free tickets for a particular game to children in an orphanage?

- A) Probably nothing if the game is not sold out.
- B) The face price of the tickets
- C) The value of the opportunities forgone by putting on the game, divided by the number of seats (times ten)
- D) We cannot tell unless we know the value the orphans place on attending.

Answer: <https://biology-forums.com/index.php?topic=313707>

### Question 642

Which of the following economic activities is ignored in GDP accounts?

- A) The market value of medical services
- B) The market value of educational services
- C) The market value of illegal drugs
- D) The market value of prescription drugs
- E) The market value of the services associated with used-car dealers

Answer: <https://biology-forums.com/index.php?topic=316263>

### Question 643

We observe evidence of a shortage when we see

- A) the quantity purchased is greater than the quantity supplied.
- B) the quantity purchased is less than the quantity supplied.
- C) nonmonetary costs of acquisition have risen.
- D) goods have become more scarce.
- E) prices have increased suddenly and substantially.

Answer: <https://biology-forums.com/index.php?topic=313225>

### Question 644

Pollution is a cost because it entails the sacrifice of valued opportunities

- A) and because the process of creating it confers no benefits on the members of society.
- B) for some people.
- C) and reduces the net welfare of society.
- D) which makes everyone worse off in the long run.

Answer: <https://biology-forums.com/index.php?topic=314984>

### Question 645

If business firms do not have to generate revenues sufficient to cover their sunk costs, does anyone have to pay for mistaken decisions?

- A) No, because sunk costs are irrelevant.
- B) No, because the past cannot be undone.
- C) Only if they value their integrity or credit standing.
- D) The entire economy ends up paying.
- E) Yes. The people who committed resources to mistaken decisions pay the costs.

Answer: <https://biology-forums.com/index.php?topic=312599>

### Question 646

Mr. Jones, an elderly man living on his retirement, pulls \$100,000 from certificates of deposit (CDs), which were returning an annual rate of return of 5%. He thinks the credit freeze is over and stock markets are headed up, but ends up losing 40% in his first year of investing. What was Mr. Jones's rate of economic profit?

- A) 5%
- B) 35%
- C) -35%
- D) -40%
- E) -45%

Answer: <https://biology-forums.com/index.php?topic=313895>

### Question 647

Suppose the market-clearing price of wheat is \$2.50 per bushel. What would happen if wheat farmers persuaded the government to set a legally-mandated price support of \$3.75 per bushel?

- A) The quantity demanded of wheat would fall.
- B) The quantity supplied of wheat would rise.
- C) A surplus of wheat would occur.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313632>

### Question 648

What would not lead to an overall decrease in demand for air travel in the U.S.?

- A) The fear of future terrorist attacks
- B) News of lengthy security delays at airports
- C) An expected decrease in airfares
- D) A substantial increase in bus and passenger train fares

Answer: <https://biology-forums.com/index.php?topic=311996>

### Question 649

Complete this sentence: in a market system income is generally earned

- A) independently of acts of exchange and production.
- B) arbitrarily and randomly.
- C) unproductively.
- D) in the process of its creation.

Answer: <https://biology-forums.com/index.php?topic=315526>

### Question 650

Pick the true statement regarding the notion of competition as a process versus the model of perfect competition.

- A) The process notion allows for uncertainty and incomplete information; perfect competition doesn't.
- B) The process notion allows for price searching activity; perfect competition doesn't.
- C) The process notion allows for product differentiation; perfect competition doesn't.
- D) The process notion allows for a small number of participants; perfect competition doesn't.
- E) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314767>

### Question 651

If nation-states are able to extend effective control over ocean resources from 3 miles to 200 miles off their coasts, valuable marine animals are more likely to be harvested

- A) at a rate consistent with their long-run preservation.
- B) at a rate inconsistent with their long-run preservation.
- C) too rapidly for maximum net benefit.
- D) too slowly for maximum net benefit.
- E) up to the point of extinction.

Answer: <https://biology-forums.com/index.php?topic=314997>

### Question 652

What is the basic criticism that economic theory levels against the movement to base wages on the "comparable worth" of jobs?

- A) Markets, not employers, set wage rates for different jobs.
- B) There are no jobs that are inherently more suitable for women than for men.
- C) There is no way to compare the satisfactions that different people derive from a job.
- D) Wage rates determine the worth of workers to an employer by determining the number that will be hired.
- E) Wage rates will be set by supply and demand and cannot be changed by anything government does.

Answer: <https://biology-forums.com/index.php?topic=315670>

### Question 653

In a free market economy, people are free to manufacture buses out of gold, rather than steel. So why aren't buses made out of gold?

- A) Although it meets all economic laws, gold buses would violate the laws of physics and mechanical engineering.
- B) It is ridiculously unprofitable to make gold buses.
- C) The AFL-CIO wouldn't allow buses to be made from gold.
- D) There's only one individual with a patent on gold buses, and he refuses to sell it to other potential manufacturers.

Answer: <https://biology-forums.com/index.php?topic=313282>

### Question 654

Suppose the economy of Georgia can produce pecans and peanuts. Suppose the economy can either produce 10,000 pecans or 15,000 peanuts if full specialization in one good were to occur. What is the opportunity cost of increasing pecan production from 5,000 to 10,000 pecans?

- A) 1,000 peanuts
- B) 5,000 peanuts
- C) 7,500 peanuts
- D) 10,000 peanuts

Answer: <https://biology-forums.com/index.php?topic=311511>

### Question 655

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) Gomer produces W more efficiently than Goober.
- B) Gomer produces L less efficiently than Goober.
- C) Goober produces L more efficiently than Gomer.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311610>

### Question 656

Fill in the blank: Firms in a so-called perfectly competitive market would face a(n) \_\_\_\_\_ demand curve for their product.

- A) horizontal
- B) upward-sloping
- C) vertical
- D) downward sloping

Answer: <https://biology-forums.com/index.php?topic=314493>

### Question 657

Fill in the blank: Producers will compare \_\_\_\_\_ benefits to \_\_\_\_\_ costs when considering how much output to produce.

- A) marginal; sunk
- B) sunk; marginal
- C) marginal; marginal
- D) sunk; sunk

Answer: <https://biology-forums.com/index.php?topic=312727>

### Question 658

Were the price of gasoline to permanently increase by 10% overnight and stay there for the foreseeable future. Other things constant,

- A) the demand for gasoline would fall immediately.
- B) the quantity demanded for gasoline would fall immediately.
- C) the quantity demanded for gasoline would fall more dramatically over time
- D) the quantity demanded for gasoline would remain unchanged, because cars can only be run on gasoline.

Answer: <https://biology-forums.com/index.php?topic=312287>

### Question 659

If Safeway reduced its grocery prices below cost in a particular metropolitan area and kept them there until all other grocery stores in the area had been forced into bankruptcy, Walmart would almost certainly sustain huge net losses

- A) in the short run and the long run because grocery stores would reappear quickly when Walmart subsequently set high prices.
- B) in the short run but not in the long run because it could charge very high prices afterward.
- C) in the short run but not in the long run because the policy would lower Walmart's costs of buying from suppliers.
- D) only if the government enforced the antitrust laws in a fair and even-handed way.

Answer: <https://biology-forums.com/index.php?topic=314647>

### Question 660

If gasoline prices rise by 20% and quantity demanded falls by 5%, then the price elasticity of demand is:

- A) .05.
- B) .15.
- C) .20.
- D) .25.
- E) .40.

Answer: <https://biology-forums.com/index.php?topic=312218>

### Question 661

A sensible buyer will want to acquire additional information before committing herself as long as the expected value of the information she is gathering

- A) is greater than the anticipated value of the purchase.
- B) is greater than the expected cost of acquiring it.
- C) will enable her to avoid all mistakes.
- D) will enable her to avoid possible mistakes she will subsequently regret having made.

Answer: <https://biology-forums.com/index.php?topic=311763>

### Question 662

Suppose a 25% off sale on post-holiday merchandise creates a 50% increase in post-holiday sales. The price elasticity of demand is:

- A) 2.0.
- B) .75.
- C) .50.
- D) .25.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312224>

### Question 663

According to your textbook, efforts to free Sudanese slaves by buying them in the open market actually

- A) increased supply of slaves, which lowered slave prices and increased the size of the slave market.
- B) increased demand for slaves, which increased slave prices and increased the size of the slave market.
- C) decreased supply of slaves, which increased slave prices and decreased the size of the slave market.
- D) decreased demand for slaves, which decreased slave prices and decreased the size of the slave market.

Answer: <https://biology-forums.com/index.php?topic=313602>

### Question 664

Which of the following leads to a recession?

- A) An accumulation of money in the economy
- B) An accumulation of mistakes in the economy
- C) An accumulation of non-renewable resources in the economy
- D) An accumulation of irrational decisions among businesses and households

Answer: <https://biology-forums.com/index.php?topic=316687>

### Question 665

Which of the following economies performed the worst between 1960 and 2011?

- A) South Korea
- B) India
- C) Japan
- D) Taiwan

Answer: <https://biology-forums.com/index.php?topic=317062>

### Question 666

The democratic political process operating at the national level tends to result in

- A) balanced budgets.
- B) deficits.
- C) surpluses.
- D) surpluses alternating with deficits in a countercyclical manner.

Answer: <https://biology-forums.com/index.php?topic=316879>

### Question 667

It would have been very difficult to clean up Lake Erie some years ago without government participation primarily because

- A) environmental improvements benefit everyone and should therefore be financed from taxes.
- B) the lake is a navigable body of water.
- C) the lake is officially public property.
- D) the pursuit of profit will cause environmental deterioration.
- E) too many people could benefit without helping to pay the cost of the cleanup.

Answer: <https://biology-forums.com/index.php?topic=314990>

### Question 668

Who among the following is the most likely to invest in human capital?

- A) A person with a low rate of time preference
- B) A person with a high rate of time preference
- C) A person with no time preference
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315615>

### Question 669

In order to discover anything about causal relationships in economics we must first have

- A) all the relevant data.
- B) quantified data or statistics.
- C) scientific evidence.
- D) some kind of theory of how things fit together.
- E) the courage and civility to eliminate all biases and preconceptions from our thinking.

Answer: <https://biology-forums.com/index.php?topic=311192>

### Question 670

The goal of a gold standard is to

- A) return money back to its natural state.
- B) shift wealth from the middle class to the rich.
- C) reduce uncertainty by limiting the power of the Federal Reserve to increase the amount of money in circulation.
- D) conserve on natural resources, such as pulpwood, used to make paper money.

Answer: <https://biology-forums.com/index.php?topic=316652>

### Question 671

Which of the following is not one of the obstacles mentioned in the text to a successful system of price discrimination? Inability to

- A) evade legal restrictions on discrimination.
- B) identify differences in demand among customers.
- C) prevent customers from reselling the product.
- D) prevent resentment from arising among the people who pay more.

Answer: <https://biology-forums.com/index.php?topic=314460>

### Question 672

A surplus is said to exist when, at prevailing prices,

- A) demand is greater than supply.
- B) quantity supplied is greater than quantity demanded.
- C) scarcity is eliminated.
- D) supply and demand are in harmonic equilibrium.

Answer: <https://biology-forums.com/index.php?topic=313049>

### Question 673

- A reduction in the price charged for luncheon specials by a downtown cafeteria will
- A) affect the demand (curve) for that cafeteria's luncheons if its competitors react.
  - B) have no effect on the demand for lunch at other downtown restaurants.
  - C) increase the cafeteria's gross revenue from lunch business.
  - D) increase the cafeteria's net revenue from lunch business if the demand is elastic.
  - E) increase the cafeteria's net revenue from lunch business if the demand is inelastic.

Answer: <https://biology-forums.com/index.php?topic=314532>

### Question 674

- The implicit GDP deflator is
- A) nominal GDP divided by real GDP.
  - B) nominal GDP times real GDP.
  - C) real GDP divided by nominal GDP.
  - D) the zero economic growth society.

Answer: <https://biology-forums.com/index.php?topic=316015>

### Question 675

- Which of the statements below best captures the meaning of competition as discussed in Chapter 5?
- A) Competition is a process; it makes everyone in the society better off even though there can only be one winner.
  - B) Competition is an individualist system in which people do not concern themselves with the welfare of others.
  - C) Competition is the law of the jungle producing social wealth.
  - D) Competition is the process of trying to outdo others.
  - E) Competition occurs when people strive to satisfy the criteria others are using to allocate valued goods.

Answer: <https://biology-forums.com/index.php?topic=313207>

### Question 676

- In the economy of Confoundia, 500 people have jobs, 1000 people are not working but are searching for work, and 2000 people don't work and don't seek work. The unemployment rate is
- A) 25 percent.
  - B) 33 percent.
  - C) 40 percent.
  - D) 50 percent.
  - E) 66 percent.

Answer: <https://biology-forums.com/index.php?topic=316209>

### Question 677

- The board of education of a school district faced with a surplus of teachers, but unable to lower salaries because of union contracts, will
- A) be unable to balance the quantity supplied with the quantity demanded.
  - B) have to hire fewer teachers than it wants to.
  - C) have to hire more teachers than it wants to.
  - D) tend to have relatively few young teachers on its payroll.

Answer: <https://biology-forums.com/index.php?topic=313832>

### Question 678

- If elected officials prefer policy actions that make benefits available quickly while deferring costs, they will be inclined to favor
- A) an easier monetary policy to counter recession.
  - B) increased appropriations to provide jobs for unemployed workers.
  - C) a wage and price freeze to control inflation.
  - D) all of the above.
  - E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316927>

### Question 679

- According to economic theory, social interactions are the result of
- A) calculated choices by individuals
  - B) chance and the laws of probability.
  - C) genetic and environmental factors.
  - D) random occurrences.

Answer: <https://biology-forums.com/index.php?topic=310974>

### Question 680

The more successful a seller is in inducing buyers to pay the maximum price they would be willing to pay rather than do without the good, the

- A) closer will the seller's marginal revenue curve come to the demand curve.
- B) greater will be the demand for the good.
- C) more elastic will be the demand for the good.
- D) more inelastic will be the demand for the good.

Answer: <https://biology-forums.com/index.php?topic=314448>

### Question 681

Restaurants catering to both a lunch and dinner trade are likely to mark their prices up above the cost of the food more for dinner than for lunch because

- A) the demand is greater at dinner.
- B) the demand is less at dinner.
- C) the demand is less elastic at dinner.
- D) the demand is more elastic at dinner.

Answer: <https://biology-forums.com/index.php?topic=314463>

### Question 682

From the perspective of the employer, which of the following might be a substitute for unskilled labor?

- A) Computers
- B) Skilled labor
- C) Tools
- D) Electricity
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313596>

### Question 683

What's a direct long-run effect of imposing rent controls on apartments?

- A) A rise in demand for rent controlled apartments
- B) A fall in demand for rent controlled apartments
- C) A fall in the supply of rent controlled apartments
- D) A rise in the supply of rent controlled apartments

Answer: <https://biology-forums.com/index.php?topic=313504>

### Question 684

The problem of "free riders" arises in a society when goods

- A) can't be provided exclusively to the people who pay for them.
- B) cease to be scarce.
- C) produced by government are provided to everyone.
- D) supplied by the private sector are paid for from tax revenue.
- E) wanted by everyone are priced too low.

Answer: <https://biology-forums.com/index.php?topic=315349>

### Question 685

When Mother Teresa used her \$190,000 Nobel Peace Prize to construct a leprosarium, she was

- A) behaving irrationally.
- B) behaving selfishly.
- C) not behaving in a truly voluntary way.
- D) pursuing her self interest.
- E) violating the fundamental laws of economics.

Answer: <https://biology-forums.com/index.php?topic=311067>

### Question 686

Fill in the blank: Your authors claim \_\_\_\_\_ has been the rule rather than the exception through almost all of human history.

- A) price stability
- B) poverty
- C) disinflation
- D) wealth



Answer: <https://biology-forums.com/index.php?topic=311807>

### Question 687

Official data on unemployment are based on

- A) a survey of households by the Bureau of the Census.
- B) employer data on hiring rates.
- C) the number of actual payments for unemployment compensation.
- D) the number of claims for unemployment compensation.
- E) the number of responses to ads in the help-wanted section of major newspapers.

Answer: <https://biology-forums.com/index.php?topic=316136>

### Question 688

When we apply economic analysis to democracies, it is reasonable to expect government policies to be serving

- A) many extremely partial or special interests.
- B) the interests of business generally.
- C) the interests of consumers.
- D) the interests of the majority.
- E) the interests of the people who most highly value the results of government actions.

Answer: <https://biology-forums.com/index.php?topic=315412>

### Question 689

Suppose, with a given supply and demand curve, the market for guitars would clear at \$500, but the current price of guitars is \$700. Given the above information,

- A) there is a shortage of guitars.
- B) there is a surplus of guitars.
- C) the market for guitars is fully coordinated.
- D) the quantity of guitars supplied equals the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=313012>

### Question 690

There are many excellent substitutes for water in almost all American cities because

- A) the demand for water is elastic.
- B) the demand for water is inelastic.
- C) the supply of water is limited.
- D) there are so many alternative drinks readily available in the marketplace.
- E) water is cheap, and people therefore use it for many different purposes.

Answer: <https://biology-forums.com/index.php?topic=311918>

### Question 691

Fill in the blank: A producer in a \_\_\_\_\_ market environment would enjoy total market power.

- A) perfectly competitive
- B) oligopolistic
- C) pure monopoly
- D) price-taking

Answer: <https://biology-forums.com/index.php?topic=314517>

### Question 692

Other things constant, a higher price for corn tends to increase

- A) the supply of corn.
- B) the quantity supplied of corn.
- C) the demand for corn.
- D) the quantity demanded for corn.

Answer: <https://biology-forums.com/index.php?topic=312748>

### Question 693

Fill in the blank: A productive service is a \_\_\_\_\_ service.

- A) supplied
- B) demanded
- C) technically efficient
- D) marketed

Answer: <https://biology-forums.com/index.php?topic=315532>

### Question 694

A price searcher faces the following demand function: At \$7, 6, 5, 4, and \$3, the quantity demanded is 300, 400, 500, 600, and 700 units respectively. If the firm's marginal cost is \$100 at any level of output, it would maximize net revenues by

- A) producing 400 units and charging \$6.
- B) producing 500 units and charging \$5.
- C) producing 600 units and charging \$4.
- D) producing 700 units and charging \$3.]

Answer: <https://biology-forums.com/index.php?topic=314314>

### Question 695

The jet noise assaulting the ears of a baggage handler is not an externality or spillover cost if

- A) baggage handlers are required by law to wear hearing protectors.
- B) baggage handlers are required by their employers to wear hearing protectors.
- C) baggage handlers freely choose to wear hearing protectors.
- D) baggage handlers find the pay sufficiently attractive to stay with their jobs.
- E) the noise does no permanent damage to their hearing.

Answer: <https://biology-forums.com/index.php?topic=315056>

### Question 696

Is it possible for inflation and recession to occur simultaneously in an economy?

- A) No, because prices cannot rise during a recession.
- B) No, because recession is caused by too little demand and inflation by too much demand.
- C) Yes, and this has happened several times in the U.S. economy since World War II.
- D) Yes, but it has not occurred since the Great Depression in the 1930s.
- E) Yes, but while it is logically possible it has never actually happened in any major industrialized economy.

Answer: <https://biology-forums.com/index.php?topic=316130>

### Question 697

According to your textbook, globalization tends to increase the productivity of nations through

- A) improvements in the labor skills of their citizens.
- B) increasing technological knowledge.
- C) improving the coordination of individual economic plans.
- D) doing all of the above.

Answer: <https://biology-forums.com/index.php?topic=317139>

### Question 698

Harry and Gus fish the same lake together from the same boat. Each morning Harry typically catches either 20 bluegills or 5 walleyes (depending on how deep he fishes) while Gus typically catches either 20 bluegills or 2 walleyes (depending on how deep he fishes). Which statement below is true?

- A) Gus has a comparative advantage in bluegills and in walleyes.
- B) Harry has a comparative advantage in bluegills and in walleyes.
- C) Harry has a comparative advantage in walleyes, not bluegills.
- D) Because they fish from the same boat, neither one of them has a comparative advantage.

Answer: <https://biology-forums.com/index.php?topic=311592>

### Question 699

Pick the true statement below:

- A) All scarce goods are normal goods.
- B) All scarce goods are inferior goods.
- C) A normal goods is a scarce good.
- D) An inferior good is a bad.

Answer: <https://biology-forums.com/index.php?topic=312044>

### Question 700

Attempts to fine-tune the economy through shifts in fiscal and monetary policy

- A) cannot alter the level of unemployment but may change the price level.
- B) may not do any good but certainly do no harm.
- C) produce greater stability, but only at the cost of an ever-increasing national debt.
- D) will increase rather than reduce instability if the policy makers lack adequate information.

Answer: <https://biology-forums.com/index.php?topic=316930>

### Question 701

Sudden and extensive changes in property rights make social cooperation less effective by

- A) encouraging excessively conservative attitudes.
- B) inducing people to save for the future rather than spending now.
- C) making planning more difficult.
- D) reducing the power of government to manage the economy.

Answer: <https://biology-forums.com/index.php?topic=315760>

### Question 702

Costs that are incurred when people engage in a trade

- A) are a waste of resources because they do not create benefits of equal or greater value.
- B) can be eliminated by substituting government regulation for voluntary exchange.
- C) reduce the amount of exchange that occurs.
- D) rise as the number of middlemen increases.

Answer: <https://biology-forums.com/index.php?topic=315328>

### Question 703

If a 50 cent increase in price causes the amount purchased to fall by 50 units per week, we know

- A) almost nothing about the price elasticity of demand.
- B) demand is relatively elastic.
- C) demand is relatively inelastic.
- D) demand is unit elastic.
- E) the demand does not obey the law of demand.

Answer: <https://biology-forums.com/index.php?topic=312173>

### Question 704

Someone can become an inefficient producer of a particular good by becoming an extremely potent producer of some other good

- A) if efficiency and inefficiency are not calculated in terms of opportunity costs.
- B) if efficiency is measured in terms of labor hours required to produce each good.
- C) if a larger output of one good entails a smaller output of the other.
- D) if the demand for one of the goods declines.

Answer: <https://biology-forums.com/index.php?topic=311364>

### Question 705

A twelve pack of soda sells for \$3.50. At a \$3.50 price, you plan to purchase two twelve packs. Therefore,

- A) your quantity demanded is two twelve packs.
- B) your demand is two twelve packs.
- C) you need two twelve packs.
- D) you love soda.

Answer: <https://biology-forums.com/index.php?topic=312952>

### Question 706

Maxine and Deborah both got hair extensions, costing each of them \$300. Maxine's hair was done perfectly. She enjoyed the new look. The job on Deborah's hair was all botched up. The hairdresser apologized for her mistake, took the extensions out, and refunded all of Deborah's money. Which of the following, in dollar terms, is true?

- A) Deborah did not incur a sunk cost.
- B) Maxine did not incur a sunk cost.
- C) Both Maxine and Deborah each incurred a \$300 sunk cost.
- D) Only the hairdresser incurred a sunk cost.

Answer: <https://biology-forums.com/index.php?topic=312593>

### Question 707

Other things constant, which of the following would tend to increase the demand for Disney World vacations?

- A) A rise in the price of Hawaiian vacations (a substitute for Disney World)
- B) A rise in income, if Disney World vacationing is a normal good
- C) A fall in the price of air travel (a complementary good)
- D) New information that Disney World will raise its prices once the summer season is over
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312076>

### Question 708

- Insecure property rights induce owners of productive assets to
- A) discount expected income from their ownership at a very low rate.
  - B) place a higher value on those assets if they want to sell them.
  - C) use those assets more cautiously to reduce depreciation.
  - D) do all of the above.
  - E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=315767>

### Question 709

- Freeways in large cities tend to be congested during rush hours to the point where offer little or no advantage over non-freeway routes because
- A) drivers generally ignore marginal benefits and costs.
  - B) drivers usually ignore marginal benefits and costs during rush hours.
  - C) no monetary fee is charged for the use of freeways during rush hours.
  - D) not enough freeways have been constructed due to special interests' control of the government.
  - E) people need to get to work and the demand for freeway travel is consequently inelastic during rush hours.

Answer: <https://biology-forums.com/index.php?topic=315065>

### Question 710

- Suppose the federal government makes it mandatory for employers to provide health insurance to all employees. Assuming the new mandate applies to homebuilders, the
- A) demand for construction workers is likely to increase.
  - B) supply of new homes is likely to increase.
  - C) supply of new homes is likely to decrease.
  - D) supply of new homes will remain the same; businesses will simply "pass" the higher costs on to consumers.

Answer: <https://biology-forums.com/index.php?topic=312818>

### Question 711

- Who among the following provides a productive service?
- A) Bill, a talented software developer
  - B) Monica, a paid Washington, D.C. intern
  - C) Buggs, an illicit drug smuggler
  - D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315542>

### Question 712

- Suppose Marquette Bank and Trust has \$10 million in total deposits and the required reserve ratio is 7%. How many dollars must the bank keep in its vaults or on deposit at a Federal Reserve Bank?
- A) \$9.3 million
  - B) \$7 million
  - C) \$930,000
  - D) \$700,000
  - E) None of the above—it's the bank's own choice.

Answer: <https://biology-forums.com/index.php?topic=316469>

### Question 713

- A grocery shopper considers "eliminating" the middleman. What might she do?
- A) Raise her own cows, slaughter them, and butcher her own meat.
  - B) Grow her own wheat, mill it into flour, and bake her own bread.
  - C) Build her own fishing boat and begin halibut fishing.
  - D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311739>

### Question 714

- Fill in the Blanks: When a hard frost hits orange groves in Florida, the supply of orange juice \_\_\_\_\_ and price \_\_\_\_\_.
- A) increases; increases
  - B) increases; decreases
  - C) decreases; increases

D) decreases; decreases

Answer: <https://biology-forums.com/index.php?topic=312827>

### Question 715

According to your textbook authors, monetary calculation would improve if

- A) the government subsidizes business production.
- B) the Fed sought to establish monetary equilibrium.
- C) Congress seeks to establish a budget surplus.
- D) domestic producers are protected from foreign competition.

Answer: <https://biology-forums.com/index.php?topic=316648>

### Question 716

Suppose the Fed buys \$1 billion worth of bonds and the required reserve ratio is 10%. In the theoretical limit, the money supply could

- A) decrease by \$1 billion.
- B) increase by \$1 billion.
- C) decrease by \$10 billion.
- D) increase by \$10 billion.

Answer: <https://biology-forums.com/index.php?topic=316501>

### Question 717

The costs of a recession are largely

- A) losses to some people but gains to others.
- B) made up in the subsequent recovery.
- C) the consequences of falling prices.
- D) the costs of disappointed expectations.
- E) welcomed by advocates of zero economic growth.

Answer: <https://biology-forums.com/index.php?topic=316124>

### Question 718

National income accountants measure the value of final goods and services with

- A) market prices.
- B) fair prices.
- C) objective values.
- D) best-guess estimates as to what things are really worth.

Answer: <https://biology-forums.com/index.php?topic=315796>

### Question 719

Suppose firms in Hong Kong can produce 40,000 plastic dolls or 80,000 squirt guns each week, while firms in Taiwan can produce 40,000 plastic dolls or 40,000 squirt guns each week. Therefore

- A) nobody has an incentive to specialize and exchange.
- B) people in both countries have an incentive to specialize and exchange.
- C) only people in Hong Kong have an incentive to specialize and exchange.
- D) only people in Taiwan have an incentive to specialize and exchange.

Answer: <https://biology-forums.com/index.php?topic=311709>

### Question 720

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 60 people employed; 20 people not in the labor force. What's the unemployment rate?

- A) 20 percent
- B) 25 percent
- C) 33 percent
- D) 40 percent
- E) 60 percent

Answer: <https://biology-forums.com/index.php?topic=316236>

### Question 721

Assume foreign beer is a normal good. If the incomes of demanders increase,

- A) demand for foreign beer will increase.
- B) the quantity supplied of foreign beer will increase.
- C) the price of foreign beer will increase.

- D) all of the above will occur.
- E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313103>

### Question 722

Foreign investment in poor nations often requires

- A) low rates of return to ensure the poor have a fair deal.
- B) high rates of return to justify the high risk of such investment.
- C) a constantly changing political structure to enhance profit opportunities.
- D) the total elimination of uncertainty in order to guarantee economic profit.

Answer: <https://biology-forums.com/index.php?topic=317011>

### Question 723

Mrs. Wallace and Mrs. Jackson both signed up for 6 months (each incurred a \$200 total payment required in advance, and nonrefundable) at the local workout club. Wallace enjoyed all 6 months. Jackson dropped out after three months due to other unexpected commitments. Which of the following is true?

- A) Wallace's sunk cost was zero.
- B) Jackson's sunk cost was \$100.
- C) Jackson's sunk cost was \$200, and so was Wallace's.
- D) Wallace's sunk cost was \$100.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312590>

### Question 724

If the U.S. government can run chronic budget deficits, why can't state governments do the same?

- A) Conservatives have more power in state legislatures than in the U.S. Congress.
- B) Voters do not believe in budget deficits and they control state governments.
- C) Most states have no income tax.
- D) State constitutions require balanced budgets.
- E) States must rely on taxation for the funds to repay creditors.

Answer: <https://biology-forums.com/index.php?topic=316873>

### Question 725

If the market demand for oranges is relatively inelastic with respect to price, orange consumers

- A) pay no attention to price in their purchasing decisions.
- B) will buy fewer oranges at any higher price and will spend less money on oranges.
- C) will buy fewer oranges at any higher price but will spend more money on oranges.
- D) will buy more oranges at any higher price.
- E) will buy more oranges only if their incomes increase.

Answer: <https://biology-forums.com/index.php?topic=312320>

### Question 726

An economically backward nation has the best chance of enjoying relatively high rates of economic growth if it

- A) turns toward central economic planning.
- B) adopts advanced technologies.
- C) raises its minimum wages and government pension programs.
- D) limits imports as much as possible.

Answer: <https://biology-forums.com/index.php?topic=317001>

### Question 727

Bonnie can produce either 10 hats or 20 scarves in a month. Phil can produce either 5 hats or 10 scarves in a month. Therefore:

- A) Phil has a comparative advantage in hats, Bonnie in scarves.
- B) Bonnie has a comparative advantage in hats, Phil in scarves.
- C) Phil has a comparative advantage in both hats and scarves.
- D) Bonnie has a comparative advantage in both hats and scarves.
- E) Neither of them has a comparative advantage in hats or scarves.

Answer: <https://biology-forums.com/index.php?topic=311634>

### Question 728

The costs affecting decisions to supply always lie in the

- A) future.
- B) opportunities already forgone.
- C) past.
- D) present.
- E) surplus between demand and supply.

Answer: <https://biology-forums.com/index.php?topic=312455>

### Question 729

An effective minimum wage tends to create unemployment among unskilled workers because it

- A) reduces the demand for their labor services.
- B) increases the supply of their labor services.
- C) reduces the marginal productivity of their labor services.
- D) reduces the quantity demanded for their labor services while increasing the quantity supplied of their labor services.
- E) generates all of the above.

Answer: <https://biology-forums.com/index.php?topic=313576>

### Question 730

Effectively managing aggregate demand in order to stabilize nominal GDP requires

- A) policy makers to know the size of the gap between current demand and demand at equilibrium.
- B) only that policy makers know what level of aggregate demand is necessary for full employment.
- C) successful economic forecasting.
- D) that nominal GDP be the same as real GDP.
- E) very little information about the economy because the market system is an efficient generator of high-quality information.

Answer: <https://biology-forums.com/index.php?topic=316798>

### Question 731

Government licensing of occupations or trades

- A) has usually been created over the objections of sellers in the licensed industry.
- B) is more often supported than opposed by the persons and firms to be regulated.
- C) is usually supported by legislators because they want to protect consumers against inferior-quality products.
- D) will not reduce competition if it merely imposes higher costs on potential entrants into the occupation or trade.

Answer: <https://biology-forums.com/index.php?topic=314673>

### Question 732

Fill in the blank: Firms under perfect competition would enjoy \_\_\_\_\_ market power.

- A) absolutely no
- B) some
- C) much
- D) total

Answer: <https://biology-forums.com/index.php?topic=314514>

### Question 733

Unions first became powerful in the United States in industries dominated by

- A) government.
- B) highly profitable firms.
- C) large firms.
- D) small firms.

Answer: <https://biology-forums.com/index.php?topic=315658>

### Question 734

A price searcher faces the following demand function: At \$7, 6, 5, 4, and \$3, the quantity demanded is 300, 400, 500, 600, and 700 units respectively. If the firm's marginal cost is \$300 at any level of output, it would maximize net revenues by

- A) producing 400 units and charging \$6.
- B) producing 500 units and charging \$5.
- C) producing 600 units and charging \$4.
- D) producing 700 units and charging \$3.

Answer: <https://biology-forums.com/index.php?topic=314317>

### Question 735

Fill in the blanks: \_\_\_\_\_ is defined as a sustained \_\_\_\_\_ in the price level.



- A) Inflation; fall
- B) Deflation; fall
- C) Deflation; rise
- D) Answers A and C above are both true.

Answer: <https://biology-forums.com/index.php?topic=316026>

### Question 736

People who give erroneous explanations of how they themselves perform a particular task, such as tying their shoelaces or setting prices,

- A) cannot be performing the task successfully.
- B) may nonetheless perform the task successfully.
- C) must be lying.
- D) would necessarily perform the task more successfully if they understood it correctly.

Answer: <https://biology-forums.com/index.php?topic=314408>

### Question 737

The price paid by a tenant to rent an apartment most closely reflects the cost to the

- A) landlord of constructing (or purchasing), maintaining, and operating the apartment.
- B) landlord of not renting to someone else.
- C) society of the opportunities thereby forgone.
- D) tenant of finding an alternative place to live.

Answer: <https://biology-forums.com/index.php?topic=312524>

### Question 738

People who reject all theories because they prefer to rely on experience

- A) actually rely on unrecognized theories.
- B) don't know any theories and are trying to cover up their ignorance.
- C) tend to accomplish more but also to make more mistakes.
- D) tend to make fewer mistakes but also to accomplish less.
- E) value science more than theory.

Answer: <https://biology-forums.com/index.php?topic=311240>

### Question 739

The official decision in the U.S. as to whether and when a slowdown in the rate of economic growth has become a recession is made by the

- A) Bureau of Economic Analysis in the Department of Commerce.
- B) Bureau of Labor Statistics.
- C) Federal Reserve Board of Governors.
- D) National Bureau of Economic Research, a private research organization.

Answer: <https://biology-forums.com/index.php?topic=316106>

### Question 740

The basic rule for maximizing net revenue is: Charge a price, or set of prices, so that

- A) expected marginal revenue equals expected marginal cost.
- B) expected marginal revenue exceeds expected marginal cost.
- C) expected marginal revenue is equal to or less than expected marginal cost.
- D) marginal revenue turns out in practice to be equal to or less than marginal cost.
- E) marginal revenue turns out in practice to be greater than marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314239>

### Question 741

Why are Federal Reserve Notes (U.S. dollar bills) money in the U.S.? Because

- A) they are backed by gold.
- B) they are used as a general medium of exchange.
- C) they are created by the government.
- D) they would otherwise be useless.
- E) of all the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316320>

### Question 742

Which of the following economists rejected the notion that economic growth was caused by the evolution of commercial society?

- A) Adam Smith

- B) Paul Heyne
- C) Karl Marx
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311816>

### Question 743

Should you type your own term paper or hire a specialist to do it for you? Your comparative advantage as a typist increases as you

- A) find you have completed all your studying.
- B) get laid off from your job working afternoons at the gas station.
- C) improve your skills as a typist.
- D) encounter any of the above changes in your situation.

Answer: <https://biology-forums.com/index.php?topic=311571>

### Question 744

When the price of a good increases,

- A) supply increases.
- B) quantity supplied increases.
- C) supply decreases.
- D) quantity supplied decreases.

Answer: <https://biology-forums.com/index.php?topic=312796>

### Question 745

What is the more efficient choice: sending one's child to John Q. Public High School at zero dollar tuition or to Purebred Prep School at several thousand dollars a year?

- A) High school, because it's much cheaper.
- B) Prep school, because it's much higher in quality of instruction.
- C) Prep school, because what matters most is not what you know, but who you know.
- D) It depends on the decision makers' own evaluations of cost and benefit.

Answer: <https://biology-forums.com/index.php?topic=311385>

### Question 746

Who, among the following, is least likely to practice cost-plus-markup pricing?

- A) Dolly J. Dalrymple, a Wisconsin dairy farmer
- B) The Wisconsin Cheeses-R-Us factory
- C) The Cheese-of-the-Month Club
- D) Trick question: all are equally likely to use cost-plus-markup pricing.

Answer: <https://biology-forums.com/index.php?topic=314417>

### Question 747

Which statement is consistent with the economic way of thinking?

- A) Individuals in the market seek to advance their own interests.
- B) Individuals in the market are not only concerned with money and material goods.
- C) Individuals in the market do not necessarily pursue narrow or selfish goals.
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315271>

### Question 748

Fill in the blanks: The percentage of American families with incomes below the poverty line was \_\_\_\_\_ in 1960 and \_\_\_\_\_ in 2010.

- A) 10.1%; 10.7%
- B) 8.7%; 13.9%
- C) 18.1%; 11.8%
- D) 26.8%; 48.3%

Answer: <https://biology-forums.com/index.php?topic=315725>

### Question 749

If a financial institution extends a 25 year loan at a 6 percent interest rate, and then the inflation rate increases suddenly and unexpectedly to 6 percent per year, the institution receives on its loan a real return of

- A) minus 12 percent.

- B) zero percent.
- C) 6 percent.
- D) 12 percent.
- E) 36 percent.

Answer: <https://biology-forums.com/index.php?topic=316097>

### Question 750

The M1 money supply

- A) is calculated by subtracting M2 from GDP.
- B) does not include checking account deposits.
- C) is the narrowest measure of the nation's money supply.
- D) does not include travelers' checks.

Answer: <https://biology-forums.com/index.php?topic=316408>

### Question 751

Other things constant, a rise in the number of unskilled immigrants tends to

- A) reduce income inequality.
- B) increase income inequality.
- C) have no effect on income inequality.
- D) initially reduce income inequality, but then increase it because immigrants steal jobs from citizens.

Answer: <https://biology-forums.com/index.php?topic=315707>

### Question 752

Which of the following is an important difference between police protection and food and explains why one is commonly provided by government while the other is not?

- A) Food can easily be withheld from people who don't pay for it.
- B) Food is not a traditional concern of government.
- C) Food is too vital to be entrusted to government.
- D) Food producers form a powerful political lobby.
- E) Food provided through government would be inefficient.

Answer: <https://biology-forums.com/index.php?topic=315325>

### Question 753

According to your textbook, globalization

- A) does not necessarily destroy local identity.
- B) makes economic systems work perfectly.
- C) eventually turns all economic losses into profits.
- D) makes "outsourcing" impossible to achieve.

Answer: <https://biology-forums.com/index.php?topic=317142>

### Question 754

Suppose the Utopian economy has the following characteristics: 100,000 people in the noninstitutional population; 80,000 people employed; 20,000 people not in the labor force. What's the unemployment rate?

- A) -20 percent
- B) 0 percent
- C) 25 percent
- D) 60 percent
- E) 80 percent

Answer: <https://biology-forums.com/index.php?topic=316254>

### Question 755

Which would be an example of a price ceiling?

- A) rent controls.
- B) a legally-specified maximum interest rate on student loans.
- C) government-mandated lower prices and fees charged by physicians.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313442>

### Question 756

Suppose in Italy producers can make 10,000 dresses or 1,000 coats per day, while in Canada producers can make 14,000 similar dresses or 2,000 similar coats per day. Therefore

- A) Canadians have a comparative advantage in coats.
- B) Canadians have a comparative advantage in dresses.
- C) Italians have comparative disadvantage in dresses.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311685>

### Question 757

Which of the following would tend to increase the demand for college textbooks?

- A) A lower price of college textbooks
- B) An increase in the number of enrolled college students
- C) A significant increase in college tuition
- D) Both A and B

Answer: <https://biology-forums.com/index.php?topic=311990>

### Question 758

George Herman (Babe) Ruth was a superb baseball player, both an excellent pitcher and a record-breaking batter. Other members of the New York Yankee team, who were not as competent pitchers as Ruth, nonetheless had a comparative advantage over Ruth in pitching because

- A) Ruth was such a competent batter.
- B) the owners of the Yankees were more interested in monetary profits than in winning baseball games.
- C) the price system failed to provide adequate information and incentive.
- D) they were allowed to pitch more often and practice increased their productivity.
- E) too many players preferred batting to pitching.

Answer: <https://biology-forums.com/index.php?topic=311568>

### Question 759

Agreements among competing sellers to maintain prices and share markets

- A) are usually unenforceable in court and illegal under many state laws and under federal law where applicable.
- B) are very common because they lead to economies of scale and hence greater efficiency.
- C) enable all sellers to cover their sunk costs but do not guarantee that any seller will be able to cover marginal cost.
- D) usually result in greater total output but also in higher prices to consumers.

Answer: <https://biology-forums.com/index.php?topic=314708>

### Question 760

The "miracle" of the market, as addressed in your text, refers to the countless goods and services of great complexity made abundantly available

- A) under conditions of massive ignorance.
- B) with a minimum number of errors and mistakes.
- C) with few losses and bankruptcies.
- D) with no systematic or scientific way of explaining how it happens.

Answer: <https://biology-forums.com/index.php?topic=312925>

### Question 761

The author of An Inquiry Into the Nature and Causes of the Wealth of Nations was

- A) Duncan Bradstreet.
- B) Dow Jones.
- C) John Maynard Keynes.
- D) Karl Marx.
- E) Adam Smith.

Answer: <https://biology-forums.com/index.php?topic=311121>

### Question 762

"The percentage change in quantity demanded divided by the percentage change in price" represents

- A) the law of demand.
- B) the law of one price.
- C) the price elasticity of demand.
- D) the responsiveness of consumers to a change in quantity demanded.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=312166>

### Question 763

Which of the following would lead to a decrease in the supply of crude oil?

- A) Favorable tax breaks for oil companies
- B) An increase in the demand for crude oil
- C) An increase in the price of gasoline
- D) Both A and C.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312809>

### Question 764

The formula for the deposit expansion multiplier =

- A)  $1 \times$  required reserve ratio.
- B)  $1 /$  required reserve ratio.
- C)  $10 \times$  required reserve ratio.
- D)  $10 /$  required reserve ratio.

Answer: <https://biology-forums.com/index.php?topic=316498>

### Question 765

When profits are the result of pure luck, they can be distinguished from profits attributable to correct predictions by

- A) asking the people who profited.
- B) finding out whether the profits were earned through effort.
- C) no known empirical criteria.
- D) whether or not they were generally anticipated.

Answer: <https://biology-forums.com/index.php?topic=313955>

### Question 766

Suppose the United Automobile Workers union agrees to accept lower wages for members if the automobile manufacturers lower their prices to buyers. Will the UAW's measures usually result in a larger number of cars being sold and hence more jobs for UAW members?

- A) No, because people only buy new cars when they need them.
- B) Not if the price elasticity of demand for new cars turns out to be less than one.
- C) Only in the unlikely event the demand for new cars is unit elastic.
- D) Probably not, because new car sales depend on advertising.
- E) Yes.

Answer: <https://biology-forums.com/index.php?topic=312134>

### Question 767

In the economy of Confoundia, 500 people have jobs, 1000 people are not working but are searching for work, and 2000 people don't work and don't seek work. The unemployment rate is

- A) 25 percent.
- B) 33 percent.
- C) 40 percent.
- D) 50 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316212>

### Question 768

Which of the statements below best expresses the relationship between the cost of a medical education and the fees charged by physicians?

- A) The greater the average cost of a medical education, the higher will be the fees physicians charge.
- B) The greater the cost of a physician's education in both money and effort, the higher will be the fees they can legitimately set for their services.
- C) The greater the cost to physicians of a medical education in both money and effort, the higher will be the fees they will charge in order to recover the costs they incurred.
- D) The greater the expected cost of a medical education, the fewer physicians there will be and the higher their fees will be.

Answer: <https://biology-forums.com/index.php?topic=313778>

### Question 769

The uncertainty and ambivalence surrounding government policies toward competition stems from

- A) conflict between the goals of preserving competition and protecting competitors.
- B) the influence producers are able to exert on agencies charged with enforcing laws governing business practices.
- C) uncertainty about the actual effects of various measures intended to promote competition.

- D) all of the above.  
E) none of the above but from uncertainty about federal, state, or local jurisdiction.  
Answer: <https://biology-forums.com/index.php?topic=314550>

### Question 770

- If grocery stores in high-crime areas charge higher prices than stores elsewhere, it is because
- A) each item sold must bear its share of the higher insurance costs.
  - B) residents of high crime areas tend to be less price-conscious shoppers.
  - C) the costs of crime are a legitimate cost of doing business.
  - D) the store owners are not setting marginal cost equal to marginal revenue.
  - E) there is less competition between stores in high-crime areas.
- Answer: <https://biology-forums.com/index.php?topic=314469>

### Question 771

- Suppose the Utopian economy has the following characteristics: 100,000 people in the noninstitutional population; 80,000 people employed; 20,000 people not in the labor force. How many people are in the economy's labor force?
- A) 0
  - B) 20,000
  - C) 60,000
  - D) 80,000
  - E) 100,000
- Answer: <https://biology-forums.com/index.php?topic=316248>

### Question 772

- Someone who wants to rent an urban lot in order to grow vegetables should expect the rental cost to reflect the
- A) expenses incurred in developing the lot.
  - B) fact that land is a free gift of nature.
  - C) property taxes paid on the lot.
  - D) value of the lot to other people who would also like to use it.
- Answer: <https://biology-forums.com/index.php?topic=312533>

### Question 773

- Economic theory assumes people's actions generally follow
- A) from comparisons of expected costs and benefits.
  - B) no predictable pattern.
  - C) considerations of material self-interest.
  - D) the Golden Rule.
- Answer: <https://biology-forums.com/index.php?topic=311085>

### Question 774

- A newspaper headline asserts: "Rising demand pulls up copper prices." The headline
- A) is claiming demand determines price (rather than price determining demand).
  - B) is claiming more copper would be demanded at higher prices.
  - C) is claiming prices will fluctuate indefinitely.
  - D) is guilty of all three errors mentioned above.
  - E) makes perfectly good sense from the standpoint of economic theory.
- Answer: <https://biology-forums.com/index.php?topic=312115>

### Question 775

- Suppose all producers in a given industry charge exactly the same price for their product. Uniform prices across an industry proves
- A) industry competitiveness.
  - B) industry monopolization.
  - C) producers cannot be earning monopoly profits.
  - D) absolutely nothing about whether the industry is adequately competitive.
- Answer: <https://biology-forums.com/index.php?topic=314809>

### Question 776

- Taxing some citizens to provide welfare grants to other citizens has been called by some "coercive charity." The economist's case for "coercive charity" assumes
- A) it is efficient to transfer a dollar from a wealthy person to someone with little income.

- B) morality cannot be legislated.
- C) people are basically selfish.
- D) people who genuinely want the poor to be helped often do not provide any help.
- E) redistributing income promotes more rapid economic growth.

Answer: <https://biology-forums.com/index.php?topic=315394>

### Question 777

What's another word for "marginal"?

- A) Inelastic
- B) Sentimental
- C) Incremental
- D) Fundamental
- E) Really mental

Answer: <https://biology-forums.com/index.php?topic=314275>

### Question 778

If you pay \$35 for a sticker that entitles you to park on campus for 35 weeks of the academic year, the marginal dollar cost to you of parking your car on campus on any given weekday will be

- A) \$35.
- B) \$1.
- C) \$.20.
- D) zero.
- E) negative.

Answer: <https://biology-forums.com/index.php?topic=312626>

### Question 779

Which of the following clearly restricts the competitive market process?

- A) Predatory pricing tactics
- B) Legal restrictions on entry
- C) Hostile takeovers
- D) Selling below cost
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314794>

### Question 780

Could an increase in the demand for compact cars give an American automobile producer a comparative advantage in their production?

- A) No, because comparative advantage depends entirely on productive capabilities.
- B) No, because changes in demand can only affect the price of compact cars.
- C) Yes, but only if it leads to a change in the techniques of production.
- D) Yes, by making compact-car production more profitable.

Answer: <https://biology-forums.com/index.php?topic=311577>

### Question 781

Fill in the blanks: If you are informed orange juice concentrate prices will rise in the next few months, you should \_\_\_\_\_ orange juice concentrate futures. But if that information becomes common knowledge, others will do the same thing, and the price of orange juice concentrate futures will \_\_\_\_\_.

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

Answer: <https://biology-forums.com/index.php?topic=314179>

### Question 782

If the demand for a good is extremely inelastic, a large increase in the cost of supplying it will

- A) raise its price substantially and increase the total dollars spent to purchase it.
- B) raise its price substantially but decrease the total dollars spent to purchase it.
- C) raise its price very little and decrease the total dollars spent to purchase it.
- D) raise its price very little but increase the total dollars spent to purchase it.

Answer: <https://biology-forums.com/index.php?topic=312839>



### Question 783

- A "free rider" is someone who
- A) pursues his or her own selfish interests.
  - B) generates negative externalities for everyone else.
  - C) accepts benefits without paying his or her share for receiving the benefits.
  - D) actually improves the efficiency of market processes by buying low and selling high.

Answer: <https://biology-forums.com/index.php?topic=315370>

### Question 784

- The unemployment rate is obtained by
- A) dividing the number of employed people by the number of unemployed people.
  - B) dividing the number of employed people by the noninstitutional population.
  - C) dividing the number of unemployed people by the noninstitutional population.
  - D) dividing the number of unemployed people by the civilian labor force.

Answer: <https://biology-forums.com/index.php?topic=316201>

### Question 785

Suppose the market clearing price for apples rises from \$2.00 to \$3.00 per pound, and the overall market clearing output increases from 1 million to 2 million pounds. How can we explain the increase in price and increase in market output?

- A) Supply increased and demand remained unchanged.
- B) Supply decreased and demand decreased.
- C) Demand increased and supply remained unchanged.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313115>

### Question 786

To ask "what causes a recession" is the same as asking

- A) "why does supply meet demand?"
- B) "what is the link between price elasticity of demand and price elasticity of supply?"
- C) "why have so many individuals made errors all at once?"
- D) "why have price controls failed us?"

Answer: <https://biology-forums.com/index.php?topic=316690>

### Question 787

The local diner is usually jammed on Saturday mornings. Luke knows the owner and had him reserve a stool at the counter. Luke has

- A) cooperated with the owner.
- B) competed with other customers.
- C) taken an efficient course of action, from his own perspective.
- D) engaged in all of the above.

Answer: <https://biology-forums.com/index.php?topic=313070>

### Question 788

Which of the following is not an effective technique for alleviating scarcity?

- A) Developing additional resources
- B) Reducing prices
- C) Reducing wants
- D) Substituting intelligently among available goods

Answer: <https://biology-forums.com/index.php?topic=313198>

### Question 789

A woman who decides to drive to work rather than take the bus

- A) is wasting scarce resources.
- B) is behaving inefficiently.
- C) thinks driving is more economically efficient for her.
- D) is probably paying attention to personal comfort and convenience rather than economic efficiency.

Answer: <https://biology-forums.com/index.php?topic=311443>

### Question 790

For many years after the Great Depression, economists believed a central bank policy of increasing bank reserves in response to a recession would be

- A) largely ineffective.
- B) the opposite of what the circumstances required.
- C) useless unless it also raised interest rates.
- D) useless unless it was accompanied by declining prices.

Answer: <https://biology-forums.com/index.php?topic=316746>

### Question 791

Pick the best answer using the economic way of thinking. If information is a scarce good, then ignorance might be

- A) a sin.
- B) stupid.
- C) bliss.
- D) rational.
- E) inefficient.

Answer: <https://biology-forums.com/index.php?topic=311771>

### Question 792

Which consequence is least likely to follow from an increase in the price of gasoline?

- A) Decreased demand for automobile tires
- B) Decreased demand for gasoline
- C) Increased demand for airline tickets
- D) Increased demand for fuel-efficient cars
- E) Increased demand for public transportation

Answer: <https://biology-forums.com/index.php?topic=311972>

### Question 793

The term externalities refers to

- A) consequences of action not taken into account in making decisions.
- B) social interactions associated with urban-industrial economies.
- C) the superficial consequences of decisions.
- D) the visible consequences of decisions.

Answer: <https://biology-forums.com/index.php?topic=314899>

### Question 794

Pick the decision maker from the list below.

- A) The head of Al Qaeda
- B) The Taliban
- C) The Government of Afghanistan
- D) The Middle East
- E) All of the above are decision makers.

Answer: <https://biology-forums.com/index.php?topic=311103>

### Question 795

At the moment, the Federal Reserve keeps the discount rate above the fed funds rate. In so doing, they are

- A) discouraging commercial banks from borrowing from the Fed.
- B) encouraging commercial banks to borrow from each other.
- C) doing both A and B.
- D) doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=316584>

### Question 796

According to the textbook, government supplies police protection because

- A) it is difficult to supply police protection exclusively to people who pay for it.
- B) police protection is every citizen's right.
- C) police use force, violence, and coercion.
- D) the supply of police protection is in the public interest.
- E) the value of police protection is greater than its marginal cost.

Answer: <https://biology-forums.com/index.php?topic=315472>

### Question 797

If Bonnie can produce either 10 hats or 20 scarves in a month, and Phil can produce either 5 hats or 10 scarves in a month then

- A) Bonnie is more efficient at producing hats, compared to Phil.
- B) Bonnie is more efficient at producing scarves, compared to Phil.
- C) both A and B above are true.
- D) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311637>

### Question 798

According to the economic way of thinking,

- A) the private sector is more important than the public sector.
- B) the public sector is more important than the private sector.
- C) the public sector cannot be adequately studied using economic theory.
- D) people in society strive to advance the projects they are interested in, and they will advance their interests through market institutions or the institutions of government.

Answer: <https://biology-forums.com/index.php?topic=315256>

### Question 799

Traditional bank notes promised to pay the bearer a specific quantity of

- A) cigarettes.
- B) consumer goods and services.
- C) metallic money.
- D) durable goods.
- E) interest.

Answer: <https://biology-forums.com/index.php?topic=316308>

### Question 800

Marginal revenue for a price taker is

- A) equal to price.
- B) less than price.
- C) more than price.
- D) unrelated to price.

Answer: <https://biology-forums.com/index.php?topic=314302>

### Question 801

You want to purchase two umbrellas. The price is \$40 per umbrella, 2 for \$60, 3 for \$75. What will be the marginal cost to you of buying a third umbrella?

- A) \$75
- B) \$25
- C) \$20
- D) \$15
- E) \$10

Answer: <https://biology-forums.com/index.php?topic=312710>

### Question 802

The efforts of individuals to protect themselves against losses as a result of inflation

- A) are irrational because one person's loss as a result of inflation is someone else's gain.
- B) can only succeed if everyone correctly anticipates the rate and timing of inflation.
- C) cannot succeed because no private citizen has the ability to stop inflation.
- D) use up valuable resources that could have been employed in other ways.

Answer: <https://biology-forums.com/index.php?topic=316070>

### Question 803

Suppose the price level increases and real GDP remains the same. Then

- A) nominal GDP must decrease.
- B) nominal GDP must remain unchanged.
- C) nominal GDP must increase.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315972>

### Question 804

A legal ceiling set below the market-clearing interest rate would tend to

- A) create a surplus of loans.
- B) create a shortage of loans.
- C) increase the demand for loans.
- D) decrease the supply of loans.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313549>

### Question 805

Property rights are useful in predicting behavior when we define ownership of a resource as

- A) a moral claim to a particular resource.
- B) legal title to the resource.
- C) physical possession of the resource.
- D) the ability to appropriate the benefits from use of a resource.

Answer: <https://biology-forums.com/index.php?topic=314962>

### Question 806

Failing to be fully informed may be efficient if information

- A) is free.
- B) is scarce.
- C) is subject to increasing returns.
- D) has no opportunity cost of production.

Answer: <https://biology-forums.com/index.php?topic=311774>

### Question 807

When someone says positive externalities coming from education justify subsidization of education, they are saying

- A) education must be uniform in a democratic society.
- B) government ought to be the exclusive provider of at least elementary education.
- C) many people cannot afford to educate their children.
- D) private schools tend to be inefficient.
- E) students capture only part of the benefits from attending school.

Answer: <https://biology-forums.com/index.php?topic=315466>

### Question 808

Legislators are not likely to substitute money transfers to low-income people for in-kind benefits (e.g., food stamps, health care) because

- A) low-income people generally do not know how to manage money effectively.
- B) low-income people prefer in-kind transfers.
- C) special interest groups benefit from the system of in-kind transfers.
- D) giving cash to the poor would necessitate a tax increase.

Answer: <https://biology-forums.com/index.php?topic=315397>

### Question 809

Which supports the economist's claim that buyers don't compete against sellers?

- A) Diners would rather have more restaurants to choose among.
- B) Music buyers prefer having access to internet music stores compared to only the local music shop in town.
- C) Car buyers prefer several dealerships in the region compared to only one.
- D) Homebuyers prefer a larger selection of homes to a smaller one.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315630>

### Question 810

When a commercial bank lends \$1000 to a customer

- A) M1 and M2 decline by \$1000.
- B) M1 and M2 rise by \$1000.
- C) M1 rises but M2 does not change.
- D) there is no change in M1 or M2 until the loan proceeds are spent.

Answer: <https://biology-forums.com/index.php?topic=316433>

### Question 811

Who among the following enjoys some form of property rights?

- A) A common homebody
- B) A small business owner
- C) A bondholder
- D) A state senator
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315487>

### Question 812

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) It costs Gomer 1 W to make 1/2 L.
- B) It costs Gomer 1 L to make 1 W.
- C) It costs Gomer 2 L to make 1 W.
- D) It costs Goober 2 W to make 1 L.

Answer: <https://biology-forums.com/index.php?topic=311604>

### Question 813

Negative externalities might be reduced through a process of deciding or discovering who has which rights, which might also be described as \_\_\_\_\_.

- A) adjudication
- B) remuneration
- C) legislation
- D) substantiation
- E) identification

Answer: <https://biology-forums.com/index.php?topic=315086>

### Question 814

In the economic way of thinking, speculation can only occur

- A) in a capitalist economy.
- B) in a society where time-travel is possible.
- C) under uncertainty.
- D) under perfect information.
- E) in an underground or illegal market system.

Answer: <https://biology-forums.com/index.php?topic=314053>

### Question 815

The economic system of the United States

- A) was designed by mercantilists and capitalists.
- B) was designed by the framers of the U.S. constitution.
- C) was designed to maximize individual freedom.
- D) was designed to maximize output per capita.
- E) was the result of human intentions but not anyone's design.

Answer: <https://biology-forums.com/index.php?topic=311151>

### Question 816

Cartels display a pronounced tendency to disintegrate over time because

- A) increased profits induce laziness and carelessness among cartel members.
- B) nobody benefits in the long run from their operation since they merely redistribute wealth.
- C) their operation is so blatantly contrary to the public interest.
- D) there are so many margins on which competition can occur.

Answer: <https://biology-forums.com/index.php?topic=314635>

### Question 817

Suppose the government establishes a price support for soybeans. The new government program will tend to

- A) decrease the output of soybeans.
- B) increase the quantity demanded of soybeans.
- C) decrease the demand for soybeans.

D) increase a farmer's opportunity cost of producing other commodities (such as corn), which could be grown on the same land used to grow soybeans.  
E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313653>

### Question 818

The value of the U.S. dollar bill is determined by

- A) the quantity of gold in Fort Knox.
- B) the quantity of gold in the Federal Reserve.
- C) the quantity of gold in circulation.
- D) the gold futures market.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316323>

### Question 819

What is the analytically correct way to allocate joint costs or to determine the specific costs of products produced jointly (such as the view and the food from a restaurant with an excellent view)?

- A) By comparing marginal costs
- B) By comparing all costs other than sunk costs
- C) By subtracting the total costs from the total revenue
- D) By using the prevailing interest rate to discount the stream of expected future costs and benefits
- E) There is no analytically correct way to do so.

Answer: <https://biology-forums.com/index.php?topic=314702>

### Question 820

When we hear on the news, "The Fed has lowered interest rates today," the Fed has most likely

- A) raised the discount rate.
- B) lowered the required reserve ratio.
- C) raised the federal funds rate.
- D) purchased government bonds.

Answer: <https://biology-forums.com/index.php?topic=316545>

### Question 821

In markets free from intervention, prices tend to move towards equilibrium because of

- A) the "helping hand" of government.
- B) increased demand from buyers.
- C) increased supply by sellers.
- D) the unintended consequences of choices among buyers and sellers pursuing their own plans.

Answer: <https://biology-forums.com/index.php?topic=313009>

### Question 822

Theory is to data as

- A) economics is to the price of iPads.
- B) economics is to art.
- C) economics is to sociology.
- D) accounting is to economics.

Answer: <https://biology-forums.com/index.php?topic=311216>

### Question 823

It is not uncommon for business professors to make a statement such as the following: "While economists are happy in their never-never land of economic theory, we business professors seriously study facts of the real world." According to your textbook, the statement is

- A) generally true.
- B) misleading; even business professors rely upon theories to discriminate among and make sense out of the facts they choose to study.
- C) confused, because in actuality it is the business professors who are trapped in the never-never land of theory, while the economists seriously study real-world facts without using theories.
- D) false, because economics and business are one and the same discipline.

Answer: <https://biology-forums.com/index.php?topic=311219>

### Question 824

The law of demand applies to

- A) clean streets.
- B) clean air.
- C) clean water.
- D) the maintenance endangered species.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=315148>

### Question 825

The price paid to purchase land

- A) has no relation to cost because it did not cost anything to produce the land.
- B) rarely has any relation to cost because it has usually been determined by competitive bidding.
- C) usually depends on the cost to the seller of letting the purchaser have the land.
- D) would more accurately reflect the social value of the land if the price were zero.

Answer: <https://biology-forums.com/index.php?topic=312659>

### Question 826

How long is it worthwhile to continue searching for a \$20 bill that you lost if you value your time at \$5 an hour?

- A) About 2 hours if there is a fifty percent chance of finding it.
- B) About 4 hours, regardless of the probability of finding it.
- C) Only so long as you expect to find it within the next four hours, which could mean far more than four hours of searching.
- D) You cannot make a rational decision without first knowing whether you will find it.
- E) You should not search at all because the lost bill is a sunk cost.

Answer: <https://biology-forums.com/index.php?topic=312644>

### Question 827

The monthly mortgage payments made by a homeowner are

- A) always sunk costs because the costs of constructing the house lie entirely in the past.
- B) marginal costs if the house is new but sunk costs if it was purchased from a previous owner.
- C) marginal costs of continuing to own and occupy the house.
- D) not marginal costs because the house will continue to exist whether or not the payments are made.
- E) sunk costs only if all the bills for earlier construction work have been fully paid.

Answer: <https://biology-forums.com/index.php?topic=312650>

### Question 828

Other things constant, political instability in a poor nation tends to reduce

- A) the money supply of the nation.
- B) the rate of return required to attract foreign investment.
- C) the level of foreign investment in the nation.
- D) interest rates in the nation.

Answer: <https://biology-forums.com/index.php?topic=317013>

### Question 829

Alcohol prohibition in the United States

- A) abolished the production of liquor.
- B) abolished the consumption of liquor.
- C) abolished the distribution of liquor.
- D) accomplished all of the above.
- E) accomplished none of the above.

Answer: <https://biology-forums.com/index.php?topic=313516>

### Question 830

Fill in the blanks: Other things constant, a \_\_\_\_\_ in price will \_\_\_\_\_ the \_\_\_\_\_ for a good.

- A) decrease; decrease; demand
- B) decrease; increase; demand
- C) decrease; increase; quantity demanded
- D) decrease; decrease; quantity demanded

Answer: <https://biology-forums.com/index.php?topic=311942>

### Question 831

Negative externalities might be reduced by letting people "work it out themselves," which might also be described as \_\_\_\_\_.



- A) substantiation.
- B) negotiation
- C) remuneration
- D) adjudication
- E) appropriate taxation

Answer: <https://biology-forums.com/index.php?topic=315083>

### Question 832

If a producer can sell each and every unit he can possibly produce for \$10 each, then

- A) he is a price taker.
- B) the demand for his product is infinitely elastic.
- C) his marginal revenue curve is a horizontal line at \$10.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314255>

### Question 833

How does the text distinguish between the market and government?

- A) The market is based on competition; the government is based on cooperation.
- B) The market is based on prices; the government is based on policies.
- C) The market is based on individualism; the government is based on socialism.
- D) In all of the above ways.
- E) In none of the above ways.

Answer: <https://biology-forums.com/index.php?topic=315241>

### Question 834

What would be the direct effect of a reduction in the U.S. selling price of Japanese-made cars on the U.S. demand for Japanese-made cars?

- A) No effect, because price changes affect quantity demanded, not demand.
- B) The demand would decrease.
- C) The demand would increase.
- D) We cannot tell unless we know the elasticities of demand for Japanese-made and American-made cars.
- E) We cannot tell unless we know whether more cars can be imported from Japan.

Answer: <https://biology-forums.com/index.php?topic=312127>

### Question 835

Nominal GDP is

- A) real GDP plus an expected inflationary premium.
- B) real GDP multiplied by the implicit GDP deflator.
- C) real GDP minus the implicit GDP deflator.
- D) real GDP minus total tax revenues.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316001>

### Question 836

Keynesian analysis may have contributed to chronic federal budget deficits by

- A) advocating transfer payments to redistribute income.
- B) persuading the public that any given deficit could be a result of responsible policy decisions.
- C) putting economists in charge of fiscal policy.
- D) reducing the power of the government to finance expenditures through taxation.

Answer: <https://biology-forums.com/index.php?topic=316888>

### Question 837

Which of the following would not shift the supply curve?

- A) A rise in the price of the good
- B) A fall in the expected future price of the good
- C) A rise in the costs of production of the good
- D) A negative supply shock that destroys a portion of output

Answer: <https://biology-forums.com/index.php?topic=312787>

### Question 838

Suppose you find \$1000 in your attic and decide to deposit it all into your local bank, which must hold 10% as required reserves. The deposit

expansion multiplier suggests that this \$1,000 "injection" of new money can, in the theoretical limit,

- A) increase the money supply by a little more than \$1,000.
- B) increase the money supply by a little less than \$1,000.
- C) increase the money supply by only \$1,000.
- D) increase the money supply by \$10,000.

Answer: <https://biology-forums.com/index.php?topic=316516>

### Question 839

The production possibilities frontier illustrates

- A) the maximum amount of inputs used to produce a particular output.
- B) the minimum amount of inputs used to produce a particular output.
- C) the maximum combination of two goods that can be produced with a given set of resources.
- D) the minimum combination of two goods that can be produced with a given set of resources.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311535>

### Question 840

Quantity demanded means

- A) demand.
- B) the amount of a good customers need.
- C) the amount of a good customers ultimately desire.
- D) the amount of a good customers plan to purchase at a given price.
- E) the amount of a good suppliers plan to sell.

Answer: <https://biology-forums.com/index.php?topic=312948>

### Question 841

Other things constant, which of the following would tend to increase the demand for Toyota autos?

- A) A fall in the price of Toyotas
- B) A fall in the price of Chryslers (a substitute for Toyotas)
- C) A rise in income, if Toyotas are a normal good
- D) A rise in income, if Toyotas are an inferior good

Answer: <https://biology-forums.com/index.php?topic=312073>

### Question 842

The economic way of thinking suggests that which group below unintentionally expanded the number of people captured and sold as slaves in Sudan?

- A) The profit-seeking slave traders
- B) Western humanitarian organizations that tried to redeem and free Sudanese slaves
- C) Government agencies that set price supports on Sudanese slaves
- D) The United Nations

Answer: <https://biology-forums.com/index.php?topic=313612>

### Question 843

What does U.S. GDP intend to measure?

- A) The market value of final goods and services produced by U.S. citizens during the course of a year
- B) The market value of all goods and services produced by U.S. citizens during the course of a year
- C) The market value of final goods and services produced within the U.S. during the course of a year
- D) The market value of all goods and services produced within the U.S. during the course of a year

Answer: <https://biology-forums.com/index.php?topic=315778>

### Question 844

When does a price searcher's marginal revenue curve lie below its demand curve?

- A) At all times, since this is the definition of a price searcher
- B) When it cannot confine price reductions to the new sales it's trying to attract by lowering its price
- C) When it is producing more than the net revenue maximizing quantity
- D) When its marginal cost curve is rising
- E) When the demand curve slopes downward to the right

Answer: <https://biology-forums.com/index.php?topic=314340>

### Question 845

Fill in the blank: Your textbook authors wrote, "A law that restricts competitors \_\_\_\_\_ competition."

- A) preserves
- B) restricts
- C) promotes
- D) repairs

Answer: <https://biology-forums.com/index.php?topic=314779>

### Question 846

Economic theory assumes people will not do what is in the interest of all unless it is in the interest of

- A) each.
- B) humanity.
- C) the government.
- D) the public.
- E) their own pocketbooks.

Answer: <https://biology-forums.com/index.php?topic=315259>

### Question 847

Which statement is true?

- A) For a price taker, marginal revenue is always less than price.
- B) For a price searcher, marginal revenue is always less than price.
- C) For a price searcher, marginal revenue always equals price.
- D) For a price taker, marginal revenue is always greater than price.

Answer: <https://biology-forums.com/index.php?topic=314307>

### Question 848

A downward-sloping demand curve suggests that consumers

- A) buy less at lower prices.
- B) buy more at higher prices.
- C) plan to buy more at a given, lower price.
- D) ignore marginal benefits and only focus on the supply of a product.

Answer: <https://biology-forums.com/index.php?topic=312970>

### Question 849

Which of the following is least likely to increase the demand for airline tickets?

- A) A Department of Energy order closing gasoline stations on weekends.
- B) A Department of Energy order restricting gasoline sales on odd and even-numbered days of the month to cars with odd or even final digits in the license number
- C) A fall in the price of airline tickets
- D) A rise in the price of gasoline
- E) An excellent record of airline safety

Answer: <https://biology-forums.com/index.php?topic=311966>

### Question 850

When the market clearing price of gasoline after a hurricane spikes to \$6.00 but legislators enact "anti-gouging" legislation that keeps prices at \$4,

- A) consumers as a whole will tend to benefit.
- B) producers will have less incentive to bring gasoline to the areas where gasoline is most highly valued.
- C) government will ensure that no shortages will develop.
- D) gasoline will be easier to purchase.

Answer: <https://biology-forums.com/index.php?topic=313421>

### Question 851

According to the textbook, price discrimination is

- A) illegal.
- B) morally justified.
- C) net-revenue maximizing.
- D) unfair to the different groups of customers.

Answer: <https://biology-forums.com/index.php?topic=314400>

### Question 852

A reduction of the discount rate by the Federal Reserve Banks has the direct effect of

- A) making it less costly for commercial banks to borrow from the Fed.

- B) making it more costly for the Treasury to finance deficits.
- C) increasing commercial bank reserves.
- D) increasing the stock of money.
- E) doing all of the above.

Answer: <https://biology-forums.com/index.php?topic=316618>

### Question 853

There's not a single golf course in downtown Chicago because

- A) it would be physically impossible to produce.
- B) it would ruin the hustle and bustle of the city.
- C) the opportunity cost of creating such a course is too low.
- D) the demand for land for non-golf uses is high enough to discourage such an investment.
- E) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=313728>

### Question 854

Drivers are charged a price to use a tollway. But even tollways, such as the Tri-State Tollway near Chicago, become heavily congested during the morning and evening rush hours. Thus,

- A) the rush hour represents a surplus of cars.
- B) your textbook author is wrong in claiming congestion is caused by zero prices.
- C) higher tolls are required during rush hours to reduce congestion.
- D) growing population is indeed the problem.

Answer: <https://biology-forums.com/index.php?topic=315205>

### Question 855

Generally speaking, resources are used more wastefully and carelessly when

- A) users obtain the resources through the market process.
- B) users do not have to pay the opportunity cost for using resources.
- C) users use resources to only advance the projects they are interested in.
- D) users privately own resources.

Answer: <https://biology-forums.com/index.php?topic=315211>

### Question 856

Consider baseball games and ballpark hotdogs. A significant increase in the price of baseball game tickets would tend to

- A) increase the demand for ballpark hotdogs.
- B) decrease the demand for baseball game tickets.
- C) decrease the demand for ballpark hotdogs.
- D) increase the demand for baseball game tickets.

Answer: <https://biology-forums.com/index.php?topic=312029>

### Question 857

Fill in the blank: The U.S. had \_\_\_\_\_ throughout the past 10 years.

- A) balanced budgets
- B) budget deficits
- C) budget surpluses
- D) no budget policy

Answer: <https://biology-forums.com/index.php?topic=316909>

### Question 858

When marginal revenue for a seller is more than marginal cost, the seller is

- A) making a positive net revenue but not necessarily maximizing net revenue.
- B) maximizing net revenue and making a positive net revenue.
- C) maximizing net revenue even if net revenue is negative.
- D) not maximizing net revenue.

Answer: <https://biology-forums.com/index.php?topic=314364>

### Question 859

Who among the following is exercising their right to pollute?

- A) The group of campers burning a fire in a designated fire pit at a state forest campsite
- B) The Sunday morning churchgoer whose auto emits carcinogens from its exhaust pipe

- C) The publicly-owned and federally-regulated coal-fired electric utility
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315122>

### Question 860

"Lady Gaga concert sells out. 60,000 tickets sold." What can an economist conclude from the above headline?

- A) There is a surplus of tickets.
- B) The market clears.
- C) The quantity supplied is 60,000.
- D) The quantity demanded is at least 60,000.
- E) Both C and D above.

Answer: <https://biology-forums.com/index.php?topic=313043>

### Question 861

Other things constant, if a person prefers to have a good sooner rather than later

- A) she is acting like a child.
- B) she has a negative rate of time preference.
- C) she has a zero rate of time preference.
- D) she has a positive rate of time preference.

Answer: <https://biology-forums.com/index.php?topic=313357>

### Question 862

What best determines the price a price searcher will charge?

- A) Reputation
- B) Demand
- C) Revenue
- D) Cost

Answer: <https://biology-forums.com/index.php?topic=314282>

### Question 863

No firm's total revenue could exceed its total opportunity costs if

- A) all firms were price takers.
- B) prices always cleared the market.
- C) quantity demanded of every good equaled the quantity supplied.
- D) the future were completely predictable.
- E) there were no legal restrictions on entry into any industry.

Answer: <https://biology-forums.com/index.php?topic=313961>

### Question 864

Speculators who expect a corn harvest next fall much larger than anyone now anticipates will

- A) lower current corn prices and raise September prices above what they would be in the absence of the speculators.
- B) lower current corn prices and lower September prices below what they would be in the absence of the speculators.
- C) raise current corn prices and lower September prices below what they would be in the absence of the speculators.
- D) raise current corn prices and raise September prices above what they would be in the absence of the speculators.
- E) raise the expected September price of corn.

Answer: <https://biology-forums.com/index.php?topic=314161>

### Question 865

If a university expects \$160,000 in ticket revenue from five home football games and \$180,000 in ticket revenue if it adds a sixth game, the

- A) marginal revenue of the sixth game is \$20,000,
- B) marginal revenue of the sixth game is \$30,000.
- C) sixth game will cost more than each of the previous five games.
- D) university should add a sixth game only if the average cost of a game is less than \$30,000.

Answer: <https://biology-forums.com/index.php?topic=314349>

### Question 866

Market clearing means

- A) quantity demanded exceeds quantity supplied.
- B) quantity demanded equals quantity supplied.

C) quantity demanded is less than quantity supplied.  
D) quantity demanded and quantity supplied both equal zero.  
Answer: <https://biology-forums.com/index.php?topic=313000>

### Question 867

There is only one supermarket in Beverly Hills, California because  
A) supermarkets can't compete effectively against residents in buying land.  
B) supermarket owners are paying attention to sunk costs in their location decisions.  
C) the demand for food is highly elastic in wealthy neighborhoods.  
D) the demand for food is highly inelastic in wealthy neighborhoods.  
E) wealthy people rarely do their own grocery shopping.  
Answer: <https://biology-forums.com/index.php?topic=312548>

### Question 868

Your textbook authors argue that the redemption efforts to free Sudanese slaves  
A) generally succeeded until the government stepped in and created unintended shortages.  
B) worked poorly because slave surpluses became rampant.  
C) unintentionally increased profitability and slave supply.  
D) proved that underground markets do not coordinate the plans of participants.  
Answer: <https://biology-forums.com/index.php?topic=313606>

### Question 869

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Which country faces the lowest opportunity cost of producing oranges?  
A) The U.S.  
B) Canada  
C) Both countries  
D) Neither country  
Answer: <https://biology-forums.com/index.php?topic=311727>

### Question 870

Suppose Ann can produce 8 units of a material good (M) or 4 units of a spiritual good (S) in a day, while Ben can produce only 3 Ms or 3 Ss in a day. Which statement below is true?  
A) Ann is the low-cost producer of spiritual goods.  
B) Ben is the low-cost producer of material goods.  
C) Ann is the low-cost producer of material good.  
D) Both A and C are true.  
Answer: <https://biology-forums.com/index.php?topic=311658>

### Question 871

Cooperation in an economy characterized by extensive specialization requires  
A) a rapid exchange of accurate information.  
B) flexible government controls.  
C) high unemployment to stem inflation.  
D) highly trained economists to "fine-tune" the economy.  
E) price controls.  
Answer: <https://biology-forums.com/index.php?topic=312883>

### Question 872

How does the text distinguish between government and the market?  
A) The government is the place around the capital city; the market is everywhere else.  
B) The government is populated with publicly-spirited people; the market is populated with selfish people.  
C) The government is based on cooperation; the market is based on competition.  
D) In all of the above ways.  
E) In none of the above ways.  
Answer: <https://biology-forums.com/index.php?topic=315238>

### Question 873

Suppose Factory A emits 15,000 units of "Yuck" monthly, Factory B emits 30,000 units, and Factory C emits 45,000 units. Also suppose A's cost of reducing the emission is \$1 per unit, B's cost is \$2 per unit, and C's cost is \$3 per unit. If the EPA required each factory to pay a \$2.01 tax for each unit

of yuck it emits monthly, what would be the new level of total monthly emissions, and what would be the total cost of cleanup?

- A) 45,000 units; \$75,000
- B) 45,000 units; \$90,000
- C) 45,000 units; \$105,000
- D) 45,000 units; \$120,000

Answer: <https://biology-forums.com/index.php?topic=315112>

### Question 874

Which is the most likely reason why more students continue on to graduate school when the economy is in bad shape and job prospects are poor?

- A) They finally see the value of continuing their education.
- B) They are pressured by parents to stay in school a few more years.
- C) Their opportunity cost of attending college has fallen.
- D) They are irrational in this case, as they will have to take on more debt to finance the graduate degree.

Answer: <https://biology-forums.com/index.php?topic=312398>

### Question 875

What is meant by the marginal tax rate?

- A) The highest rate that can be extracted.
- B) The lowest rate that will still meet the government's revenue requirements.
- C) The percentage of additional income that is taken by taxes.
- D) The rate paid by businesses that are just barely able to survive.

Answer: <https://biology-forums.com/index.php?topic=315742>

### Question 876

Suppose firms in Hong Kong can produce 40,000 plastic dolls or 80,000 squirt guns each week, while firms in Taiwan can produce 40,000 plastic dolls or 40,000 squirt guns each week. Therefore, when we compare the two groups:

- A) the costs of production are the same in each country.
- B) the people in Hong Kong are the most efficient producers of both plastic dolls and squirt guns.
- C) the people in Taiwan produce plastic dolls with the same efficiency as Hong Kong.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311706>

### Question 877

Which Fed policy would be part of a restrictive monetary policy?

- A) Lowering the discount rate.
- B) Buying government bonds.
- C) Both of the above.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316572>

### Question 878

Fill in the blanks: Holding the nominal interest rate constant, a \_\_\_\_\_ in the expected rate of inflation tends to \_\_\_\_\_ the real interest rate.

- A) rise; increase.
- B) fall, decrease.
- C) fall; increase.
- D) rise; improve.

Answer: <https://biology-forums.com/index.php?topic=313385>

### Question 879

Fill in the blank: According to your textbook authors, \_\_\_\_\_ is a key condition for competition to occur.

- A) government regulation of price
- B) government regulation of output
- C) preservation of profit
- D) freedom of entry

Answer: <https://biology-forums.com/index.php?topic=314749>

### Question 880

Keynes rhymes with

- A) beans.
- B) gains.



- C) genies.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316752>

### Question 881

The operation of supply and demand should be thought of as a process

- A) for establishing consumer sovereignty.
- B) for increasing individual liberty.
- C) for maximizing social welfare.
- D) for maximizing total output.
- E) of mutual accommodation.

Answer: <https://biology-forums.com/index.php?topic=312937>

### Question 882

According to the law of supply, producers will

- A) change their consumption plans when the price of a good changes.
- B) change their supply when the price of a good changes.
- C) change their production plans when the price of a good changes.
- D) increase their quantity supplied when the price of a good decreases.
- E) decrease their quantity supplied when the price of a good increases.

Answer: <https://biology-forums.com/index.php?topic=312959>

### Question 883

The relative quickness with which the Open Market Committee can respond to changes in economic indicators leads the Fed to

- A) control precisely the growth rate of the money stock.
- B) control precisely the growth rate of total spending.
- C) make more frequent mistakes in monetary policy than Congress makes in executing fiscal policy.
- D) use the discount rate to control bank lending and hence aggregate demand.

Answer: <https://biology-forums.com/index.php?topic=316828>

### Question 884

According to the law of demand, the higher the price, the lower the quantity demanded. But, five years ago the Dropouts used to sell only 50 tickets for their shows at \$5 each. Today they sell 5000 tickets at \$20 each. Does the change described above contradict the law of demand?

- A) Yes, because the price has fallen and the quantity demanded has fallen.
- B) Yes, because the price has risen and the quantity demanded has risen.
- C) No, because the supply has risen.
- D) No, because other things weren't constant.

Answer: <https://biology-forums.com/index.php?topic=313798>

### Question 885

If sellers compete against buyers, then

- A) sellers would prefer to face more buyers in the market.
- B) sellers would prefer to face fewer buyers in the market.
- C) buyers would prefer to face fewer sellers in the market.
- D) buyers would prefer to face more sellers in the market.
- E) both B and C are true.

Answer: <https://biology-forums.com/index.php?topic=315638>

### Question 886

Does the gross domestic product account measure the market value of all goods and services?

- A) No, because that would include double-counting.
- B) Yes, because the data is readily available.
- C) Yes, except for illegally exchanged goods and services.
- D) Yes, otherwise the gross domestic product accounting system is not a reliable indicator of economic activity.

Answer: <https://biology-forums.com/index.php?topic=315837>

### Question 887

From the economic point of view, what's worse, profit or loss?

- A) Profit
- B) Loss

- C) They are equally bad.
- D) The question is meaningless as stated.

Answer: <https://biology-forums.com/index.php?topic=313859>

### Question 888

Credit cards are included in

- A) the M1 money supply.
- B) the M2 money supply.
- C) all of the above.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316410>

### Question 889

Is it possible for the total market demand for a good at the prevailing price to be inelastic while the demand facing any one seller of the good is highly elastic?

- A) No, because each seller's demand is a part of the total demand.
- B) No, because if this were the case the price would fall until the market demand became elastic.
- C) No, because if this were the case the price would rise until the market demand became elastic.
- D) Yes, and it's actually quite common.

Answer: <https://biology-forums.com/index.php?topic=314295>

### Question 890

What effect on the price of hiring a lawyer to draw up a will would the opportunity-cost theory predict as a consequence of legislation requiring the use of a lawyer in all real estate transactions?

- A) A higher price as the market becomes flooded with lawyers.
- B) A higher price as lawyers find it costs them more to draw up wills
- C) No effect because prices are determined by demand, not by cost.
- D) A lower price as the market becomes flooded with lawyers
- E) A lower price as lawyers find they can now obtain their desired income level with lower fees

Answer: <https://biology-forums.com/index.php?topic=313716>

### Question 891

The free rider problem causes goods not to be produced when

- A) the opportunity cost of providing them is low.
- B) the quantity supplied is greater than the quantity demanded.
- C) they can't be produced by government.
- D) they can't be provided exclusively to the people who pay for them.

Answer: <https://biology-forums.com/index.php?topic=315352>

### Question 892

Which of the following purchases is included in gross domestic product account?

- A) Purchases of bibles from a Christian bookstore
- B) Purchases of how-to manuals from a local hardware store
- C) Purchases of anti-capitalist literature from a radical, student-managed bookstore
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315894>

### Question 893

The Sherman Act of 1890

- A) established the corporate income tax.
- B) prohibited price-setting agreements among sellers.
- C) required employers to bargain collectively with labor unions.
- D) set maximum prices railroads could charge interstate shippers.
- E) set minimum prices railroads could charge without being guilty of unfair trade practices.

Answer: <https://biology-forums.com/index.php?topic=314743>

### Question 894

If automobile commuters are asked in a survey whether their city needs additional freeways, the answers will reveal

- A) almost nothing about the demand for freeways.

- B) only one portion of the demand for freeways.
- C) the demand for freeways but from a biased group.
- D) the demand for freeways but not its elasticity.
- E) the demand for freeways without regard to the need for them.

Answer: <https://biology-forums.com/index.php?topic=312139>

### Question 895

Economic theory defines capital as

- A) anything that is scarce.
- B) non-human resources.
- C) produced resources used to produce future goods.
- D) resources containing a positive opportunity cost.
- E) stocks and bonds.

Answer: <https://biology-forums.com/index.php?topic=314005>

### Question 896

Politicians have often kissed babies to improve their re-election prospects. A rational politician will kiss babies as long as

- A) the public is impressed.
- B) the marginal benefits exceed the marginal costs.
- C) there is a camera crew to document the activity.
- D) the babies are cute.

Answer: <https://biology-forums.com/index.php?topic=315277>

### Question 897

Interest is not the price of money, which can be seen when interest rates rise rapidly in an economy where

- A) barter exchange displaces money exchange.
- B) people lose interest in money.
- C) the demand for money increases rapidly.
- D) the supply of money increases rapidly.

Answer: <https://biology-forums.com/index.php?topic=314032>

### Question 898

Economic theory assumes people

- A) rarely act generously.
- B) consistently act selfishly.
- C) make choices based on a comparison of cost and benefits.
- D) are fundamentally complex. Therefore, no general theory can be deduced to make sense out of the decisions and choices people make.

Answer: <https://biology-forums.com/index.php?topic=311073>

### Question 899

Which statement most adequately describes the productivity of trade relative to the productivity of agriculture and manufacturing?

- A) Trade is essential in an economy once agriculture and manufacturing have developed, even though it is not productive.
- B) Trade is less productive than agriculture or manufacturing.
- C) The word productive must be applied to agriculture or manufacturing in the same way it is applied to trade.
- D) Trade is productive only insofar as it distributes newly produced agricultural or manufactured goods.
- E) Trade is rarely productive because it almost never increases the quantity of goods in the economy.

Answer: <https://biology-forums.com/index.php?topic=311325>

### Question 900

According to your textbook, Keynesian economic theory

- A) argues that federal budget deficits were necessary during periods of rapid economic growth.
- B) questioned the use of the federal budget deficit as a policy tool to manipulate and fine-tune the economy.
- C) helped break the mentality that federal budget deficits were improper.
- D) did all of the above.
- E) did none of the above.

Answer: <https://biology-forums.com/index.php?topic=316924>

### Question 901

A business firm should refuse to sell any item for which it cannot obtain a price at least as large as what

- A) it cost the firm to produce the particular item.

- B) it costs the firm on average to produce the item.
- C) it would cost the firm to produce another item identical to the item being sold.
- D) the item will be worth to the firm if not sold.

Answer: <https://biology-forums.com/index.php?topic=312632>

### Question 902

If movie theaters began collecting more gross income from ticket sales after lowering ticket prices, we would know

- A) movie patrons were not behaving consistently with the law of demand.
- B) movie quality must have increased.
- C) the demand for movie tickets was elastic.
- D) the demand for movie tickets was inelastic.
- E) the supply of movies had increased.

Answer: <https://biology-forums.com/index.php?topic=312362>

### Question 903

The assertion "capital is productive, but the ownership of capital is not," assumes the efficient use of resources

- A) is different from technological efficiency and more difficult to achieve.
- B) is no more likely under one ownership arrangement than another.
- C) may be significantly affected by transferring ownership from private to public hands.
- D) sometimes is affected by transferring ownership from public to private hands.

Answer: <https://biology-forums.com/index.php?topic=314009>

### Question 904

Suppose the market-clearing price of guitars is \$500, but the prevailing price is currently \$700. Pick the correct statement.

- A) There is a shortage of guitars.
- B) Guitar sellers would not be able to successfully sell all they planned to sell.
- C) Guitar buyers would not be able to successfully buy all they planned to buy.
- D) All of the above are true.
- E) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313028>

### Question 905

Aristotle believed voluntary trade should be

- A) an exchange of unequal values.
- B) an exchange of equal values.
- C) an exchange of equal material possessions.
- D) an exchange of unequal material possessions.

Answer: <https://biology-forums.com/index.php?topic=311286>

### Question 906

Goods, such as L.A. Lakers tickets and parking spaces around the stadium, are sometimes consumed together. Which of the following would decrease the demand for parking spaces around the stadium?

- A) An increase in the price of Lakers tickets
- B) A higher parking fee
- C) A decrease in the price of Lakers tickets
- D) A substantial increase in the price of local cab services

Answer: <https://biology-forums.com/index.php?topic=312032>

### Question 907

Of the following, pick the year the U.S. enjoyed a budget surplus.

- A) 1970
- B) 1980
- C) 1990
- D) 2000
- E) 2010

Answer: <https://biology-forums.com/index.php?topic=316906>

### Question 908

According to your text, when a surplus exists,

- A) buyers compete with buyers.

- B) buyers compete with sellers.
- C) sellers compete with sellers.
- D) nobody has to compete because scarcity has been eliminated.

Answer: <https://biology-forums.com/index.php?topic=313034>

### Question 909

Which amount is not included in gross domestic product?

- A) Payments to a physician for treatment of a respiratory condition caused by air pollution
- B) The purchase price of a used car bought from a friend
- C) Wages of government employees
- D) Wages of people who clean up toxic chemical spills
- E) Wages of people who sell used cars

Answer: <https://biology-forums.com/index.php?topic=315880>

### Question 910

A rise in the rate of people's time preference in general tends to

- A) increase interest rates.
- B) decrease interest rates.
- C) have no effect on interest rates.
- D) have no effect at all in the market for credit.

Answer: <https://biology-forums.com/index.php?topic=313372>

### Question 911

Marginal revenue is

- A) revenue earned by increasing the margin between cost and price.
- B) revenue earned by purchasing stock on credit.
- C) revenue on which a seller is not dependent for survival.
- D) the additional monetary receipts that result from a decision.

Answer: <https://biology-forums.com/index.php?topic=314228>

### Question 912

The authors of your text suggest which policy as a way of reducing urban traffic congestion?

- A) A federal standard raising the minimum age for a driver's license to 21 years old
- B) Requiring motorists to pay a toll or fee based on the costs their driving imposes on others
- C) Increasing gasoline taxes
- D) Requiring people to drive in car pools

Answer: <https://biology-forums.com/index.php?topic=315184>

### Question 913

When the price of pizzle trees increased by 20 percent last year, consumers ended up spending 10 percent more on the purchase of pizzle trees. This shows that the demand for pizzle trees

- A) was elastic.
- B) was inelastic.
- C) was unit elastic.
- D) did not obey the law of demand.

Answer: <https://biology-forums.com/index.php?topic=312176>

### Question 914

Let's assume Ben can produce 3 units of a material good (M) or 3 units of a spiritual good (S) in a day, while Cal can produce 1 M or 2 Ss in a day. Which statement below is true?

- A) Ben can produce spiritual goods more efficiently than Cal.
- B) Cal can produce material goods more efficiently than Ben.
- C) Ben can produce material goods more efficiently than Cal.
- D) Ben can produce both material and spiritual goods more efficiently than Cal.

Answer: <https://biology-forums.com/index.php?topic=311667>

### Question 915

If the Palace Cinema can sell 200 tickets at \$4 and 300 tickets at \$3, the demand for Palace Cinema tickets between the two prices is

- A) elastic.
- B) inelastic.

- C) marginal.
- D) unit elastic.

Answer: <https://biology-forums.com/index.php?topic=314385>

### Question 916

Which of the following sets of goods might, under the right circumstances, be substitutes for water?

- A) Milk and juice
- B) Beer and wine
- C) Stones and bricks
- D) A, B, and C above are all potential substitutes for water.
- E) A and B above are potential substitutes for water, but C (stones and bricks) can never be substitutes for water in the real world.

Answer: <https://biology-forums.com/index.php?topic=311894>

### Question 917

Your authors argue that, since the 1960s in the U.S.

- A) poverty has substantially decreased.
- B) inequality has substantially increased.
- C) poverty has substantially increased.
- D) inequality has substantially decreased.

Answer: <https://biology-forums.com/index.php?topic=315730>

### Question 918

Other things constant, the demand for an inferior good will decrease (the demand curve will shift left) if

- A) the price of a complementary good decreases.
- B) the price of a substitute good increases.
- C) income increases.
- D) income decreases.

Answer: <https://biology-forums.com/index.php?topic=312100>

### Question 919

Suppose you find \$1000 in your attic and decide to deposit it all into your local bank, which must hold 20% as required reserves. The deposit expansion multiplier suggests that this \$1,000 "injection" of new money will most likely

- A) increase the money supply by a little more than \$1,000.
- B) increase the money supply by a little less than \$1,000.
- C) increase the money supply by only \$1,000.
- D) increase the money supply by \$5,000.

Answer: <https://biology-forums.com/index.php?topic=316519>

### Question 920

Suppose Ann can produce 8 units of a material good (M) or 4 units of a spiritual good (S) in a day, while Ben can produce only 3 Ms or 3 Ss in a day. Which statement below is true?

- A) Ben has a comparative advantage in spiritual goods.
- B) Ann has a comparative advantage in spiritual goods.
- C) Ben has a comparative advantage in material goods.
- D) Ann has a comparative advantage in both spiritual and material goods.

Answer: <https://biology-forums.com/index.php?topic=311655>

### Question 921

Physical or technological facts are by themselves never sufficient to measure efficiency because

- A) what is efficient changes over time.
- B) efficiency is a ratio between evaluations.
- C) more complex technological processes are inevitably more efficient.
- D) physical or technological data can never be known precisely.
- E) we can never be sure we are using the most advanced technology.

Answer: <https://biology-forums.com/index.php?topic=311337>

### Question 922

Suppose people had been paying \$10 for a pizza at Little Weezer's. If their demand increases to the point where they will now pay \$15 for the same pizza, then

- A) the marginal cost of making pizzas would tend to increase.

- B) the quantity supplied of pizzas would tend to increase.
- C) both A and B are true.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=312751>

### Question 923

Think of the interest rate as the "price" of a home loan. Other things constant, if people expect interest rates to rise significantly over the next couple months, their willingness to purchase a home financed by a mortgage today will tend to

- A) rise.
- B) fall.
- C) remain unchanged.
- D) do any of the above because home purchase decisions are independent of interest rates on mortgages.

Answer: <https://biology-forums.com/index.php?topic=312082>

### Question 924

Roughly what percentage of money income was earned by the lowest 20% of income earners in the U.S. in 2010?

- A) 0.8%
- B) 3.8%
- C) 6.8%
- D) 9.8%

Answer: <https://biology-forums.com/index.php?topic=315686>

### Question 925

Which of the following would be most likely to cause an increase in the demand for gold?

- A) A decrease in the price of gold
- B) The expectation of a future decrease in the price of gold
- C) An increase in the price of gold
- D) The expectation of a future increase in the price of gold
- E) An increase in the supply of gold

Answer: <https://biology-forums.com/index.php?topic=311987>

### Question 926

What is the antithesis of the rule of law?

- A) Arbitrary governance
- B) Governance according to the will of whoever is in charge
- C) Both of the above.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=317008>

### Question 927

Wealthy people are more likely than poor people to use airplanes rather than busses for interurban travel because

- A) their demand for transportation is more elastic.
- B) their demand for transportation is more inelastic.
- C) they can better afford to use a higher-cost mode of transportation.
- D) they are more likely to ignore the relative costs of busses and airplanes.
- E) traveling by airplane usually costs them less than traveling by bus.

Answer: <https://biology-forums.com/index.php?topic=312530>

### Question 928

Intelligent policymaking requires making trade offs, which means

- A) accepting unethical but unavoidable compromises.
- B) giving up what is less valuable for what is more valuable.
- C) putting one's own interests ahead of the interests of others.
- D) sacrificing some people's welfare to other people's welfare.
- E) violating someone's rights.

Answer: <https://biology-forums.com/index.php?topic=311933>

### Question 929

Which of the following expenditures would be included when we measure GDP?

- A) Expenditures on illegal drugs



- B) Expenditures on illegal weapons
- C) Expenditures on medical services associated with drugs and crime
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316272>

### Question 930

Using the economic way of thinking, what is the least efficient use of water?

- A) Drinking
- B) Bathing
- C) Filling balloons
- D) It depends on the water user's estimate of cost and benefit.

Answer: <https://biology-forums.com/index.php?topic=311403>

### Question 931

The fees physicians charge patients are most closely related to the physicians' cost of

- A) acquiring a medical degree.
- B) earning a target income.
- C) maintaining their practice.
- D) spending time with patients.

Answer: <https://biology-forums.com/index.php?topic=313769>

### Question 932

According to opportunity-cost theory, people will find themselves increasingly "short of time" when

- A) their demand curves become less elastic.
- B) their demand curves become more elastic.
- C) their income declines.
- D) they become wealthier.
- E) they lose valuable opportunities.

Answer: <https://biology-forums.com/index.php?topic=312515>

### Question 933

Suppose Acme County Bank and Trust has \$1 million in total deposits and the required reserve ratio is 5%. How many dollars is Acme bank allowed to use to seek profits?

- A) 0
- B) \$50,000
- C) \$500,000
- D) \$950,000
- E) Trick question: banks aren't allowed to seek profit.

Answer: <https://biology-forums.com/index.php?topic=316463>

### Question 934

According to Adam Smith, a well-governed society's wealth is positively related to

- A) the division of demand.
- B) the division of labor.
- C) the degree to which society can eliminate scarcity.
- D) the degree to which society can encourage and promote greed.

Answer: <https://biology-forums.com/index.php?topic=312892>

### Question 935

Economic theory assumes elected representatives in government vote

- A) in the public interest.
- B) without any interest.
- C) in their own interest.
- D) in complete harmony with the interests of the majority of citizen-voters.

Answer: <https://biology-forums.com/index.php?topic=315445>

### Question 936

What the economist calls externalities create social problems

- A) because opportunity costs are low when people live close to one another.

- B) only when the externalities are negative spillovers.
- C) partly because people have a limited ability to empathize.
- D) when people know about all the consequences of their behavior.

Answer: <https://biology-forums.com/index.php?topic=314987>

### Question 937

The quantity demanded of a good reflects

- A) the number of units of a good people actually purchase.
- B) the number of units of a good suppliers will provide.
- C) the number of units of a good people plan to purchase at different prices.
- D) the number of units of a good people need to purchase.

Answer: <https://biology-forums.com/index.php?topic=311948>

### Question 938

National output and national income are the same because

- A) one seller's profit is another seller's loss.
- B) one seller's profit is another buyer's loss.
- C) the sale of goods and services generates income for the sellers.
- D) the sale of goods and services generates tax revenues for the government.

Answer: <https://biology-forums.com/index.php?topic=315927>

### Question 939

Other things constant, a lowering of interest rates on used car loans would tend to

- A) reduce the demand for used car loans.
- B) increase the demand for used car loans.
- C) increase the supply of used car loans.
- D) reduce the supply of used car loans.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313546>

### Question 940

The cost to a physician of tending a patient is

- A) dependent on the number of years over which the physician practices.
- B) higher for a recent medical-school graduate than for a physician with a well-established practice.
- C) the value of the time when spent in its next best use.
- D) zero under a system of complete and comprehensive medical insurance.

Answer: <https://biology-forums.com/index.php?topic=313781>

### Question 941

The Skinned Knee Corporation can produce either 300 skateboards each week or 500 snowboards each week. What is their opportunity cost of producing 300 skateboards each week?

- A) 300 skateboards
- B) 200 snowboards
- C) 500 snowboards
- D) 800 snowboards

Answer: <https://biology-forums.com/index.php?topic=311499>

### Question 942

Which of the following is not a component of the M2 money supply?

- A) Cash in circulation
- B) Gold owned by the federal authorities
- C) Deposits in checking accounts
- D) Any issued traveler's checks
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316405>

### Question 943

Suppose all tickets to the World Series have already been sold. Will any further sales occur if the going price rises?

- A) No, and therefore a higher price will have no effect.
- B) No, but a smaller quantity will be demanded.

- C) Not unless more tickets are printed.
- D) Yes, as some ticket-holders sell to others.
- E) Yes, but the further sales will reduce the price to the original level.

Answer: <https://biology-forums.com/index.php?topic=313260>

### Question 944

When local governments ignore all other considerations and award cable TV franchises to the firms that offer the highest money bids, they

- A) discriminate against the poor.
- B) encourage corruption.
- C) introduce delay into the system but increase its efficiency.
- D) reduce the likelihood of illegal bribes.
- E) increase the likelihood the winning firm will be incompetent.

Answer: <https://biology-forums.com/index.php?topic=314839>

### Question 945

Land suitable for growing wheat can also be used to farm dairy cattle. Therefore, from the farmer's perspective, an increase in the price of wheat tends to

- A) reduce the demand for wheat.
- B) increase the demand for dairy cattle.
- C) decrease the cost of farming dairy cattle.
- D) increase the cost of farming dairy cattle.

Answer: <https://biology-forums.com/index.php?topic=312485>

### Question 946

Supply curves slope upward to the right because

- A) high enough prices make sunk costs irrelevant.
- B) higher prices attract resources from other uses.
- C) marginal cost is less than elasticity of demand.
- D) otherwise they would not intersect demand curves.

Answer: <https://biology-forums.com/index.php?topic=312742>

### Question 947

Roughly what percentage of money income was earned by the highest 5% of income earners in the U.S. in 2010?

- A) 10%
- B) 20%
- C) 30%
- D) 40%
- E) 50%

Answer: <https://biology-forums.com/index.php?topic=315683>

### Question 948

An ordinance making it illegal for people to park commercial vehicles on the street overnight in residential areas

- A) protects property rights.
- B) takes away property rights.
- C) protects some property rights and takes away others.
- D) has nothing to do with property rights.
- E) reduces negative externalities for residents of affected areas.

Answer: <https://biology-forums.com/index.php?topic=315074>

### Question 949

Which of the following would be consistent with the notion of a competitive market process, but would be inconsistent with the notion of perfect competition?

- A) Cost-plus-markup pricing
- B) Freedom of entry
- C) Price taking behavior
- D) Large numbers of buyers and sellers
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314800>

### Question 950

Could an increase in urban bus fares eventually lead to an increase in the demand for bus service?

- A) It could not do so, though it could lead to a reduction in the demand for bus service.
- B) It could not do so, though it would probably lead to a reduction in the quantity of bus service demanded.
- C) It might do so if increasing the demand for and price of downtown parking increased even more.
- D) It might do so by making the demand for bus service unit elastic.
- E) Only in cities where the demand for bus service slopes upward to the right.

Answer: <https://biology-forums.com/index.php?topic=312121>

### Question 951

A higher expected price tomorrow will tend to

- A) shift today's demand curve to the left.
- B) shift today's demand curve to the right.
- C) have no effect on today's demand curve.
- D) have no effect on tomorrow's demand curve.

Answer: <https://biology-forums.com/index.php?topic=312088>

### Question 952

Roughly what percent of American families lived below the poverty line in 1960?

- A) 8%
- B) 18%
- C) 28%
- D) 38%
- E) 48%

Answer: <https://biology-forums.com/index.php?topic=315719>

### Question 953

Suppose the nominal interest rate is 2% and the real interest rate is -3%. We can deduce that the rate of inflation is

- A) 0%.
- B) 2%.
- C) 3%.
- D) 5%.

Answer: <https://biology-forums.com/index.php?topic=313408>

### Question 954

Which of the following is most important for the successful functioning of any economy?

- A) Clearly understood and generally accepted rules.
- B) Common and reasonably specific goals for people to pursue.
- C) Greed.
- D) Low taxes relative to income.
- E) Sufficient purchasing power to buy all of an economy's goods and services.

Answer: <https://biology-forums.com/index.php?topic=311166>

### Question 955

A commercial bakery makes white bread and wheat bread. Therefore, a decrease in the market price of white bread tends to

- A) increase the demand for wheat bread.
- B) increase the demand for white bread.
- C) increase the baker's cost of making wheat bread.
- D) decrease the baker's cost of making wheat bread.

Answer: <https://biology-forums.com/index.php?topic=312494>

### Question 956

Pick the scarce good below with the completely inelastic demand curve.

- A) Clean air
- B) Clean water
- C) Tropical rain forests
- D) Well-maintained national-forest fisheries
- E) Trick question: none of the above goods have a completely inelastic demand curve.

Answer: <https://biology-forums.com/index.php?topic=315145>

### Question 957

Typically, in towns and villages across the Midwest, bowling alleys are one-story buildings. In Manhattan, one is more likely to bowl in alleys found in multi-story high rises. Why?

- A) Because Midwesterners live on flat lands, they think flat and build flat.
- B) The bowling cultures are different.
- C) The cost of building single-story bowling alleys in Manhattan is too high.
- D) Midwestern zoning codes must prohibit bowling alleys in multi-story structures.

Answer: <https://biology-forums.com/index.php?topic=313734>

### Question 958

Which of the following is most likely to occur if a cartel does not find an acceptable way to allocate sales among its members?

- A) Output will decrease.
- B) Prices will rise.
- C) Selling costs will increase.
- D) The marginal costs of individual members will rise above their marginal revenue.

Answer: <https://biology-forums.com/index.php?topic=314713>

### Question 959

iTunes offers samples of music downloads, and in doing so they

- A) further inform customers.
- B) further reduce customer search costs.
- C) further expand the range of opportunities available to customers.
- D) do all of the above.

Answer: <https://biology-forums.com/index.php?topic=311792>

### Question 960

According to physicians, people should drink eight full glasses of water per day to maintain optimal health; it is now common knowledge. But people don't necessarily follow doctor's orders because

- A) only they know what they need.
- B) people value other goods in addition to optimal health.
- C) we only really need a few ounces of water each day.
- D) nobody considers optimal health to be desirable.

Answer: <https://biology-forums.com/index.php?topic=311897>

### Question 961

Fill in the blanks: A decrease in \_\_\_\_\_ tends to decrease \_\_\_\_\_ and therefore decrease \_\_\_\_\_.

- A) cost; price; supply
- B) cost; demand; price
- C) demand; price; cost
- D) supply; cost; price

Answer: <https://biology-forums.com/index.php?topic=313749>

### Question 962

Fill in the blank: Your authors argue that focusing on the market as a \_\_\_\_\_ process helps to better explain the haggling and negotiation activities, which are at the core of our production and consumption plans in the real world.

- A) monopolized
- B) oligopolized
- C) perfectly competitive
- D) competitive

Answer: <https://biology-forums.com/index.php?topic=314526>

### Question 963

Today's U.S. dollar bills are "backed" by

- A) nothing.
- B) Warren Buffet.
- C) barrels of oil.
- D) precious metals.
- E) U.S. Treasury Bonds.

Answer: <https://biology-forums.com/index.php?topic=316317>

### Question 964

Economists assume people's choices

- A) are inherently random.
- B) are the result of greed.
- C) cannot be predicted.
- D) conflict with the actions or interests of everyone else.
- E) create options for other people.

Answer: <https://biology-forums.com/index.php?topic=310986>

### Question 965

According to your text, who among the following have a comparative advantage in providing information that reduce transaction costs?

- A) The consumer
- B) The bureaucrat
- C) The middleman
- D) The career politician

Answer: <https://biology-forums.com/index.php?topic=311748>

### Question 966

Recessions are largely the result of

- A) high wages.
- B) the wishful thinking of zero economic growth advocates.
- C) widespread and systemic errors from manipulated market signals.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316681>

### Question 967

A firm selling in a price-takers' market

- A) can reduce its price without thereby lowering its marginal revenue.
- B) can reduce its price without thereby lowering its total revenue.
- C) faces a perfectly elastic demand curve.
- D) has marginal costs equal to marginal revenue at all levels of output.

Answer: <https://biology-forums.com/index.php?topic=314358>

### Question 968

According to economic theory, a politician will accept an invitation for another photo opportunity as long as

- A) she is paid well.
- B) he can be sure he will look handsome in the picture.
- C) the marginal benefit exceeds the marginal cost.
- D) there are no costs involved.

Answer: <https://biology-forums.com/index.php?topic=315280>

### Question 969

Suppose the market clearing rate for apartments in Yazoo City, Mississippi is \$400 per month, but a rent control is set at \$600 per month. Which of the following would tend to occur in the community?

- A) A shortage of apartments
- B) An increase in the quantity demanded for apartments
- C) Both of the above.
- D) Neither of the above.

Answer: <https://biology-forums.com/index.php?topic=313492>

### Question 970

Approximately what percentage of the world population experiences scarcity?

- A) 33%
- B) 50%
- C) 66%
- D) 100%

Answer: <https://biology-forums.com/index.php?topic=310996>

### Question 971

Which if the following is a key difference between profit-oriented institutions (such as small businesses) and non-profit institutions (such as governments, hospitals, or schools)? Profit-oriented institutions

- A) are usually competitive rather than cooperative.
- B) have a recognized residual claimant.
- C) pursue private interests rather than the public interest.
- D) rely on monetary incentives to secure the cooperation required for their functioning.
- E) work through market processes.

Answer: <https://biology-forums.com/index.php?topic=313997>

### Question 972

Medical service by physicians

- A) could be made a free good through universal health insurance.
- B) is a good for which the demand is completely inelastic.
- C) is a good for which there is no satisfactory substitute.
- D) would become a free good if physicians did not charge monetary fees.
- E) would cost some patients more in non-monetary terms than they now pay if physicians did not charge monetary fees.

Answer: <https://biology-forums.com/index.php?topic=312305>

### Question 973

Are sellers always able to produce a surplus of the goods they sell?

- A) No, because almost all goods are scarce.
- B) Only if they can increase supply faster than demand increases
- C) Only if they can prevent new uses for the good from being developed.
- D) Yes, if they insist upon receiving a sufficiently high price that is above the market clearing level.

Answer: <https://biology-forums.com/index.php?topic=313055>

### Question 974

According to the 1974 Constitution of the former Yugoslavia, nobody in Yugoslavia owns resources. Being a socialist country, the constitution claimed resources were owned by "society" as a whole. If the constitution were fully enforced, resources would tend to be

- A) used for the common good.
- B) used without greed and materialistic interests.
- C) free from the constraints of scarcity.
- D) underpriced.

Answer: <https://biology-forums.com/index.php?topic=315214>

### Question 975

In the economy of Euphoria, 400 people have jobs, 200 people are not working but are searching for work, and 100 people don't work and don't seek work. The unemployment rate is

- A) 20 percent.
- B) 25 percent.
- C) 40 percent.
- D) 45 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316221>

### Question 976

The supply of a good will tend to be highly elastic if

- A) additional resources to produce the good can be obtained quickly and with no increase in cost.
- B) its price rises quickly and sharply when the demand increases.
- C) the good has few close substitutes.
- D) the good is generally classified as a luxury.
- E) the good is generally classified as a necessity.

Answer: <https://biology-forums.com/index.php?topic=312851>

### Question 977

Can phenomena as diverse as pencil production and highway traffic be legitimately studied by economists?

- A) No. One is properly in the field of business, the other in city planning.
- B) No. Although production is properly in the field of economics, highway traffic is only properly studied by planners and environmentalists.
- C) Yes. Both phenomena emerge from choices of individuals with limited information.
- D) Yes. Both phenomena emerge in the market system without any human intervention.

Answer: <https://biology-forums.com/index.php?topic=312910>



### Question 978

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Pick the true statement:

- A) The opportunity cost of 1 unit of beef in Canada is 4 units of oranges.
- B) The opportunity cost of 1 unit of oranges in the U.S. is 4 units of beef.
- C) Canada is has a comparative advantage in oranges.
- D) The U.S. has a comparative advantage in beef.
- E) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311712>

### Question 979

Economists distinguish a "normal" good from an "inferior" good by focusing on

- A) how a change in income effects the demand for that good.
- B) the good's quality.
- C) the good's durability.
- D) the good's desirability.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=312067>

### Question 980

According to economic theory, state governments

- A) will be biased toward chronic budget deficits.
- B) will act in the public interest.
- C) will act in the national interest.
- D) will do all of the above.
- E) will do none of the above.

Answer: <https://biology-forums.com/index.php?topic=316876>

### Question 981

For many years the United States was able to retain a system for drafting young men into the armed forces because

- A) the public feared the menace of Communism.
- B) patriotism had declined and so volunteers were not available.
- C) young men were not willing to risk their lives.
- D) many people adversely affected found it more to their advantage to use some personal escape route than to attack the system directly.

Answer: <https://biology-forums.com/index.php?topic=315514>

### Question 982

Joe Doakes is running for reelection. Economic theory predicts he has a strong incentive to

- A) heavily discount the value of all future costs of his policies.
- B) try to provide as many benefits to his constituents as possible prior to the next election day.
- C) do both A and B above.
- D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=315505>

### Question 983

What is the historical relationship in the United States between the unemployment rate and recessions?

- A) The relationship depends on whether or not the price level is also changing.
- B) The unemployment rate rises during a recession and turns negative during the subsequent recovery.
- C) The unemployment rate rises shortly before a recession begins and declines shortly before it ends.
- D) The unemployment rate rises soon after a recession has begun and starts to decline sometime after the recovery has started.
- E) There is no regular or systematic link that can be discerned from the data.

Answer: <https://biology-forums.com/index.php?topic=316127>

### Question 984

Cooperation among different people can occur

- A) even if most people know nothing about one another.
- B) only if at least 10% of the people know one another personally.
- C) only if the majority of people know one another personally.
- D) only if everybody knows one another personally.

Answer: <https://biology-forums.com/index.php?topic=311157>

### Question 985

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if the price of synthetic textiles declines?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313144>

### Question 986

If employers were required by law to increase the wages paid to secretaries by 40 percent, which consequence could we most confidently predict?

- A) More secretaries would be employed.
- B) Secretaries would begin to earn more than they are worth to their employers.
- C) The marginal value of secretaries would increase by about 40 percent.
- D) The total amount of wages paid to secretaries would decrease.
- E) The total amount of wages paid to secretaries would increase.

Answer: <https://biology-forums.com/index.php?topic=315667>

### Question 987

An increase in the demand for a good will tend to bid up the cost of acquiring the good more

- A) if suppliers respond by quickly making larger quantities available.
- B) if the cost of transferring resources out of other uses into production are low.
- C) in the short run than in the long run.
- D) if the supply curve is highly elastic.

Answer: <https://biology-forums.com/index.php?topic=313788>

### Question 988

When a commercial bank lends \$1000 to a customer, and the loan proceeds are spent by the customer, the legal reserves of the banking system

- A) decline by \$1000.
- B) do not change unless the loan proceeds are withdrawn in currency.
- C) rise by \$1000.
- D) rise by more than \$1000 because spending increases nominal GDP.

Answer: <https://biology-forums.com/index.php?topic=316436>

### Question 989

The alternative to the use of money by the members of a society is

- A) barter.
- B) borrowing.
- C) division of labor.
- D) from each according to ability, to each according to need.
- E) payment by check.

Answer: <https://biology-forums.com/index.php?topic=316287>

### Question 990

Direct controls imposing identical emission limits on all polluters are

- A) efficient if emissions can be accurately monitored, which is seldom possible.
- B) equitable because all polluters bear equal costs.
- C) likely to require a great deal of high-cost pollution reduction.
- D) more efficient and equitable than a system of fines because fines matter less to large than to small polluters.

Answer: <https://biology-forums.com/index.php?topic=315013>

### Question 991

When the Fed sells bonds on a mass scale

- A) bonds go to the Fed, and dollars go into the banking system, so the money supply tends to rise.
- B) bonds go to the Fed, and dollars exit the banking system, so the money supply tends to fall.
- C) banks have fewer bonds and more dollars, so the money supply tends to rise.
- D) banks have more bonds and fewer dollars, so the money supply tends to fall.

Answer: <https://biology-forums.com/index.php?topic=316554>

### Question 992

- If the price of sandals is fixed by law below the market-clearing price,
- A) a surplus of sandals will result.
  - B) sandal inventories at shoe stores will be smaller.
  - C) sandal sellers will spend more on advertising.
  - D) the quantity of sandals demanded will be greater than the quantity supplied.
  - E) the quantity of sandals demanded will be less than the quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=313668>

### Question 993

- According to economic theory, the democratic political processes tend to produce
- A) unstable aggregate demand policies with a bias toward expansion.
  - B) unstable aggregate demand policies with a bias toward contraction.
  - C) stable aggregate demand policies, but only if economists are elected to office.
  - D) stable aggregate demand policies that are in the best interests of the nation as a whole.
  - E) economic policies that harm everybody.

Answer: <https://biology-forums.com/index.php?topic=316867>

### Question 994

- According to your authors, the "boom-bust" cycle is primarily caused by
- A) government tax and spend policies.
  - B) an artificial lowering of interest rates through expansionary monetary policy.
  - C) waves of irrational optimism and pessimism in the business community.
  - D) a clash of interests among capitalists and laborers.

Answer: <https://biology-forums.com/index.php?topic=316714>

### Question 995

- Suppose the price of home heating oil is unchanged, yet we observe people purchasing 20% more than a year ago. Then
- A) the demand for home heating oil has increased.
  - B) the demand for home heating oil has decreased.
  - C) the demand for home heating oil has remained unchanged—only quantity demanded changed.
  - D) the law of demand has been proven false.

Answer: <https://biology-forums.com/index.php?topic=311993>

### Question 996

- Cartels tend to break down unless they can obtain government assistance because cartel members will typically try to
- A) charge higher prices than the prices agreed upon.
  - B) include sunk costs in their prices.
  - C) lower their costs below the agreed-upon levels.
  - D) sell more than their quotas.
  - E) do all of the above.

Answer: <https://biology-forums.com/index.php?topic=314719>

### Question 997

- From the price-setter's point of view, the appropriate cost of a good is
- A) the inventory cost.
  - B) the marginal cost.
  - C) the sunk cost.
  - D) the wholesale cost.

Answer: <https://biology-forums.com/index.php?topic=314586>

### Question 998

- A price support on milk is not in the interest of milk drinkers, so why do elected public officials successfully implement milk price supports?
- A) Milk price supports are in the public interest.
  - B) A small number of households (dairy farmers) gain a great deal, while the costs of the support program is spread among millions of other (milk drinking) households.
  - C) Dairy farmers are selfish.
  - D) Milk drinkers are generally unselfish.

Answer: <https://biology-forums.com/index.php?topic=315511>

### Question 999

Who among the following is speculating?

- A) The economics department that offers its first online principles course
- B) The bookstore that buys back the Math 101 textbooks without confirmation that the department definitely plans to adopt it again next semester
- C) The resident hall advisor who purchases party favors for the end-of-semester bash
- D) All of the above.
- E) B and C above.

Answer: <https://biology-forums.com/index.php?topic=314066>

### Question 1000

The concept of private property is

- A) a legal absolute.
- B) a matter of degree.
- C) a moral absolute.
- D) an invention of economists.

Answer: <https://biology-forums.com/index.php?topic=314974>

### Question 1001

A positive externality clearly occurs when

- A) a person behaves in the public interest.
- B) a person's action unintentionally benefits other people.
- C) a person behaves only with courtesy and social grace.
- D) a person couldn't care less about anybody else.

Answer: <https://biology-forums.com/index.php?topic=314905>

### Question 1002

If the quantity demanded changes proportionately the same as price, demand is said to be

- A) vertical.
- B) elastic.
- C) unit elastic
- D) inelastic.

Answer: <https://biology-forums.com/index.php?topic=312194>

### Question 1003

If land suitable for growing corn is also suitable for growing soybeans, and soybeans were found to prevent cancer,

- A) the demand for corn would decrease.
- B) there would be no effect on the cost of growing corn.
- C) the supply (curve) of soybeans would increase.
- D) the cost of growing corn would rise.
- E) the cost of growing corn would fall.

Answer: <https://biology-forums.com/index.php?topic=312473>

### Question 1004

Which of the following strategies does your text suggest would allow a poorer nation to "catch up" to richer nations?

- A) Unionization
- B) Higher minimum wages
- C) Lower interest rates
- D) Adoption of advanced technology
- E) Minimizing imports and maximizing exports

Answer: <https://biology-forums.com/index.php?topic=316996>

### Question 1005

Which sum of money most adequately represents the value someone places on the works of Shakespeare? The sum they would be willing to pay to

- A) purchase a set of Shakespeare's complete works.
- B) purchase a set of Shakespeare's complete works if they did not already own a set.
- C) purchase a set of Shakespeare's complete works if they did not have ready access to a set.
- D) purchase a set of Shakespeare's complete works if they had no other way to obtain access to the complete works.
- E) purchase a set of Shakespeare's complete works if they had no other way to obtain copies of any of them to read.

Answer: <https://biology-forums.com/index.php?topic=312704>

### Question 1006

According to your authors, entrepreneurial innovation is similar to arbitrage because both activities ultimately involve

- A) obtaining inputs at relatively high prices and selling the output at lower prices.
- B) obtaining inputs at relatively low prices and selling the output at higher prices.
- C) the absence of uncertainty.
- D) the presence of perfect and complete information.

Answer: <https://biology-forums.com/index.php?topic=313987>

### Question 1007

The economic way of thinking should be thought of as

- A) a hypothesis.
- B) a parable.
- C) a set of conclusions.
- D) an approach.
- E) a statistical procedure.

Answer: <https://biology-forums.com/index.php?topic=311182>

### Question 1008

It is difficult for competent authorities to agree on the best definition of the money stock because money is composed primarily of the liquid liabilities of financial institutions

- A) and liquidity implies the absence of certainty.
- B) of which there are many different kinds whose relative liquidity is continually changing.
- C) on which we simply have no reliable data.
- D) whose solvency is highly questionable.

Answer: <https://biology-forums.com/index.php?topic=316430>

### Question 1009

In most economies, resources are allocated by

- A) a central planning board.
- B) a dictator.
- C) the combined and decentralized actions of millions of people.
- D) the majority's will.

Answer: <https://biology-forums.com/index.php?topic=311245>

### Question 1010

When we look at a production possibilities curve, the opportunity cost can be understood as

- A) The point of maximum production of one good
- B) The amount of the other good that must be given up for one more unit of production
- C) The total cost of producing the good
- D) The price people will pay for the additional amount produced

Answer: <https://biology-forums.com/index.php?topic=311508>

### Question 1011

Economic theory assumes citizens vote

- A) in total ignorance of each issue.
- B) in their own interest.
- C) in the public interest.
- D) by systematically discounting their long-run interests.

Answer: <https://biology-forums.com/index.php?topic=315441>

### Question 1012

The economic way of thinking views government as a social institution

- A) in which people do not compete.
- B) in which the public interest has priority over private interests.
- C) whose actions are controlled by the will of the majority.
- D) whose actions are determined by individuals' perceptions of their self-interest.

Answer: <https://biology-forums.com/index.php?topic=315292>

### Question 1013

When the price of a good spikes dramatically, the information conveyed in the market demonstrates that

- A) greed has increased among the suppliers.
- B) greed has increased among the demanders.
- C) the good has become more scarce than before.
- D) the good has become less scarce than before.

Answer: <https://biology-forums.com/index.php?topic=313433>

### Question 1014

Which of the following is clearly being sold below cost?

- A) 2-for-the-price-of-one theatre tickets
- B) Senior-citizens discounts on meals at the local diner
- C) The free software included in the purchase of a new personal computer
- D) The magazine subscription offering 30% off the regular newsstand price
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314884>

### Question 1015

A "normal good" is defined as any good in which

- A) a rise in its price will reduce quantity demanded.
- B) a fall in its price will increase quantity demanded.
- C) a rise in income will increase overall demand.
- D) a fall in income will increase overall demand.

Answer: <https://biology-forums.com/index.php?topic=312038>

### Question 1016

Consider the following simplified sequence of exchanges. A logger sells an oak tree to a sawmill owner for \$60. The sawmill mills it, and sells the boards to a woodworker for \$80. The woodworker makes an oak bookcase out of the boards, and sells it to a retailer for \$300. The retailer then sells you the bookcase for \$500. What is the total value added?

- A) \$200
- B) \$300
- C) \$440
- D) \$500
- E) \$940

Answer: <https://biology-forums.com/index.php?topic=315852>

### Question 1017

According to your authors, market clearing

- A) is planned by all buyers.
- B) is planned by all sellers.
- C) is planned by all buyers and sellers.
- D) is planned by economists and government agencies.
- E) is an unintended consequence of people pursuing their own plans.

Answer: <https://biology-forums.com/index.php?topic=313076>

### Question 1018

To describe recessions as a "cluster of errors" in the economy means

- A) markets never clear, even in the best of times.
- B) something has caused people to systematically misread the signals provided by the market process.
- C) the laws of supply and demand have failed to work.
- D) monopolies force people out of work.

Answer: <https://biology-forums.com/index.php?topic=316696>

### Question 1019

When technology advances, supply

- A) increases, which is represented by a leftward shift in the supply curve.
- B) increases, which is represented by a rightward shift in the supply curve.
- C) decreases, which is represented by a rightward shift in the supply curve.
- D) decreases, which is represented by a leftward shift in the supply curve.

E) remains the same; only quantity supplied changes.

Answer: <https://biology-forums.com/index.php?topic=312802>

### Question 1020

According to the law of demand, consumers will

- A) change their production plans when the price of a good changes.
- B) change their consumption plans when the price of a good changes.
- C) change their demand when the price of a good changes.
- D) increase their quantity demanded when the price of a good increases.
- E) decrease their quantity demanded when the price of a good decreases.

Answer: <https://biology-forums.com/index.php?topic=312954>

### Question 1021

Your textbook asserts that the federal government's \$787 billion stimulus plan, launched in 2009,

- A) failed to stimulate the economy out of the Great Recession.
- B) was followed by growing unemployment.
- C) stifled the corrective process of the previous cluster of errors during the housing bubble.
- D) favored well-organized interests.
- E) led to all of the above.

Answer: <https://biology-forums.com/index.php?topic=316915>

### Question 1022

Which combination is a clear example of "joint products"?

- A) Pine paneling and cherry wood
- B) Cherry wood and cherries
- C) Cherries and apples
- D) Apples and crackers

Answer: <https://biology-forums.com/index.php?topic=314851>

### Question 1023

Which of the following would not shift the supply curve?

- A) A rise in the expected future price of the good
- B) A fall in the costs of production of the good
- C) A fall in the price of the good
- D) A negative supply shock that destroys a portion of output

Answer: <https://biology-forums.com/index.php?topic=312781>

### Question 1024

Suppose a study finds most pot-smokers drank milk as young children. If we reach the conclusion that because most pot smokers "started" on milk, milk drinking "leads" to pot-smoking (at least among certain susceptible groups of milk users), we are most likely

- A) engaging in correct analysis.
- B) confusing statistical correlation with causation.
- C) following the axioms of selfish interests.
- D) assuming people really do not know what is in their own interests.

Answer: <https://biology-forums.com/index.php?topic=311227>

### Question 1025

This month Jones bought \$10 of fresh hops for making home-brewed lager. In principle, what happens to GDP?

- A) Nothing, because it involves the production of homemade beer.
- B) Nothing, because the hops are an intermediate good.
- C) GDP increases by \$10.
- D) GDP increases by \$10 as long as Jones is satisfied with the final product.

Answer: <https://biology-forums.com/index.php?topic=315886>

### Question 1026

Which good most likely has the lowest elasticity of demand?

- A) Macintosh computers
- B) Toothpicks
- C) Chemotherapy treatment
- D) Sirloin steaks



E) VCR players

Answer: <https://biology-forums.com/index.php?topic=312293>

### Question 1027

According to your textbook authors, the growth rates in sub-Saharan Africa (excluding South Africa) have been plagued

- A) exclusively by economic problems.
- B) exclusively by political problems.
- C) by meteorological and geographical problems.
- D) by purchasing power parity problems.

Answer: <https://biology-forums.com/index.php?topic=317080>

### Question 1028

According to your authors, the "Great Recession" that began in 2008 is evidence of

- A) an unstable free market system.
- B) rampant greed among entrepreneurs.
- C) a cluster or accumulation of errors.
- D) antagonistic interests among the propertied and nonpropertied classes.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316725>

### Question 1029

Other things constant, which of the following would tend to decrease the demand for Disney World vacations?

- A) A rise in the price of Hawaiian vacations (a substitute for Disney World)
- B) A rise in income, if Disney World vacationing is a inferior good
- C) A fall in the price of air travel (a complementary good)
- D) New information that Disney World will raise its prices after this summer
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312079>

### Question 1030

The economic way of thinking assumes individuals

- A) are irrational.
- B) are only concerned with "number one" (i.e., themselves).
- C) try to advance their own projects.
- D) cannot possibly behave in the interests of others.

Answer: <https://biology-forums.com/index.php?topic=315247>

### Question 1031

Fill in the blanks: Comparatively speaking, buildings are more likely to be physically \_\_\_\_\_ in regions where land prices are relatively \_\_\_\_\_.

- A) taller; low
- B) shorter; high
- C) taller; high
- D) shorter; stable

Answer: <https://biology-forums.com/index.php?topic=313737>

### Question 1032

Roughly how large is the difference between U.S. GDP and U.S. GNP?

- A) Less than 0.1%
- B) About 10%
- C) About 20%
- D) About 25%
- E) About 55%

Answer: <https://biology-forums.com/index.php?topic=315825>

### Question 1033

Consider a tragic and heart-wrenching case in which a cancer patient is told he needs chemotherapy in order to live three more years at best, but the patient's final three years will be filled with all the terrible side-effects of the treatment. Without it, he will surely die within a year, but his quality of life would be a better. Suppose he chooses to quit chemotherapy. The economic way of thinking would therefore conclude

- A) the patient made the wrong choice.
- B) the doctors were absolutely right—the patient needs chemotherapy.

- C) it is better to live longer than it is to die sooner.
- D) all of the above are true.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311876>

### Question 1034

The members of a society can assign tasks according to ability and distribute benefits in accordance with need only

- A) if the government controls the economy.
- B) if they have a workable procedure for assessing abilities and needs.
- C) in a socialist or, more likely, a communist society.
- D) when there are enough of them to assure competent performance of all necessary tasks.
- E) when they are committed to equity as well as efficiency.

Answer: <https://biology-forums.com/index.php?topic=313305>

### Question 1035

When ticket scalpers buy up hundreds of Chicago Cubs tickets the day tickets go on sale, they are

- A) behaving unethically.
- B) hoping to buy high and sell low.
- C) hoping to buy low and sell high.
- D) ruining it for everyone else.

Answer: <https://biology-forums.com/index.php?topic=313979>

### Question 1036

One major consequence of the federal government's deregulation of the trucking industry was

- A) a sudden and large financial loss for owners of trucking firms.
- B) fewer jobs for truck drivers.
- C) higher prices paid by shippers.
- D) less competition for railroads and barge lines.
- E) predatory pricing in the trucking industry.

Answer: <https://biology-forums.com/index.php?topic=314679>

### Question 1037

Suppose a whiskey maker advertises its whiskey as follows: "Whiskey that tastes expensive and is expensive." The manufacturer is assuming some customers who buy whiskey

- A) have a perfectly inelastic demand for whiskey.
- B) have a relatively inelastic demand for whiskey.
- C) want to impress their friends or associates.
- D) will ignore the law of demand.
- E) will purchase more at higher than at lower prices.

Answer: <https://biology-forums.com/index.php?topic=312146>

### Question 1038

There is a potential for banks to create money when they

- A) lend out their excess reserves.
- B) fail to lend out their excess reserves.
- C) hold more of their customer deposits as vault cash.
- D) hold all of their customer deposits as vault cash.

Answer: <https://biology-forums.com/index.php?topic=316495>

### Question 1039

Predatory pricing, as defined in the text, is

- A) common and profitable but illegal.
- B) common, profitable, and legal.
- C) common but both unprofitable and illegal.
- D) common and legal but unprofitable.
- E) rarely observed though often alleged.

Answer: <https://biology-forums.com/index.php?topic=314691>

### Question 1040

A business cost is always

- A) a sunk cost.
- B) a marginal cost.
- C) a consequence of managerial decisions.
- D) measurable if we use sophisticated accounting techniques.

Answer: <https://biology-forums.com/index.php?topic=314842>

### Question 1041

From the economic point of view, what does a professor who posts her syllabus on the Internet and a restaurant that posts its menu outside have in common?

- A) They are attempting to exploit others.
- B) They are reducing competition.
- C) They are expanding the range of opportunities available to others.
- D) They are solely in it for the money.

Answer: <https://biology-forums.com/index.php?topic=311786>

### Question 1042

Why might private investment in poor countries, rather than aid by foreign governments and international agencies, contribute more effectively to economic growth?

- A) Private investment is more consistent with central economic planning.
- B) Technical assistance is often part of the private investment package.
- C) Private investment is always selfish.
- D) Private investors are smarter and more street-wise than public authorities.

Answer: <https://biology-forums.com/index.php?topic=317020>

### Question 1043

Suppose coffee prices, gasoline prices, and concert ticket prices are all sharply higher this year compared to last year. The economy is experiencing

- A) disinflation.
- B) deflation.
- C) inflation.
- D) possibly A, B, or C above.

Answer: <https://biology-forums.com/index.php?topic=316054>

### Question 1044

According to your text, when people talk about "the economy", they probably have in mind

- A) the stock market.
- B) commercial society in general.
- C) the marriage market.
- D) black markets.

Answer: <https://biology-forums.com/index.php?topic=311247>

### Question 1045

When the plans of buyers and sellers are fully coordinated

- A) the market clears.
- B) there is neither a shortage nor surplus of a good.
- C) quantity demanded equals quantity supplied.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=312997>

### Question 1046

Governments usually provide national defense from tax funds because

- A) everyone wants national defense.
- B) national defense benefits everyone.
- C) more security is better than less.
- D) it is hard to supply national defense exclusively to the people who willingly pay for it.

Answer: <https://biology-forums.com/index.php?topic=315499>

### Question 1047

Bongo plays drums in his parents' garage after school. What can we be sure of?

- A) Bongo's drumming imposes negative externalities on others.
- B) Bongo's drumming delivers positive externalities to others.

- C) Bongo expects to benefit while drumming.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314926>

### Question 1048

Income accrues to people who supply productive services, which means services that

- A) add to the monetary income of the society.
- B) are in demand.
- C) contribute to social welfare.
- D) result in tangible or durable products.
- E) supply basic wants.

Answer: <https://biology-forums.com/index.php?topic=315566>

### Question 1049

Which of the following is a prerequisite for sustainable economic growth?

- A) Private foreign investment
- B) A literate populace
- C) Aid provided by international agencies
- D) An easy monetary policy
- E) An abundance of natural resources

Answer: <https://biology-forums.com/index.php?topic=317032>

### Question 1050

The schedule of tolls capable of maximizing the net revenue of a bridge owner

- A) has no relationship to the cost of constructing the bridge.
- B) is the highest anyone will pay rather than forgo the opportunity to cross the bridge.
- C) varies proportionately to the cost of constructing the bridge.
- D) will be higher than the corresponding tolls for a tunnel, because tunnel construction costs must be sunk rather than elevated.

Answer: <https://biology-forums.com/index.php?topic=315202>

### Question 1051

Roughly what is the required reserve ratio within the U.S. banking system?

- A) Less than 10 percent.
- B) 15%
- C) 25%
- D) 50%
- E) 90%

Answer: <https://biology-forums.com/index.php?topic=316475>

### Question 1052

"Loss" is another word for

- A) profit.
- B) negative profit.
- C) cost.
- D) exploitation.

Answer: <https://biology-forums.com/index.php?topic=313922>

### Question 1053

If one is producing well within a production possibilities frontier, they are

- A) using resources to the best of their ability.
- B) using resources at the lowest opportunity cost.
- C) using resources in an inefficient way.
- D) using resources in a way that maximizes their comparative advantage.

Answer: <https://biology-forums.com/index.php?topic=311526>

### Question 1054

The cost-plus-markup theory of price setting

- A) explains most prices but not all.
- B) explains why firms can't raise their prices until their costs rise.
- C) explains why percentage markups are so similar from firm to firm and industry to industry.

- D) does all of the above.
- E) does none of the above.

Answer: <https://biology-forums.com/index.php?topic=314200>

### Question 1055

Assuming everyone wants to advance their interests in an effective way is an assumption of

- A) capitalism.
- B) economic theory.
- C) government.
- D) selfishness.

Answer: <https://biology-forums.com/index.php?topic=315223>

### Question 1056

If market prices help inform individuals about the relative scarcities of goods and services, then abolishing market prices would

- A) finally allow people to overcome scarcity.
- B) eliminate important information.
- C) abolish the dog-eat-dog mentality of market competition.
- D) tend to create permanent surpluses of most goods.
- E) accomplish all of the above.

Answer: <https://biology-forums.com/index.php?topic=313279>

### Question 1057

Which one of the following twentieth-century nations eliminated the problem of scarcity?

- A) Socialist Cuba
- B) Socialist China
- C) Fascist Italy
- D) The United States of America
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311031>

### Question 1058

In the real world, how many people does it take to make a light bulb?

- A) About five. One person will make the bulb, and four will watch over the person doing the work.
- B) Between ten and twenty
- C) Less than forty
- D) Millions

Answer: <https://biology-forums.com/index.php?topic=312916>

### Question 1059

Suppose the market-clearing wage for pizza delivery workers is \$7.00 per hour, but a \$10.00 per hour minimum wage is enacted. Other things constant, the higher minimum wage tends to

- A) increase the supply of pizza delivery workers.
- B) decrease the quantity demanded of pizza delivery workers.
- C) create a shortage of pizza delivery workers.
- D) accomplish all of the above.
- E) accomplish none of the above.

Answer: <https://biology-forums.com/index.php?topic=313573>

### Question 1060

Rent controls carry long-run unintended consequences, such as

- A) a fairer price for people who can't afford market-determined rents.
- B) improved quality of apartment units.
- C) fewer apartment units as landlords seek substitute uses of their property.
- D) an increase in rental price competition among landlords.

Answer: <https://biology-forums.com/index.php?topic=313501>

### Question 1061

GDP is a measure of

- A) the total happiness of the nation.
- B) the total material well-being of a nation.

- C) the total expenditures on newly-produced final goods and services.
- D) the difference between the total market value and the total cost of final goods and services.

Answer: <https://biology-forums.com/index.php?topic=315790>

### Question 1062

If competing price searchers adjust their own prices on the basis of a close monitoring of their rival's prices,

- A) all prices will tend to be the same, which proves prices are not competitive.
- B) all prices will tend to be the same, which proves sellers are not competing on price.
- C) each price searcher's demand curve will be indeterminate.
- D) prices will fluctuate regularly.
- E) prices will rise when costs increase but will not fall when costs decrease.

Answer: <https://biology-forums.com/index.php?topic=314559>

### Question 1063

If the price of gasoline rose 50% during a period in which the general price level rose 100%, economic theory would predict

- A) a decline in the quantity of gasoline demanded.
- B) an increase in the quantity of gasoline demanded.
- C) a decrease in the demand for gasoline.
- D) an increase in the supply of gasoline.
- E) less driving by motorists.

Answer: <https://biology-forums.com/index.php?topic=312118>

### Question 1064

Suppose a terrorist group bombs a federal building, causing \$ 1 million in expenditures on new construction and healthcare for the victims. The new expenditures

- A) would be subtracted from the gross domestic product account.
- B) would be added to the gross domestic product account.
- C) would be added to the gross domestic product account and subtracted from the national income account.
- D) would impact GDP in none of the above ways.

Answer: <https://biology-forums.com/index.php?topic=315900>

### Question 1065

Which explains why supply curves slope upward to the right?

- A) Sunk costs
- B) Decreasing average costs
- C) Increasing marginal costs
- D) Multiple per-unit costs

Answer: <https://biology-forums.com/index.php?topic=312739>

### Question 1066

If there is a shortage of gasoline, then

- A) the purchase plans of buyers are not being fully achieved.
- B) buyers will tend to compete amongst themselves for more gasoline.
- C) the price of gasoline will tend to rise.
- D) all the above are true.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313046>

### Question 1067

Which of the following clearly restricts the competitive market process?

- A) Price searching behavior
- B) Price taking behavior
- C) Predatory pricing
- D) Cost-plus-markup pricing
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314797>

### Question 1068

Accountants define profit as "total revenue minus total cost,"

- A) and so do economists.

- B) but economists define profit as net revenue minus total cost.
- C) but economists define profit as net cost minus total revenue.
- D) but economists define profit as total cost minus total revenue.
- E) but economists have long abandoned the concept of profit.

Answer: <https://biology-forums.com/index.php?topic=313865>

### Question 1069

Fill in the blanks: While the Economic Freedom Index demonstrates a strong \_\_\_\_\_ correlation between economic freedom and per capita GDP, the economic way of thinking provides the \_\_\_\_\_.

- A) negative; explanation
- B) positive; explanation
- C) negative; data
- D) positive; data

Answer: <https://biology-forums.com/index.php?topic=317118>

### Question 1070

Which of the following might make it inefficient for a farmer to continue growing crops on a particular piece of farmland?

- A) A fall in crop prices
- B) A rise in the price developers are willing to pay for the land
- C) Erosion of the top soil
- D) Rezoning of the land by the county government
- E) Any of the above could do it.

Answer: <https://biology-forums.com/index.php?topic=311437>

### Question 1071

Regular and organic vegetables are substitutes. A rise in the price of organic vegetables, other things constant, would tend to

- A) reduce the demand for regular vegetables.
- B) increase the demand for regular vegetables.
- C) have no effect on the demand for regular vegetables.
- D) have no effect on the quantity demanded of organic vegetables.

Answer: <https://biology-forums.com/index.php?topic=312097>

### Question 1072

Fill in the blank: Demanded services are \_\_\_\_\_ services.

- A) instructive
- B) deductive
- C) productive
- D) inductive

Answer: <https://biology-forums.com/index.php?topic=315536>

### Question 1073

Pursuing comparative advantage means

- A) adding up the plusses and minuses after a transaction.
- B) doing it to the other person first.
- C) making equal, fair exchanges for equally valued goods or services.
- D) sacrificing something less valuable for the sake of something more valuable.
- E) seeking relative status rather than absolute welfare.

Answer: <https://biology-forums.com/index.php?topic=311559>

### Question 1074

Which of the following clearly restricts competition?

- A) A government policy restricting entry into the market
- B) A government policy that reduces tariffs on foreign imports
- C) A business sets price below cost.
- D) A business sets price above cost.
- E) Any business pricing scheme that successfully draws customers away from its rivals

Answer: <https://biology-forums.com/index.php?topic=314788>

### Question 1075

If the market clearing price of computer tablets rises from \$400 to \$600, and the market clearing output increases from 5 million to 7 million units,



- A) demand decreased and supply remained unchanged.
- B) supply increased and demand remained unchanged.
- C) demand increased and supply remained unchanged.
- D) supply decreased and demand remained unchanged.

Answer: <https://biology-forums.com/index.php?topic=313127>

### Question 1076

- Adjudication reduces problems created by negative externalities by
- A) assigning liability to the party most able to pay (the deep pocket).
  - B) balancing marginal social benefits against marginal social costs.
  - C) discovering who has what rights.
  - D) making more accurate private benefit-cost analyses.
  - E) measuring externalities more precisely.

Answer: <https://biology-forums.com/index.php?topic=315059>

### Question 1077

- According to your authors, a recessionary "bust" is
- A) an inherent part of any market economy.
  - B) a correction of the mistakes generated during the prior expansionary "boom."
  - C) an event that can be successfully recovered through fiscal "stimulus" policies.
  - D) identified by a rise in real GDP.

Answer: <https://biology-forums.com/index.php?topic=316711>

### Question 1078

- Fill in the blank: Producers will compare \_\_\_\_\_ benefits to \_\_\_\_\_ costs when considering how much output to produce.
- A) average; additional
  - B) additional; additional
  - C) additional; average
  - D) average; average

Answer: <https://biology-forums.com/index.php?topic=312724>

### Question 1079

- Price discrimination by sellers is usually observed only in situations where
- A) low-price customers can easily resell to high-price customers.
  - B) prices are set by competing monopolies.
  - C) sellers are bigots.
  - D) sellers can effectively identify customers by their demand for the product.

Answer: <https://biology-forums.com/index.php?topic=314405>

### Question 1080

- Which is essential to economic growth, whether in Latin America, sub-Saharan Africa, Asia, Europe, or North America?
- A) Limits on the use of non-renewable resources
  - B) International aid
  - C) The rule of law
  - D) An effective system of trade tariffs and quotas
  - E) The evolution of a single world currency

Answer: <https://biology-forums.com/index.php?topic=317091>

### Question 1081

- The supply curve of a good is highly elastic when
- A) additional resources can be attracted into its production by the prospect of a slightly higher reward.
  - B) its marginal supply cost is highly sensitive to changes in demand.
  - C) marginal cost is very low.
  - D) marginal cost rises steeply as the quantity supplied increases.
  - E) the demand for the good is greater than the supply.

Answer: <https://biology-forums.com/index.php?topic=312848>

### Question 1082

- When inflation occurs,
- A) everyone (or almost everyone) is made worse off.

- B) only wealthy people can maintain their previous consumption levels.
- C) the cost of living rises.
- D) the prices of all goods rise in equal proportions.
- E) the purchasing power of money declines.

Answer: <https://biology-forums.com/index.php?topic=312365>

### Question 1083

Dolly Varden is not employed. She is also not unemployed. How can that be?

- A) It can't. Dolly must be either employed or unemployed.
- B) Dolly must be over 65 years old.
- C) Dolly must not be actively searching for a job.
- D) Dolly must be a discouraged worker.

Answer: <https://biology-forums.com/index.php?topic=316157>

### Question 1084

Consumers are often somewhat insensitive to changes in the price of table salt because

- A) the proportion of their budget spent on salt is very low.
- B) there are a considerable number of good substitutes for salt, in their opinion.
- C) they are not used to changes in the price of salt.
- D) salt is a necessity for a complete dining experience.
- E) all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=312299>

### Question 1085

Many middle-to-older-aged men now claim they "need" Viagra (the male impotency wonder drug) for an enjoyable sex life. The economic way of thinking predicts

- A) more men would be likely to claim they need Viagra if the price per pill were much lower (say two cents each) compared to the current price.
- B) fewer men would be likely to claim they need Viagra if the price per pill were much higher (say, two hundred dollars each) compared to the current price.
- C) other things constant, more prescriptions would be written if the price of Viagra falls significantly.
- D) other things constant, fewer prescriptions would be written if the price of Viagra rises significantly.
- E) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311885>

### Question 1086

From which of the following goods is it most difficult to exclude free riders?

- A) Afternoon swimming lessons at the YMCA
- B) The St. Patrick's Day Parade in Boston
- C) Bungy jumping at the state fair grounds
- D) Grandstand seating at the Daytona 500

Answer: <https://biology-forums.com/index.php?topic=315358>

### Question 1087

If the university administration plans to cut tuition charges in the hope of attracting more students and thereby increasing tuition revenues, we know

- A) they are assuming an elastic demand.
- B) they are assuming an inelastic demand.
- C) they cannot succeed because of the law of demand.
- D) they must be running in the red.
- E) they will only succeed if more students can be enrolled at no cost.

Answer: <https://biology-forums.com/index.php?topic=312353>

### Question 1088

Suppose the market-clearing price of wheat is \$2.50 per bushel. What would happen if wheat farmers persuaded the government to set a legally-mandated price support of \$3.75 per bushel?

- A) A shortage of wheat would occur.
- B) The demand for wheat would fall.
- C) The supply of wheat would rise.
- D) The government would have to purchase any surplus wheat to maintain the price support.

Answer: <https://biology-forums.com/index.php?topic=313635>

### Question 1089

U.S. census data suggests that

- A) income inequality has been increasing since 1980.
- B) income inequality has been decreasing since 1980.
- C) income inequality was nonexistent in the 1990s.
- D) the percentage of families living below the poverty line has surged since the 1980s.

Answer: <https://biology-forums.com/index.php?topic=315692>

### Question 1090

For Adam Smith, commercial society is characterized by

- A) private property rights.
- B) specialization in production.
- C) voluntary exchange.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311550>

### Question 1091

If wheat farmers would receive a larger gross income from wheat sales when half the total wheat crop was destroyed, the demand for their wheat is

- A) elastic.
- B) inelastic.
- C) larger at higher prices.
- D) smaller at higher prices.
- E) unit elastic.

Answer: <https://biology-forums.com/index.php?topic=312346>

### Question 1092

People obtain their money incomes basically by

- A) chance.
- B) hard work.
- C) inheritance.
- D) supplying something for which others are willing to pay.

Answer: <https://biology-forums.com/index.php?topic=315569>

### Question 1093

Do policies that alter the distribution of income also entail a change in property rights?

- A) It is impossible to tell because of the uncertainty such policies create.
- B) Not if they are confined to changing relative prices.
- C) Not if they redistribute income without confiscating anyone's wealth.
- D) They do so necessarily.

Answer: <https://biology-forums.com/index.php?topic=315757>

### Question 1094

Since few Americans would ever be willing to pay more for a sandwich than for a pair of jeans,

- A) for most Americans clothing is more important than food.
- B) for most Americans clothing is more valuable than food.
- C) for most Americans clothing has more monetary value than food.
- D) most Americans derive their values from the culture rather than biological necessities.
- E) most Americans have little difficulty obtaining enough to eat.

Answer: <https://biology-forums.com/index.php?topic=311927>

### Question 1095

It may be misleading to call water a necessity because

- A) the amount of water a community consumes does not vary with the price people must pay for water.
- B) the demand for water does not obey the law of demand.
- C) the demand for water is highly elastic.
- D) the demand for water is highly inelastic.
- E) there are many uses of water for which good substitutes exist.

Answer: <https://biology-forums.com/index.php?topic=311903>

### Question 1096

- "Opportunity cost" is
- A) any lost opportunity.
  - B) the next-best opportunity one sacrifices when making a choice.
  - C) equal to the ratio between an opportunity gained and an opportunity sacrificed.
  - D) measured only by monetary payments for a scarce good or service.

Answer: <https://biology-forums.com/index.php?topic=311467>

### Question 1097

Another term for negative externalities is

- A) bad vibrations.
- B) non-marginal costs.
- C) spillover costs.
- D) sunk costs.
- E) surplus product.

Answer: <https://biology-forums.com/index.php?topic=314893>

### Question 1098

We can experience a shortage of any good or service if

- A) the price of using it is too high.
- B) the price of using it is too low.
- C) people demand more than they need.
- D) if people need more than they demand.

Answer: <https://biology-forums.com/index.php?topic=315208>

### Question 1099

Competitive offers to buy and sell resources establish money prices, which reflect relative scarcities

- A) in all economic systems.
- B) in any economic system where efficiency is important.
- C) only when there are no sunk costs to be recovered.
- D) when resources are privately owned.

Answer: <https://biology-forums.com/index.php?topic=312856>

### Question 1100

Fill in the blanks: Other things constant, a \_\_\_\_\_ price \_\_\_\_\_ quantity demanded.

- A) higher; increases
- B) lower; increases
- C) higher; decreases
- D) lower; decreases
- E) both B and C above.

Answer: <https://biology-forums.com/index.php?topic=311945>

### Question 1101

The prediction of permanent, growing shortages of fresh drinking water by the year 2050 assumes

- A) water prices will increase.
- B) water prices will decrease.
- C) water prices will not adjust appropriately to coordinate the market.
- D) nobody will be able to collect water from rain and snowstorms.

Answer: <https://biology-forums.com/index.php?topic=313841>

### Question 1102

In the model of perfect competition,

- A) all firms earn zero economic profit in the long run.
- B) all firms use the lowest-cost technologies.
- C) all firms take the prevailing market price as given.
- D) all participants fully exhaust any potential gains from trade.
- E) all of the above occur.

Answer: <https://biology-forums.com/index.php?topic=314502>

### Question 1103

Which is the true statement?

- A) A society does not need an authoritative central plan to generate order and cooperation.
- B) A society will fall into social chaos without an authoritative central plan.
- C) An economic system can last only if guided by a central economic plan.
- D) Both B and C are true.

Answer: <https://biology-forums.com/index.php?topic=311154>

### Question 1104

When a good suddenly becomes more scarce in a free market, caused by a significant increase in consumer demand, then

- A) it is a clear sign that households have become more greedy.
- B) the price will tend to rise rapidly in light of the greater scarcity.
- C) suppliers will gain in the exchange and buyers will lose.
- D) the law of demand will be contradicted because people will be buying more, not less, at a higher price.
- E) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=313436>

### Question 1105

If the demand for a good is determined to be "elastic," then the elasticity measure

- A) is greater than 1.0.
- B) is equal to 1.0.
- C) is less than 1.0.
- D) is infinite.

Answer: <https://biology-forums.com/index.php?topic=312212>

### Question 1106

When scarce goods are allocated according to some generally known criteria,

- A) no one is discriminated against as long as the criteria are socially and legally accepted.
- B) people will compete to satisfy the criteria.
- C) rationing of scarce goods becomes unnecessary.
- D) surpluses almost inevitably appear.

Answer: <https://biology-forums.com/index.php?topic=313204>

### Question 1107

The marginal cost to a grocer of selling avocados, which would have to be thrown away if they are not sold immediately, is approximately

- A) the overhead cost per avocado sold.
- B) the price of replacing the inventory.
- C) their wholesale purchase price.
- D) zero.

Answer: <https://biology-forums.com/index.php?topic=314331>

### Question 1108

If the government drafts people into the armed forces rather than persuading them to volunteer

- A) it conceals in part the cost to its citizens of obtaining military personnel.
- B) it employs a nondiscriminatory system because everyone drafted incurs the same cost and can be paid the same wage.
- C) it must pay higher wages since many people resent the draft.
- D) it reduces the cost to the nation as a whole of obtaining military personnel.
- E) it tends to obtain people with the lowest opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=312763>

### Question 1109

Higher relative wages for labor tends to

- A) increase the supply of labor.
- B) decrease the demand for labor.
- C) encourage firms to find substitutes, such as automation.
- D) accomplish all of the above.

Answer: <https://biology-forums.com/index.php?topic=313595>

### Question 1110

- We observe a shortage in real life when we see
- A) nonmoney costs of acquiring a good increasing.
  - B) people unable to purchase as much as their situation requires.
  - C) prices falling.
  - D) the amount purchased is less than the amount supplied.

Answer: <https://biology-forums.com/index.php?topic=313228>

### Question 1111

- Which combination of monetary and fiscal policies might policymakers elect to ward off a potential recession?
- A) Fed sale of bonds combined with increased government spending
  - B) Fed sale of bonds combined with decreased government spending
  - C) Fed purchase of bonds combined with increased government spending
  - D) Fed purchase of bonds combined with decreased government spending

Answer: <https://biology-forums.com/index.php?topic=316785>

### Question 1112

- Percentage markups are characteristically lower in supermarkets than in convenience stores because
- A) convenience stores must charge high markups to compensate for low volume.
  - B) marginal revenue is greater in supermarkets than in convenience stores.
  - C) supermarkets are able to operate with a lower percentage return on investment.
  - D) supermarkets can take advantage of quantity discounts.
  - E) the demand curves of customers patronizing supermarkets tend to be more elastic.

Answer: <https://biology-forums.com/index.php?topic=314299>

### Question 1113

- Suppose consumers view the George Foreman Grill and the Weber charcoal grill as close substitutes. Other things constant, a fall in the price of the George Foreman Grill would tend to
- A) increase the demand for the Weber grill.
  - B) increase the demand for the George Foreman Grill.
  - C) decrease the demand for the Weber grill.
  - D) decrease the demand for the George Foreman Grill.

Answer: <https://biology-forums.com/index.php?topic=312014>

### Question 1114

- Unemployment rates were much higher in the 1980s than they were in the 1950s basically because
- A) a higher percentage of the population was in the labor force in the 1980s, but the cost to many of them of being unemployed was much lower than it was in the 1950s.
  - B) automation has eliminated many unskilled jobs.
  - C) fewer jobs are available in the 1980s relative to the population.
  - D) inflation raises unemployment rates.
  - E) recessions have become much more severe since the 1950s.

Answer: <https://biology-forums.com/index.php?topic=316257>

### Question 1115

- What is the error in the following argument? "An increased sales tax on gasoline won't reduce consumption, because while the higher price will at first reduce demand, the reduced demand will eventually bring the price back down again, and consumption will return to its former level."
- A) A higher price doesn't reduce demand.
  - B) A reduced demand does not cause lower prices.
  - C) The tax-induced price increase may be greater than the price reduction due to the lower demand.
  - D) the tax-induced price increase will necessarily be greater than the price reduction due to the lower demand, because demand is never perfectly inelastic.
  - E) The ultimate effect on consumption may be to increase it beyond its original level.

Answer: <https://biology-forums.com/index.php?topic=312137>

### Question 1116

- According to the text, a government policy of promoting competition must
- A) assure small businesses they won't fail because of below-cost pricing or other predatory practices by larger businesses.
  - B) assure small businesses they won't fail under any circumstances.

- C) equate profit margins among competing suppliers.
- D) maintain a process rather than some state of affairs.
- E) work toward making sellers' demand curves completely elastic.

Answer: <https://biology-forums.com/index.php?topic=314654>

### Question 1117

Which of the following is necessary for a market to be deemed "perfectly competitive"?

- A) All firms are price searchers.
- B) All participants enjoy full and complete information.
- C) Sellers produce of different quality, durability, and desirability.
- D) All of the above are necessary.
- E) None of the above are necessary.

Answer: <https://biology-forums.com/index.php?topic=314487>

### Question 1118

Suppose your college sharply raises tuition rates next year. Other things constant, what is the least likely to occur?

- A) The overall demand for courses at your college will fall.
- B) Your college bookstore will sell fewer textbooks.
- C) It will be easier to find parking at your college.
- D) Fewer students will use your college library.

Answer: <https://biology-forums.com/index.php?topic=311975>

### Question 1119

A man who thinks he would save money by driving to work rather than taking the bus, but who nonetheless elects to take the bus because driving in rush-hour traffic frightens him, is

- A) behaving inefficiently.
- B) choosing what is for him the most efficient way to commute.
- C) rejecting economic efficiency for personal reasons.
- D) wasting scarce resources.

Answer: <https://biology-forums.com/index.php?topic=311446>

### Question 1120

Jones and Smith are teaching assistants. Jones can grade 20 essays or 50 problem sets a day, while Smith can grade 20 essays or 10 problem sets a day. Therefore

- A) Smith sacrifices 2 graded essays for every 2 problem sets she grades.
- B) Smith sacrifices 10 graded essays for every 20 problem sets she grades.
- C) Jones sacrifices 2 graded essays for every 5 problem sets he grades.
- D) Both Smith and Jones have a comparative advantage in grading essays.

Answer: <https://biology-forums.com/index.php?topic=311628>

### Question 1121

The amount by which people will increase or decrease their purchases when prices change

- A) is typically greater in the case of luxuries than in the case of necessities.
- B) is typically less for business firms than for households because business firms can more easily borrow to maintain purchasing patterns.
- C) is typically less for business firms than for households because business firms must have certain goods to remain in operation.
- D) tends to be greater over longer periods of time because it takes time to invent and to discover substitutes.
- E) will be approximately zero unless the demand also changes.

Answer: <https://biology-forums.com/index.php?topic=312154>

### Question 1122

Most of the money income that Americans receive annually derives from ownership of

- A) interest-bearing bank accounts.
- B) personal attributes.
- C) political influence.
- D) real estate.
- E) stocks and bonds.

Answer: <https://biology-forums.com/index.php?topic=315577>

### Question 1123

When federal regulations protect birds, such as the spotted owl, lumber prices rise because



- A) there is less supply of available timber.
- B) there is less demand for available timber.
- C) there is more supply of available timber.
- D) there is more demand for available timber.

Answer: <https://biology-forums.com/index.php?topic=312812>

### Question 1124

Suppose early Friday morning the economics club buys 200 donuts at 25 cents each, and plans to sell all of them later in the day on campus for 50 cents each. Only 60 donuts are sold at 50 cents, however, and by early afternoon the club is seen trying to unload the remaining donuts for 10 cents each. What can we conclude?

- A) The club was clearly engaging in predatory pricing of donuts.
- B) The club was clearly selling below cost.
- C) The club clearly misjudged the demand for donuts.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314875>

### Question 1125

The textbook rejects the cost-plus-markup theory of price setting because

- A) business firms do not describe their price-setting procedures as cost-plus procedures.
- B) competitors and monopolists set prices in different ways.
- C) it cannot explain the prices we actually observe.
- D) it ignores the role of government in regulating prices.
- E) no single theory can explain all price-setting.

Answer: <https://biology-forums.com/index.php?topic=314218>

### Question 1126

A business can be operated profitably at a loss for an indefinite period of time

- A) if it is unable to meet all their obligations but able to cover operating costs.
- B) if we neglect the social costs of discriminatory pricing.
- C) for firms that enjoy special legal privileges.
- D) if costs are calculated as marginal opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=314290>

### Question 1127

Tourists in foreign countries are often charged more for hand-made items at tourist shops compared to the local customers. Why?

- A) The tourists are typically less informed than the local customers.
- B) The tourists typically have fewer available alternatives compared to the local customers.
- C) The shop owners can usually identify tourists.
- D) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=314445>

### Question 1128

Suppose most consumers who eat hotdogs also use mustard, a complementary good. If the price of hotdogs rises, which is most likely to happen?

- A) The demand curve for mustard will shift right.
- B) The demand curve for hotdogs will shift right.
- C) The demand curve for mustard will shift left.
- D) The demand for hotdogs will fall.

Answer: <https://biology-forums.com/index.php?topic=312026>

### Question 1129

While you and your roommate are eating your nightly Hamburger Helper meal, your roommate says "I'll never eat Hamburger Helper again once I graduate and start making some real money!" In your roommate's eyes, Hamburger Helper is currently

- A) a normal good.
- B) an inferior good.
- C) a bad.
- D) a waste of his money.

Answer: <https://biology-forums.com/index.php?topic=312058>

### Question 1130

Skis and snowboards are close substitute goods. Fill in the blanks: A \_\_\_\_\_ in the price of snowboards would tend to \_\_\_\_\_ the demand for

- \_\_\_\_\_.
- A) rise; increase; snowboards
  - B) rise; decrease; snowboards
  - C) rise; decrease; skis
  - D) rise; increase; skis
  - E) fall; increase; snowboards

Answer: <https://biology-forums.com/index.php?topic=312011>

### Question 1131

Consider the following scenario: The Kellogg's facility buys corn and makes boxes of cornflakes. The grocer buys the boxes and places them on the shelf. A mother then buys a box for her family. Which of the following would not be classified as a purchase of an intermediate good?

- A) The cornflakes purchased by the mother
- B) The cornflakes purchased by the grocer
- C) The corn purchased by Kellogg's
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315816>

### Question 1132

Inflation can be defined as

- A) a sustained rise in real output.
- B) a sustained rise in nominal wages.
- C) a sustained rise in the price level.
- D) a sustained rise in the purchasing power of money.

Answer: <https://biology-forums.com/index.php?topic=316023>

### Question 1133

The demand for goods reflects people's values

- A) and so does the supply of goods.
- B) but the supply of goods rests on objective realities rather than values.
- C) insofar as they are material values.
- D) insofar as they can be satisfied by spending money.
- E) insofar as the demand is completely inelastic.

Answer: <https://biology-forums.com/index.php?topic=312437>

### Question 1134

All individuals, even Bill Gates, must select among alternative goods because of

- A) pollution.
- B) global warming.
- C) scarcity.
- D) poverty.

Answer: <https://biology-forums.com/index.php?topic=311040>

### Question 1135

Technical efficiency

- A) ignores the values of the chooser.
- B) is a necessary precondition for the attainment of economic efficiency.
- C) is always attained if economic efficiency is achieved.
- D) is attained whenever the ratio of physical output to physical input is greater than unity.
- E) is easier to achieve than economic efficiency.

Answer: <https://biology-forums.com/index.php?topic=311331>

### Question 1136

Your text suggests the Fed

- A) is a slave to Congress.
- B) is totally free from political pressure.
- C) probably cannot pursue monetary policies that completely contradict the federal government's fiscal policies.
- D) is a hoax and a shame that ought to be abolished.

Answer: <https://biology-forums.com/index.php?topic=316936>

### Question 1137

Suppose Ann can produce 8 units of a material good (M) or 4 units of a spiritual good (S) in a day, while Ben can produce only 3 Ms or 3 Ss in a day. Both Ben and Ann can potentially produce a larger combination of M and S if

- A) Ann produces both M and S and Ben produces neither.
- B) Ann specializes in M and Ben specializes in S and neither of them trade.
- C) Ann specializes in S and Ben specializes in M and they exchange with one another.
- D) Ann specializes in M and Ben specializes in S and they exchange with one another.

Answer: <https://biology-forums.com/index.php?topic=311664>

### Question 1138

Which Fed policy would be part of an expansionary monetary policy?

- A) Selling government bonds.
- B) Reducing the discount rate.
- C) Increasing the required reserve ratio.
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316581>

### Question 1139

When total costs are greater than total revenue,

- A) fixed costs must be high.
- B) a firm is suffering losses.
- C) a firm should shut down immediately.
- D) the firm must be producing on the elastic range of its demand curve.

Answer: <https://biology-forums.com/index.php?topic=313850>

### Question 1140

Suppose the price of water rose sharply. Other things constant, what is the least likely to occur?

- A) People will consume less water.
- B) Fewer swimming pools will be filled with water.
- C) More high-pressure showerheads will be sold.
- D) The demand for water will fall.

Answer: <https://biology-forums.com/index.php?topic=311978>

### Question 1141

Changes in conditions of supply and demand lead to price changes. For which of the following types of goods is the change in price likely to occur most quickly?

- A) Commercial rents
- B) Hourly labor
- C) Public utilities
- D) Residential rents
- E) Retail groceries

Answer: <https://biology-forums.com/index.php?topic=316085>

### Question 1142

Pick the true statement.

- A) It is possible for economic profit to be greater than accounting profit.
- B) Accounting profit includes both the implicit and explicit costs of production.
- C) Accounting profit is always greater than economic profit.
- D) None of the above is a true statement.

Answer: <https://biology-forums.com/index.php?topic=313877>

### Question 1143

The Williams' household uses natural gas heat, the Reynolds' use a wood stove. Whose household heating system is most efficient?

- A) Without more information, the question is meaningless.
- B) Williams'
- C) Reynolds'
- D) It depends only on the BTU's (the amount of heat produced) per unit of heat-source input.

Answer: <https://biology-forums.com/index.php?topic=311382>

### Question 1144

Your textbook discusses "dry" counties in the U.S. What is a dry county?

- A) A county where rainfall is below the national average
- B) A county that experiences no rainfall
- C) A county in which it is illegal to produce, purchase and sell alcohol
- D) A county in which only dry gin is consumed

Answer: <https://biology-forums.com/index.php?topic=313511>

### Question 1145

Jack trades his basketball for Jim's baseball glove. This simple trade is

- A) unproductive, because nothing new has been produced.
- B) productive, because Jack and Jim expect to be better off by trading.
- C) costless, because no money was involved in the deal.
- D) a cost to the manufacturer because neither Jack nor Jim bought a new ball or glove.
- E) not good for the overall economy, for reasons A and D above.

Answer: <https://biology-forums.com/index.php?topic=311310>

### Question 1146

Is cutting down a tree in two hours with an ax more efficient than cutting it down in ten minutes with a gasoline-powered chain saw?

- A) No, because time is valuable.
- B) Yes, because hand tools conserve nonrenewable energy resources.
- C) It could be, if the person cutting down the tree places a high enough value on the exercise.
- D) There is no way to answer the question.

Answer: <https://biology-forums.com/index.php?topic=311449>

### Question 1147

What happens when the Fed sells government bonds?

- A) The money supply tends to rise.
- B) The money supply tends to remain unchanged.
- C) The money supply tends to fall.
- D) The U.S. budget deficit necessarily rises.

Answer: <https://biology-forums.com/index.php?topic=316566>

### Question 1148

According to the economic way of thinking, elected government officials tend to favor

- A) contractionary monetary policies.
- B) contractionary fiscal policies.
- C) expansionary monetary and fiscal policies.
- D) monetary and fiscal policies consistent with the public interest.

Answer: <https://biology-forums.com/index.php?topic=316864>

### Question 1149

To face scarcity means individuals

- A) choose.
- B) economize.
- C) sacrifice some plans over others.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311004>

### Question 1150

High money prices for scarce goods

- A) are one among many possible causes of their scarcity.
- B) are the basic cause of their scarcity.
- C) are the effect of their scarcity.
- D) have nothing to do with their scarcity, because almost all goods are scarce.

Answer: <https://biology-forums.com/index.php?topic=313252>

### Question 1151

Consider the market for credit. When the supply of credit increases while the demand for credit remains unchanged,

- A) the interest rate will decrease and the amount of credit provided in the market will increase.
- B) the interest rate will increase and the amount of credit provided in the market will increase.

- C) the interest rate will decrease and the amount of credit provided in the market will decrease.  
D) the interest rate will increase and the amount of credit provided in the market will decrease.

Answer: <https://biology-forums.com/index.php?topic=313338>

### Question 1152

When we say supply curves become more elastic over time, we mean

- A) the quantity supplied becomes independent of demand.  
B) any price change has a larger affect on quantity supplied.  
C) the supply curve becomes steeper.  
D) the supply curve shifts upward.

Answer: <https://biology-forums.com/index.php?topic=313822>

### Question 1153

If the coefficient of elasticity is 25,

- A) demand is 25%.  
B) demand is about to change for the better.  
C) demand is very elastic.  
D) demand is very inelastic.  
E) the law of demand hardly applies.

Answer: <https://biology-forums.com/index.php?topic=312184>

### Question 1154

Did Mother Teresa create negative externalities when she helped the poor of Calcutta?

- A) Yes, if her activities unintentionally imposed costs on others, such as upsetting people who don't believe in charity for the poor.  
B) No, because she strove only to do good, not bad.  
C) No, because her activities were accomplished in a state of grace.  
D) No, because her activities were altruistic.  
E) B, C, D, are all correct.

Answer: <https://biology-forums.com/index.php?topic=314920>

### Question 1155

Doctor Hugh R. Sick recommends his patient take 2 units of insulin per day to successfully manage her diabetes condition. In a different office across town, Doctor I. M. Dismal, an economics professor, tells his student to read every assigned textbook chapter to successfully pass economics. In spite of the sage advice of the doctor and professor, the economic way of thinking recognizes

- A) patients don't always follow their doctor's orders.  
B) students don't always follow their professor's pleas.  
C) substitutes for prescriptions and textbook assignments exist; patients and students demonstrate their desire for substitutes through their actions.  
D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311873>

### Question 1156

When monetary equilibrium occurs,

- A) the demand for final goods and services equals the supply of final goods and services.  
B) gross business investment falls to zero.  
C) relative prices remain constant.  
D) the quantity supplied of money equals the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=316643>

### Question 1157

Which of the statements below best explains how the use of money in an economy adds to the wealth of the society using it? Money creates wealth

- A) because it is capital.  
B) by earning interest.  
C) by making specialization less costly.  
D) insofar as it is invested rather than consumed.

Answer: <https://biology-forums.com/index.php?topic=316356>

### Question 1158

Suppose a university refunds students 75% of their tuition if they drop out before the third week of class, 50% if they drop out between their third and fifth week, 25% if they drop out between their sixth and eighth week, and 0% after the eighth week. Flint paid \$1,000 tuition, and is in his eleventh week of class. What's his sunk cost?

- A) \$0
- B) \$250
- C) \$500
- D) \$750
- E) \$1,000

Answer: <https://biology-forums.com/index.php?topic=312572>

### Question 1159

Your textbook uses the "bite, chew, choke" story to explain

- A) how restrictive monetary policy leads to a recession.
- B) how expansionary monetary policy ultimately leads to a recession.
- C) how restrictive fiscal policy leads to a recession.
- D) how expansionary fiscal policy ultimately leads to a recession.

Answer: <https://biology-forums.com/index.php?topic=316705>

### Question 1160

If the university administration plans to hike tuition charges in the hope of increasing tuition revenues, we know

- A) they are assuming an elastic demand.
- B) they are assuming an inelastic demand.
- C) they cannot succeed because of the law of demand.
- D) they must be running in the red.
- E) they will only succeed if more students can be enrolled at no cost.

Answer: <https://biology-forums.com/index.php?topic=312356>

### Question 1161

Which of the following will likely increase the demand for downtown parking in a large city?

- A) Improved bus service to the downtown area
- B) Lower downtown parking fees
- C) More downtown parking lots
- D) More freeways leading to the downtown area
- E) Much higher gasoline prices

Answer: <https://biology-forums.com/index.php?topic=312142>

### Question 1162

A ten-year-old goes to a baseball convention this week and purchases a newly-autographed Barry Bonds baseball for \$100. How would this affect GDP?

- A) It wouldn't.
- B) GDP would increase by \$10—reflecting the market price of the ball itself.
- C) GDP would increase by \$90—reflecting the market price of Bonds' autograph.
- D) GDP would increase by \$100—reflecting the market price of the autographed ball.
- E) GDP would have increased were the autographed ball purchased by somebody 16 years or older.

Answer: <https://biology-forums.com/index.php?topic=315888>

### Question 1163

Something is a normal good if

- A) the demand for it decreases when its price rises.
- B) the demand for it decreases when its price falls.
- C) the demand for it increases when income rises.
- D) the demand for it increases when income falls.

Answer: <https://biology-forums.com/index.php?topic=312041>

### Question 1164

When the price of a good decreases,

- A) supply increases.
- B) supply decreases.
- C) quantity supplied increases.
- D) quantity supplied decreases.

Answer: <https://biology-forums.com/index.php?topic=312778>

### Question 1165

Complaints about predatory pricing usually originate with

- A) competitors.
- B) consumers.
- C) economists.
- D) government regulators.
- E) suppliers.

Answer: <https://biology-forums.com/index.php?topic=314681>

### Question 1166

Adjudication, as discussed in the text, is a process for settling disagreements by supporting and enforcing which rights?

- A) Rights based on an original act of mixing human labor with previously unowned resources
- B) The most ancient rights, whether or not they have been enforced
- C) The most widely and confidently accepted rights
- D) The rights of the majority

Answer: <https://biology-forums.com/index.php?topic=315031>

### Question 1167

From the banker's perspective, dollars held as required reserves in bank vaults

- A) earn a low rate of interest.
- B) earn a market rate of interest.
- C) are potentially profitable.
- D) are like a tax.

Answer: <https://biology-forums.com/index.php?topic=316481>

### Question 1168

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) Neither can gain from specialization and exchange.
- B) Only Goober can gain from specialization and exchange.
- C) Both can gain through exchange if Gomer specializes in W and Goober specializes in L.
- D) Both can gain through exchange if Gomer specializes in L and Goober specializes in W.

Answer: <https://biology-forums.com/index.php?topic=311616>

### Question 1169

Suppose you must pay a non-refundable \$200 down payment to order a new item. Pick the true statement below.

- A) The \$200 represents a marginal cost before you commit to the down payment.
- B) The \$200 represents a sunk cost after you've committed to the down payment.
- C) Both A and B are true.
- D) Neither A nor B are true.

Answer: <https://biology-forums.com/index.php?topic=312560>

### Question 1170

Something is an inferior good if

- A) the demand for it decreases when its price rises.
- B) the demand for it decreases when its price falls.
- C) the demand for it increases when income rises.
- D) the demand for it increases when income falls.

Answer: <https://biology-forums.com/index.php?topic=312070>

### Question 1171

In the economic way of thinking, private property rights provide people with

- A) rules of the game.
- B) dependable information.
- C) incentives.
- D) none of the above.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311172>

### Question 1172

According to your textbook, the following is the prime cause of traffic congestion:



- A) Population growth
- B) The American automobile industry
- C) Most roadway space is not priced.
- D) A lack of commitment to public transportation expansion

Answer: <https://biology-forums.com/index.php?topic=315193>

### Question 1173

If the government were to remove rent controls from the New York City rental market, then

- A) all would be harmony.
- B) the price paid by buyers would decrease and the quantity of rental units will decrease.
- C) the price received by sellers would increase and the quantity of rental units will increase.
- D) the price received by sellers would decrease and the quantity of rental units will decrease.

Answer: <https://biology-forums.com/index.php?topic=313463>

### Question 1174

An organic farm sells tomatoes for 50 cents each at the local farmers market. It only cost them (in the accounting measure) 5 cents to produce each tomato. What happens to GDP with the sale of each tomato?

- A) It increases by 5 cents.
- B) It increases by 45 cents.
- C) It increases by 50 cents.
- D) It increases by 55 cents.
- E) It remains unchanged because organic farmers try not strive for profit.

Answer: <https://biology-forums.com/index.php?topic=315864>

### Question 1175

The effective operation of the U.S. economic system depends upon

- A) high profits.
- B) low profits.
- C) stable profits.
- D) the expectation of profits.

Answer: <https://biology-forums.com/index.php?topic=314021>

### Question 1176

Which of the following resources is not essential in the production of a typical cheese pizza?

- A) Dough
- B) Sauce
- C) Heat
- D) Fodder for cows
- E) Trick question: all of the above are essential.

Answer: <https://biology-forums.com/index.php?topic=312912>

### Question 1177

A professor posts his course syllabi and past exams on the Internet. From the economic point of view, the professor's behavior

- A) demonstrates the arrogance of the professor.
- B) better informs prospective students.
- C) is a costless use of scarce resources, because it avoids paper, ink, and mimeos.
- D) is irrational.

Answer: <https://biology-forums.com/index.php?topic=311783>

### Question 1178

Suppose it costs a farmer \$1.00 to produce 1 unit of corn, \$2.10 to produce 2 units of corn, and \$3.30 to produce 3 units of corn. What's the average cost of producing 3 units of corn?

- A) \$1.00
- B) \$1.10
- C) \$2.10
- D) \$3.30

Answer: <https://biology-forums.com/index.php?topic=312716>

### Question 1179

In a typical college classroom without a seating chart, dozens of students nevertheless occupy classroom seats with a minimum of confusion and

disorder. Economics explains the orderly process of seat selection by assuming students

- A) engage in entirely random decisions, from which only divine intervention can generate order in the classroom.
- B) follow a simple, perhaps even unwritten, rule, such as "seats belong to the person who first occupies them."
- C) know all the consequences of their actions, and thus purposefully create an orderly classroom seating assignment even if the professor doesn't require one.
- D) trick question: economics cannot deduce any sensible scientific claims about the behavior of college students.

Answer: <https://biology-forums.com/index.php?topic=311163>

### Question 1180

Does the proprietor of a grocery store who owns the building in which his business is located have lower costs than a grocery store proprietor who must pay rent for the building in which his store is located?

- A) No, because no two businesses will be exactly the same.
- B) No, because the owner-proprietor loses the rent he could otherwise have been paid.
- C) Yes, because he can afford to set lower percentage markups.
- D) Yes, if the cost saving is not offset by higher expenses in other areas.

Answer: <https://biology-forums.com/index.php?topic=313910>

### Question 1181

In the economic way of thinking, money

- A) allows people to behave completely morally.
- B) allows people to behave completely competitively.
- C) allows people to make goods exchanges without concern for the true costs of their actions.
- D) allows people to make a wide range of negotiations.

Answer: <https://biology-forums.com/index.php?topic=313327>

### Question 1182

The ability of the federal government to regulate the distribution of income among families and individuals is

- A) enormous, as shown by the redistribution that has occurred from the rich to the poor since World War II.
- B) largely limited to what can be accomplished through revisions in the rules of the game.
- C) unlimited because government is sovereign.
- D) virtually unlimited because few people would be willing to emigrate merely in order to escape taxation.

Answer: <https://biology-forums.com/index.php?topic=315754>

### Question 1183

Cartels rarely succeed for long because they find it difficult to

- A) avoid losing the advantages from economics of scale.
- B) keep marginal costs high and marginal revenue low.
- C) keep members from offering discounts and new firms from entering.
- D) keep members from reducing output below the optimal level.
- E) prevent average cost from falling below marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314716>

### Question 1184

How does the textbook distinguish between coercion and persuasion? Coercion induces cooperation by

- A) making only a majority better off, persuasion by making everyone better off.
- B) making nearly everyone better off, persuasion by making only a few people better off.
- C) threatening to reduce people's options, persuasion by promising to increase their options.
- D) using force, persuasion by using rational argument.

Answer: <https://biology-forums.com/index.php?topic=315307>

### Question 1185

Suppose the market for guitars "clears" at a price of \$500 per guitar. What does the above statement mean?

- A) Nothing, if an economist made the statement.
- B) Guitars are no longer a scarce good.
- C) The plans of guitar buyers and sellers are coordinated.
- D) There is no longer a demand for guitars.

Answer: <https://biology-forums.com/index.php?topic=313003>

### Question 1186

Does a person who works in a brothel sell productive services?

- A) Yes, if the service is demanded.
- B) Yes, but only in states where brothels are legal.
- C) No, because the service is immoral.
- D) No, because the service does not help the overall economy.

Answer: <https://biology-forums.com/index.php?topic=315551>

### Question 1187

What is the relationship between government and coercion?

- A) Government achieves its objectives exclusively through coercion.
- B) Government aims at minimizing the use of coercion in society.
- C) Government is generally granted the exclusive right to coerce adults.
- D) Only governments use coercion.

Answer: <https://biology-forums.com/index.php?topic=315304>

### Question 1188

Economics studies the consequences of

- A) choices made by individuals.
- B) choices made by businesses.
- C) choices made by governments.
- D) choices made by society.
- E) choices made by the entire planet earth.

Answer: <https://biology-forums.com/index.php?topic=310964>

### Question 1189

Rich people who have more money than they know how to spend

- A) no longer act under scarcity.
- B) no longer need to economize.
- C) no longer have to choose to advance one project over another.
- D) will still face a scarcity of their time.

Answer: <https://biology-forums.com/index.php?topic=311028>

### Question 1190

An increase in a retailer's "overhead expenses"

- A) compels the retailer to raise prices.
- B) enables the retailer to raise prices.
- C) makes it profitable for the retailer to raise prices.
- D) does not in itself make higher prices necessary, possible, or profitable.

Answer: <https://biology-forums.com/index.php?topic=313757>

### Question 1191

Which of the following explains the increase in income inequality since 1980?

- A) A widening gap between the wages of skilled and extensively-educated workers and the wages of those with fewer skills and less education
- B) A rise in the number of single-parent families at low income levels and a rise in two-parent two-earner families at higher income levels
- C) An increase in the supply of less-skilled workers combined with an increase in demand for more highly-skilled workers
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315704>

### Question 1192

In the economic way of thinking, a productive service is

- A) a meritorious service.
- B) something of clear value to anybody in society.
- C) an activity that enables people to obtain something for which they are willing to pay.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315538>

### Question 1193

The principal reason we no longer see huge herds of bison (popularly known as "buffalo") on the American prairies is because

- A) the bison has been declared an endangered species.
- B) the bison have not been declared an endangered species.

- C) the bison were slaughtered in the 19th century in a wasteful manner.
- D) the bison were slaughtered in the 19th century in response to financial incentives.
- E) the people who own prairie land usually don't want bison on their property.

Answer: <https://biology-forums.com/index.php?topic=315062>

### Question 1194

Drivers who enter an expressway during the rush hour create negative externalities whenever they

- A) could have taken another route.
- B) drive under the speed limit.
- C) fail to yield as they merge.
- D) have no other passengers in their vehicles.
- E) inadvertently slow down all the drivers behind them.

Answer: <https://biology-forums.com/index.php?topic=314956>

### Question 1195

According to your authors, economics

- A) alone is not the only, or even the best, perspective to make sense out of the real world.
- B) can predict real-world phenomena with roughly 85-90% accuracy.
- C) generates conclusions every reasonable person should accept as true.
- D) is a false doctrine because individuals have been shown to act non-selfishly.

Answer: <https://biology-forums.com/index.php?topic=311198>

### Question 1196

People often make economic decisions they later regret, which shows

- A) they failed to acquire additional information up to the point where expected marginal benefit equals expected marginal cost.
- B) they failed to behave rationally.
- C) they failed to invest as much as they ought to have invested in information.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314116>

### Question 1197

Samantha is at a friend's house for dinner. Her friend says "I can re-heat either the lasagna or the fried rice." Samantha likes them both, but chooses the fried rice. Does Samantha's choice entail a cost?

- A) No—as long as her friend didn't charge Samantha for the meal.
- B) Yes—Samantha sacrificed the opportunity to eat lasagna.
- C) Yes—as long as Samantha reimburses her friend for the cost of re-heating the meal.
- D) Both A and C above.

Answer: <https://biology-forums.com/index.php?topic=311478>

### Question 1198

Let's assume Ben can produce 3 units of a material good (M) or 3 units of a spiritual good (S) in a day, while Cal can produce 1 M or 2 Ss in a day. Which statement below is true?

- A) Ben has a comparative advantage in producing spiritual goods.
- B) Ben has a comparative advantage in producing material goods.
- C) Cal has a comparative advantage in producing material goods.
- D) Both A and B are true.

Answer: <https://biology-forums.com/index.php?topic=311670>

### Question 1199

Let's assume Ben can produce 3 units of a material good (M) or 3 units of a spiritual good (S) in a day, while Cal can produce 1 M or 2 Ss in a day. Which statement below is true?

- A) It costs Ben 1 S to produce 3 Ms.
- B) It costs Ben 1 M to produce 3 Ss.
- C) It costs Cal 2 Ss to produce 1 M.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311673>

### Question 1200

In setting their prices, price searcher firms ignore

- A) demand.

- B) marginal cost.
- C) the prices of competitors.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=314337>

### Question 1201

- A general medium of exchange tends to
- A) reduce transaction costs.
  - B) make bartering more effective.
  - C) reduce the incentive to specialize and pursue one's comparative advantage.
  - D) accomplish all of the above.
  - E) accomplish none of the above.

Answer: <https://biology-forums.com/index.php?topic=313329>

### Question 1202

- GDP accounts systematically ignore
- A) non-market production.
  - B) illegal and underground production.
  - C) barter trades.
  - D) the market value of services provided by illegal aliens.
  - E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316260>

### Question 1203

- If bank depositors in the U.S. suddenly decided to withdraw in currency everything in their checking accounts, commercial banks would
- A) be better off because their legally required reserves would decline.
  - B) be unable to meet their demands and would become insolvent.
  - C) borrow the required Federal Reserve notes to meet the requests for currency.
  - D) give them the currency held in their vaults as backing for the checking accounts.
  - E) refuse to honor their requests for 30 days.

Answer: <https://biology-forums.com/index.php?topic=316457>

### Question 1204

- A merger between a firm manufacturing radios and a firm manufacturing paper products is a
- A) conglomerate merger.
  - B) diagonal merger.
  - C) horizontal merger.
  - D) vertical merger.

Answer: <https://biology-forums.com/index.php?topic=314656>

### Question 1205

- Which is an example of expansionary fiscal policy?
- A) An increase in tax rates
  - B) An increase in government spending
  - C) An increase in the discount rate
  - D) An increase in the federal funds rate
  - E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316770>

### Question 1206

- Price elasticity of demand is defined as
- A) the change in price divided by the change in quantity demanded.
  - B) the change in quantity demanded divided by the change in price.
  - C) the percentage change in price divided by the percentage change in quantity demanded.
  - D) the percentage change in quantity demanded divided by the percentage change in price.
  - E) the quantity demanded divided by the price.

Answer: <https://biology-forums.com/index.php?topic=312163>

### Question 1207

Determining who receives scarce goods by the criterion of willingness to pay tends to enhance the freedom and power of people who want the goods because

- A) it enables everyone to obtain at least a little of everything.
- B) it facilitates choice by everyone on the basis of their own specific situation.
- C) it gives everyone an equal chance.
- D) it makes sure the people who obtain scarce goods are the people who most deserve them.
- E) it puts genuine need ahead of politics.

Answer: <https://biology-forums.com/index.php?topic=312377>

### Question 1208

In the economic way of thinking, the right to coerce adults is

- A) immoral.
- B) a property right.
- C) the most efficient way for management to control labor.
- D) necessarily antithetical to a free and open society.
- E) good because it's rooted in the Old Testament.

Answer: <https://biology-forums.com/index.php?topic=315316>

### Question 1209

In the economic way of thinking, we assume that central bankers act

- A) selfishly.
- B) to promote projects which interest them.
- C) in the national interest.
- D) in the global interest.

Answer: <https://biology-forums.com/index.php?topic=316939>

### Question 1210

Which of the following is probably producing positive externalities?

- A) A citizen who becomes well-informed about community issues
- B) A homeowner who maintains a beautiful lawn
- C) A person with an engaging smile
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315475>

### Question 1211

Which of the following goods might, under the right circumstances, be substitutes for love?

- A) Power
- B) Wealth
- C) Notoriety
- D) All of the above.
- E) Trick question: there are no substitutes for love.

Answer: <https://biology-forums.com/index.php?topic=311891>

### Question 1212

Which of the following economic systems requires some form of competition to better coordinate the plans and projects of households and enterprises?

- A) capitalism.
- B) socialism.
- C) fascism.
- D) totalitarianism
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311010>

### Question 1213

Only individuals choose, which means

- A) only individuals exist.
- B) collectives do not exist.
- C) only individuals can assess the expected costs and benefits of an action.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=311091>

### Question 1214

When the Fed buys bonds on a mass scale

- A) bonds go to the Fed, and dollars go into the banking system, so the money supply tends to rise.
- B) bonds go to the Fed, and dollars exit the banking system, so the money supply tends to fall.
- C) banks have more bonds and fewer dollars, so the money supply tends to fall.
- D) banks have more bonds and fewer dollars, so the money supply tends to rise.

Answer: <https://biology-forums.com/index.php?topic=316551>

### Question 1215

Goldsmiths who issued receipts for the customer deposits of gold or silver coins were probably the originators of

- A) money.
- B) paper money.
- C) seignorage.
- D) Federal Reserve notes.

Answer: <https://biology-forums.com/index.php?topic=316302>

### Question 1216

Fill in the blanks: The percentage of money income earned by the lowest fifth of families in the U.S. was \_\_\_\_\_ in 1960 and \_\_\_\_\_ in 2010.

- A) 41.3%; 47.8%
- B) 15.9%; 20.0%
- C) 12.2%; 9.5%
- D) 4.8%; 3.8%

Answer: <https://biology-forums.com/index.php?topic=315688>

### Question 1217

Suppose firms in Hong Kong can produce 40,000 plastic dolls or 80,000 squirt guns each week, while firms in Taiwan can produce 40,000 plastic dolls or 40,000 squirt guns each week. Therefore

- A) People in Hong Kong sacrifice two dolls for every squirt gun produced.
- B) People in Taiwan sacrifice two dolls for every squirt gun produced.
- C) People in Hong Kong sacrifice 2 squirt guns for every doll produced.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311703>

### Question 1218

Property rights

- A) are essentially arbitrary. Therefore, rearranging them will have few effects.
- B) do not really exist except in a capitalist society.
- C) are a major part of the "rules of the game", which govern economic activity.
- D) prevent people from cooperating in the most effective way.
- E) are different from human rights.

Answer: <https://biology-forums.com/index.php?topic=311169>

### Question 1219

A farmer who sells September corn futures at the time he plants his corn in May is

- A) competing against speculators, who profit from price fluctuations.
- B) increasing his risk from price fluctuations.
- C) reducing his risk from price fluctuations.
- D) reducing or increasing his risk from price fluctuations, depending on what subsequently happens to the price of corn.

Answer: <https://biology-forums.com/index.php?topic=314110>

### Question 1220

Why was so much of the "boom" of the 2000s concentrated in the housing and real estate sectors?

- A) The Fed attempted to engineer an increase not only in real GDP, but in particular further the expansion of those sectors.
- B) The Community Reinvestment Act (CRA) called for banks to offer subprime loans to at-risk customers.
- C) People were encouraged to "flip" houses because the low interest and rate and easy lending practices made it appear profitable to do so.
- D) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316734>



### Question 1221

Recall from Chapter 5: Other things constant, when households lower their time preferences, and demonstrate a willingness to postpone some present consumption for future consumption,

- A) their savings increase.
- B) their savings decrease.
- C) the budget deficit increases.
- D) the budget deficit decreases.

Answer: <https://biology-forums.com/index.php?topic=316654>

### Question 1222

Security personnel are an important input into the production of major concerts, such as Lady Gaga, and Jay Z & Kanye West. If wages for security personnel rise, then we would expect

- A) the supply of major concerts to be unaffected.
- B) the supply of major concerts to decrease.
- C) the supply of major concerts to increase.
- D) the demand for major concerts to increase.

Answer: <https://biology-forums.com/index.php?topic=312815>

### Question 1223

Positive externalities are created by people when they

- A) add to the net real income of society.
- B) are altruistic or concerned for the welfare of others.
- C) benefit others without intending to do so.
- D) increase the general welfare.
- E) promote the happiness of others.

Answer: <https://biology-forums.com/index.php?topic=314896>

### Question 1224

According to the authors of your text, the phrase "property rights" can be substituted with the phrase

- A) "property wrongs."
- B) "what people think they can get away with."
- C) "animal rights."
- D) "rugged individualism."
- E) "free market capitalism."

Answer: <https://biology-forums.com/index.php?topic=315484>

### Question 1225

A good deal of iron ore is mined in Michigan's Upper Peninsula. What is the relationship between the demand for iron ore and the cost of mining operations in Michigan?

- A) Changes in the demand for iron ore are caused directly by changes in the cost of iron mining.
- B) Changes in the costs of iron mining are caused by changes in the demand for iron ore.
- C) There is no significant relationship because the demand for iron ore is determined by many different people, while the cost of mining the ore is determined by business executives.
- D) Nobody knows.

Answer: <https://biology-forums.com/index.php?topic=313722>

### Question 1226

Beer and wine were difficult to find during the prohibition on alcohol, but whisky and gin were plentiful. Why?

- A) Beer and wine were illegal; whisky and gin weren't.
- B) The drinking public only wanted whisky and gin.
- C) Criminals found it much more efficient to produce liquor.
- D) Police were willing to overlook production and consumption of whisky and gin because they believed liquor was less dangerous than beer and wine.
- E) Government officials were interested in seeing what would happen to rate of alcohol poisoning in the United States.

Answer: <https://biology-forums.com/index.php?topic=313532>

### Question 1227

Suppose a cancer patient decides to forsake weekly chemotherapy treatments in order to spend more meaningful, loving time with her friends and family. In cases where patients refuse treatment,

- A) there are indeed substitute for chemotherapy, such as time with family.

- B) the patient is behaving irrationally.
- C) the patient doesn't know what is in her long-run best interest.
- D) the patient fails to see that chemotherapy is a better substitute than time with the family.

Answer: <https://biology-forums.com/index.php?topic=311882>

### Question 1228

Are the owners of taxicabs in New York City earning large profits because the city severely restricts the number of licenses?

- A) No, because the city also regulates fares.
- B) No, because the cost of owning a license absorbs the potential profit.
- C) Yes, because the number of licenses has not been increased for 50 years.
- D) Yes, because if they were not the number of taxicabs would decline and profits would rise.
- E) We cannot tell because profit arises from uncertainty.

Answer: <https://biology-forums.com/index.php?topic=314835>

### Question 1229

Fill in the blank: \_\_\_\_\_ cost refers to the next-best option a person gives up when making a choice.

- A) Accounting
- B) Objective
- C) Efficient
- D) Opportunity
- E) Regrettable

Answer: <https://biology-forums.com/index.php?topic=311472>

### Question 1230

The most widely used medium of exchange in the United States in terms of value of transactions is

- A) checkable deposits.
- B) credit cards.
- C) currency and coin.
- D) Federal Reserve notes.

Answer: <https://biology-forums.com/index.php?topic=316344>

### Question 1231

According to your text, the "market economy" can best be understood as

- A) an institution created by British merchants around the time of Smith's Wealth of Nations.
- B) an extremely complex institution that emerged out of individuals specializing and trading among each other.
- C) an institution unique to America.
- D) an institution that could not exist in the absence of regulation.

Answer: <https://biology-forums.com/index.php?topic=311016>

### Question 1232

Which of the following would be included in the total costs of production when an entrepreneur tries to compute her economic profit?

- A) Foregone wages
- B) Foregone interest
- C) Foregone rent
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313904>

### Question 1233

Entrepreneurs are people who

- A) accept ultimate responsibility for the projects they undertake.
- B) are hired by others to manage business enterprises.
- C) are hired by others to organize business enterprises.
- D) own the resources used in the production process.
- E) prefer a small chance for a large profit to a large chance for a small profit.

Answer: <https://biology-forums.com/index.php?topic=313967>

### Question 1234

The economic way of thinking claims there are substitutes for

- A) any good.

- B) most goods except non-renewable resources.
- C) most goods except clean air and clean water.
- D) most goods except wetlands and tropical rain forests.

Answer: <https://biology-forums.com/index.php?topic=315151>

### Question 1235

According to your authors, America's Great Depression of the 1930s was evidence of

- A) an unstable free market system
- B) rampant greed among entrepreneurs.
- C) a cluster or accumulation of errors.
- D) antagonistic interests among the propertied and nonpropertied classes.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316723>

### Question 1236

Why do the sellers of some whiskeys pay for advertisements to tell people their whiskey is extremely expensive?

- A) Because the sellers either do not know or do not accept the law of demand
- B) To allocate the product to people who will most appreciate it
- C) To increase the demand
- D) To lower the demand and keep production costs low
- E) To prevent "price shock" among potential customers

Answer: <https://biology-forums.com/index.php?topic=312151>

### Question 1237

Who gains from a law requiring people who want to enter the taxicab business to prove they are thoroughly competent, honest, and reliable before they can obtain a license?

- A) Local people who use taxicabs frequently and regularly
- B) Local people who use taxicabs only occasionally
- C) Out-of-town visitors who use taxicabs
- D) Owners of taxicab licenses
- E) Potential owners and operators of taxicabs who are members of minority races

Answer: <https://biology-forums.com/index.php?topic=314620>

### Question 1238

According to your textbook, pollution is a major social and political concern because

- A) it is inefficient.
- B) it is always immoral.
- C) people disagree about rights, which are extremely difficult to resolve.
- D) the environment is on the verge of ecological catastrophe.

Answer: <https://biology-forums.com/index.php?topic=315136>

### Question 1239

For a normal good, a decrease in demand is caused by

- A) a rise in income.
- B) a fall in income.
- C) a rise in price.
- D) a fall in price.

Answer: <https://biology-forums.com/index.php?topic=312064>

### Question 1240

Consider the following simplified sequence of exchanges. A farmer sells wheat to a miller, for 25 cents. The miller grinds the wheat into flour, and sells that to a baker, for 35 cents. The baker turns the flour into a loaf of bread, which she sells to a grocer for 60 cents. The grocer then sells you the loaf of bread for 85 cents. What can we conclude?

- A) Your purchase of the bread avoided the use of a middleman.
- B) The grocer's profit means you lost on the deal.
- C) GDP increases by 25 cents.
- D) GDP increases by 85 cents.
- E) GDP increases by \$2.05.

Answer: <https://biology-forums.com/index.php?topic=315843>

### Question 1241

Which of the following clearly restricts competition?

- A) A firm sets price above marginal cost.
- B) A firm sets price below marginal cost.
- C) A firm sets price equal to marginal cost.
- D) None of the above clearly restricts competition.

Answer: <https://biology-forums.com/index.php?topic=314785>

### Question 1242

Which of the following is clearly being sold below cost?

- A) Commercial television programs
- B) Public radio programs
- C) A surprise opening act at a sold-out concert
- D) Concert t-shirts sold at discount prices at the end of a band's major world tour
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314881>

### Question 1243

Suppose Ann can produce 8 units of a material good (M) or 4 units of a spiritual good (S) in a day, while Ben can produce only 3 Ms or 3 Ss in a day. Which statement below is true?

- A) Ann is the most efficient producer of spiritual goods.
- B) Ann is the most efficient producer of material goods.
- C) Ben is the least efficient producer of spiritual goods.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311652>

### Question 1244

Rich and poor people have which of the following in common?

- A) Scarcity
- B) Economizing behavior
- C) Pursuing the plans and projects in which they are interested
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311037>

### Question 1245

The opportunity cost to a cab driver of taking the day off increases when

- A) it rains.
- B) more cabs enter the business.
- C) the price of gasoline rises.
- D) the weather is so pleasant everyone prefers to walk.
- E) many other cabs are out on the streets.

Answer: <https://biology-forums.com/index.php?topic=312470>

### Question 1246

If you pay \$400 in taxes when you earn \$10,000 and \$600 in taxes when you earn \$12,000, you are subject to a marginal tax rate of

- A) 4%.
- B) 5%.
- C) 6%.
- D) 8%.
- E) 10%.

Answer: <https://biology-forums.com/index.php?topic=315748>

### Question 1247

What is the main rationale economists provide for assigning government the responsibility of protecting people against foreign aggressors?

- A) It would be too dangerous to allow citizens to keep and bear arms for the purpose of forming militias to defend their communities.
- B) Most people are patriotic only when the government is involved.
- C) "National defense" must by necessity be nationalized.
- D) People will not risk their lives unless government requires them to do so.

E) Private providers could not exclude non-payers from the benefits.

Answer: <https://biology-forums.com/index.php?topic=315463>

### Question 1248

National League pitchers partake in some batting practice (typically, bunting). Why don't American League pitchers practice batting?

- A) Practice can't be expected to improve their terribly poor batting skills.
- B) They have little incentive, given the designated hitter rule.
- C) They don't believe the slogan "There is no 'I' in 'Team'."
- D) They ignore the rules of the game.

Answer: <https://biology-forums.com/index.php?topic=311178>

### Question 1249

There is no opportunity cost of obtaining

- A) a free good.
- B) a scarce good.
- C) any good a person acquires, as long as they value it highly enough.
- D) any good a person acquires, as long as they think it is worth the effort.

Answer: <https://biology-forums.com/index.php?topic=311487>

### Question 1250

U.S. households use about 75 gallons of water per capita per day on the average because

- A) the price they must pay for water is low.
- B) there is so much fresh water in the U.S.
- C) they use water in irrational ways.
- D) water is a basic necessity of life.
- E) water is a basic right.

Answer: <https://biology-forums.com/index.php?topic=311915>

### Question 1251

Land used for commercial Christmas trees can also produce pulpwood. Therefore, an increase in the expected market price of Christmas trees tends to

- A) reduce the demand for Christmas trees.
- B) increase the supply of Christmas trees.
- C) increase the cost of producing pulpwood.
- D) decrease the cost of producing pulpwood.

Answer: <https://biology-forums.com/index.php?topic=312479>

### Question 1252

What criticism does the textbook level against the cost-plus-markup theory of price setting?

- A) The theory does not agree with what businessmen say about price setting.
- B) The theory does not account for vastly different percentage markups on different products.
- C) The theory implies firms will sometimes want to set prices below average cost per unit.
- D) The theory ignores sunk costs.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314197>

### Question 1253

Under the right circumstances, what resource can be used in the production of the skills of a talented gymnast?

- A) Baseball bats
- B) Wheaties
- C) Poetry books
- D) Cigarettes
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312922>

### Question 1254

Your textbook authors use the urban traffic example to show

- A) why economics cannot explain non-financial processes.
- B) how social cooperation emerges when people act under generally accepted rules.
- C) how a smooth flow of traffic can only be achieved by detailed, central planning.

D) how a smooth flow of traffic can only be achieved if people drive in the public interest.

Answer: <https://biology-forums.com/index.php?topic=311133>

### Question 1255

According to your text, the plans of all buyers and sellers would always be perfectly coordinated under

- A) perfectly competitive market conditions.
- B) imperfectly competitive market conditions.
- C) monopolized market conditions.
- D) oligopolized market conditions.
- E) any market condition.

Answer: <https://biology-forums.com/index.php?topic=314520>

### Question 1256

Land suitable for growing corn is usually suitable for growing soybeans. From the farmer's perspective, an increase in the price of corn will therefore tend to

- A) decrease the demand for soybeans.
- B) increase the demand for soybeans.
- C) increase the supply (curve) of corn.
- D) raise the cost of growing soybeans.
- E) reduce the cost of growing soybeans.

Answer: <https://biology-forums.com/index.php?topic=312476>

### Question 1257

According to the text, in the absence of uncertainty, no one can obtain a profit from the exclusive ownership of a scarce resource, such as a patent or a franchise, because

- A) demand curves will be perfectly elastic.
- B) marginal cost will equal marginal revenue.
- C) profit requires active production rather than static ownership.
- D) the cost of retaining ownership will rise to eliminate any profit.
- E) the tax on capital gains will eliminate any profit.

Answer: <https://biology-forums.com/index.php?topic=314811>

### Question 1258

Other things constant, if tuition at a private university rises from \$40,000 to \$45,000 and revenue for the university decreases, the demand for the good must be

- A) increasing.
- B) inelastic.
- C) unit elastic.
- D) elastic.

Answer: <https://biology-forums.com/index.php?topic=312338>

### Question 1259

Suppose eating soybeans leads to less cancer and heart disease. What effect would people eating more soybeans likely have on feed corn (a product also grown on land used to grow soybeans)?

- A) The supply of feed corn will decrease.
- B) The cost of producing feed corn will increase.
- C) The price of feed corn will increase.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=312503>

### Question 1260

In the economic way of thinking, "scarcity" is another way of saying

- A) "regret."
- B) "responsibility."
- C) "unsustainable."
- D) "sacrifice."
- E) "waste."

Answer: <https://biology-forums.com/index.php?topic=310970>

### Question 1261

According to the textbook, why didn't the U.S. government mount chronic budget deficits before 1970?

- A) Elected officials didn't know how to use the federal budget as a policy tool.
- B) Deficits were viewed as an irresponsible moral failure on the part of government.
- C) The U.S. had a constitutional balanced budget amendment.
- D) For all of the above reasons.
- E) For none of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316921>

### Question 1262

Gomer can make either 200 gallons of corn liquor (L) or 200 gallons of strawberry wine (W) every six months. Goober can make only 100 gallons of corn liquor (L) or 50 gallons of strawberry wine (W) every six months. Which statement below is true?

- A) It costs Gomer 200 W to make 1 L.
- B) It costs Gomer 200 L to make 1 W.
- C) It costs Goober 50 W to make 100 L.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311601>

### Question 1263

From the banker's perspective, dollars held as required reserves in bank vaults

- A) earn a low rate of interest.
- B) earn no rate of interest.
- C) earn a market rate of interest.
- D) earn profits.

Answer: <https://biology-forums.com/index.php?topic=316478>

### Question 1264

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 60 people employed; 20 people not in the labor force. How many people are in the economy's labor force?

- A) 20
- B) 40
- C) 60
- D) 80
- E) 100

Answer: <https://biology-forums.com/index.php?topic=316230>

### Question 1265

When interest rates are free from central bank manipulation, and fall due to an increase in household savings, this

- A) provides an incentive for government to create a budget surplus.
- B) sends a "green light" signal for businesses to increase investment.
- C) has little impact on the macroeconomy.
- D) creates a "cluster of errors" and an inevitable recession.

Answer: <https://biology-forums.com/index.php?topic=316672>

### Question 1266

What is most likely to happen to the cost of owning and operating a golf course in a large city when the population grows?

- A) The cost will decline because the course will be used closer to its capacity.
- B) The cost will not change as long as no attempt is made to enlarge the course.
- C) The cost will rise because the land will become more valuable for other purposes.
- D) The cost will rise if the course is privately owned but will be unchanged if the course is municipally owned.
- E) The cost will vary depending on the amount of competition from other courses.

Answer: <https://biology-forums.com/index.php?topic=312689>

### Question 1267

Should I buy a new or a used copy of the textbook? According to the economic way of thinking, the person is asking about

- A) economic efficiency.
- B) educational efficiency.
- C) scholastic efficiency.
- D) motivational efficiency.
- E) academic efficiency.

Answer: <https://biology-forums.com/index.php?topic=311349>



### Question 1268

A national taco chain offers in-house customers free refills on drinks. It is

- A) attempting to increase total profit.
- B) selling its meals below cost.
- C) selling drinks below cost.
- D) engaging in predatory pricing.
- E) doing all of the above.

Answer: <https://biology-forums.com/index.php?topic=314866>

### Question 1269

Fill in the blanks: \_\_\_\_\_ attempts to reduce negative externalities by \_\_\_\_\_.

- A) Legislation; appropriate taxation
- B) Legislation; letting people work out the problem themselves
- C) Adjudication; creating new rights
- D) Adjudication; discovering who has which rights

Answer: <https://biology-forums.com/index.php?topic=315091>

### Question 1270

Fill in the blanks: According to your authors, the prohibition on alcohol in the U.S. primarily shifted the \_\_\_\_\_ curve to the \_\_\_\_\_.

- A) supply; right
- B) supply; left
- C) demand; left
- D) demand; right

Answer: <https://biology-forums.com/index.php?topic=313522>

### Question 1271

Which of the following would likely take the longest time to enact?

- A) Federal government fiscal policy that strives for a balanced budget
- B) The Fed's lowering of the discount rate
- C) The Fed's raising of the discount rate
- D) The Fed's engagement in open market operations

Answer: <https://biology-forums.com/index.php?topic=316831>

### Question 1272

The ultimate or absolute measure of value in the opportunity cost perspective

- A) does not exist.
- B) is the labor embodied in goods.
- C) is the money price of the goods.
- D) is the nonrenewable resources consumed in producing the goods.

Answer: <https://biology-forums.com/index.php?topic=311358>

### Question 1273

Suppose Ford Motor Company produced and sold \$50 million 2015 model-year pickup trucks during the last half of 2014. How would this affect GDP?

- A) 2014 GDP would remain unchanged, and 2015 GDP would rise by \$50 million.
- B) 2014 GDP would rise by \$50 million, and 2015 GDP would not be affected.
- C) Both 2014 and 2015 GDP would rise by \$25 million.
- D) Trick question: 2015 model-year vehicles can't be produced and sold in 2014.

Answer: <https://biology-forums.com/index.php?topic=315942>

### Question 1274

If the supply curve illustrates the quantities producers plan to sell at given prices, and the demand curve illustrates the quantities consumers plan to buy at given prices, then the plans of producers and consumers are fully coordinated at the point where

- A) the supply curve lies above the demand curve.
- B) the supply curve intersects the demand curve.
- C) the demand curve lies above the supply curve.
- D) the amount of a good needed by consumers exactly equals the amount supplied by producers.

Answer: <https://biology-forums.com/index.php?topic=313006>

### Question 1275

Suppose the price level decreases and real GDP remains the same. Then

- A) nominal GDP must decrease.
- B) nominal GDP must remain unchanged.
- C) nominal GDP must increase.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315975>

### Question 1276

Entrepreneurs engage in

- A) arbitrage.
- B) innovation.
- C) imitation of other successful entrepreneurs.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=313973>

### Question 1277

If each 10 percent increase in the price of gasoline reduces by 2 percent the quantity purchased, the price elasticity of demand for gasoline is

- A) .2.
- B) 5.
- C) 8.
- D) 12.
- E) 20.

Answer: <https://biology-forums.com/index.php?topic=312182>

### Question 1278

Government certification of the weights and measures used in business can be justified because

- A) no business operated for profit would have any interest in weighing and measuring accurately.
- B) people cannot be trusted.
- C) government officials, unlike private parties selling for profit, have no incentive to cheat.
- D) it reduces total transaction costs below what they would be if all individual buyers or sellers had to check for themselves.

Answer: <https://biology-forums.com/index.php?topic=315333>

### Question 1279

According to your textbook authors, laws restricting competitors

- A) restrict competition.
- B) reduce greed.
- C) promote economic fairness.
- D) improve the alternatives available to customers.

Answer: <https://biology-forums.com/index.php?topic=314776>

### Question 1280

According to your textbook, what is the general rule to follow in order to maximize net revenue?

- A) Take any action if, but only if, the expected marginal revenue exceeds the expected marginal cost.
- B) Take any action you expect will not be copied by your competitors.
- C) Take as many innovative actions as you can, and leave the copying up to smaller firms in the market because they are least likely to increase their market share.
- D) Charge the lowest possible price.

Answer: <https://biology-forums.com/index.php?topic=314245>

### Question 1281

Of the following, which determines the price a price searcher will be able to charge?

- A) The costs of capital
- B) The costs of labor
- C) Advertising costs
- D) Demand
- E) A, B, and C above.

Answer: <https://biology-forums.com/index.php?topic=314283>

### Question 1282

Commercial society provides incentives to specialize by

- A) following one's comparative disadvantage.
- B) pursuing one's comparative advantage.
- C) producing somewhere outside the production possibilities frontier.
- D) producing a narrowly defined good without an interest in the wealth it generates to the producer.

Answer: <https://biology-forums.com/index.php?topic=311547>

### Question 1283

The number of dollars that the commercial banking system can add to the money supply for each dollar of new reserves created by the Fed

- A) cannot legally be greater than 8 nor less than 2.
- B) is governed largely by reserve requirements and the form in which the public chooses to hold money.
- C) is less than one because a portion of new reserves must be retained in bank vaults or on deposit with the Fed.
- D) would increase if the public decided to transfer the amounts currently in commercial bank savings accounts into checking accounts.

Answer: <https://biology-forums.com/index.php?topic=316451>

### Question 1284

Suppose the Fed buys \$1 billion worth of bonds and the required reserve ratio is 20%. In the theoretical limit, the money supply could

- A) decrease by \$1 billion.
- B) increase by \$1 billion.
- C) increase by \$5 billion.
- D) decrease by \$5 billion.

Answer: <https://biology-forums.com/index.php?topic=316505>

### Question 1285

If the Department of Defense hires only volunteers, the armed forces will be staffed predominantly by people who

- A) are incompetent.
- B) are patriotic.
- C) care principally about money.
- D) see the armed forces as their best opportunity.
- E) want to serve more than they want to make money.

Answer: <https://biology-forums.com/index.php?topic=312760>

### Question 1286

Which might be an example of a positive externality?

- A) Loud hip-hop music
- B) A dog gets loose from its master
- C) A lost wallet filled with twenty-dollar bills
- D) The rumbling of a Harley Davidson Low Rider motorcycle
- E) Any of the above, as long as they unintentionally benefit others

Answer: <https://biology-forums.com/index.php?topic=314938>

### Question 1287

Which of the following nations had the lowest growth rate between 1960 and 2011?

- A) Taiwan
- B) Chile
- C) Ethiopia
- D) South Korea

Answer: <https://biology-forums.com/index.php?topic=317088>

### Question 1288

In 2002 some politicians and many representatives of the steel and iron-ore mining industries in the U.S. complained foreign steel producers were illegally "dumping" steel and contributing to a potential unemployment problem. According to the economic way of thinking, their argument is questionable because

- A) it is not at all clear what the appropriate or correct price of steel is.
- B) it is not at all clear what the appropriate or correct cost of steel is.
- C) it is not at all clear that such an activity increases total unemployment in the U.S.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314887>

### Question 1289

A local bar provides free pretzels and peanuts. Once a week it even provides chicken wings for only ten cents each. It is

- A) selling drinks below cost.
- B) selling pretzels, peanuts and wings below cost.
- C) unfairly competing against other local bars who are unable to do the same.
- D) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314869>

### Question 1290

Which statement is consistent with the economic way of thinking?

- A) Politicians seek to advance their own interests.
- B) Politicians are not only concerned with money and material goods.
- C) Politicians do not necessarily pursue narrow or selfish goals.
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315268>

### Question 1291

Which activity of the Fed would tend to increase excess reserves throughout the banking system?

- A) Purchases of government bonds on a mass scale
- B) An increase in the required reserve ratio
- C) An increase of the discount rate
- D) Sales of government bonds on a mass scale

Answer: <https://biology-forums.com/index.php?topic=316535>

### Question 1292

Compared to the free-market outcome, if the production of wheat were subsidized by the government,

- A) the supply of wheat would increase.
- B) the quantity supplied of wheat would increase.
- C) the quantity demanded of wheat would increase.
- D) all of the above would occur.
- E) none of the above would occur.

Answer: <https://biology-forums.com/index.php?topic=313662>

### Question 1293

The overwhelming unpopularity of inflation among citizens is largely a result of the fact that

- A) inflation raises the real cost of such basic necessities as food, housing, and clothing.
- B) inflation reduces the value of real wealth.
- C) no one knows what causes it.
- D) no one (or almost no one) gains from inflation.
- E) people who gain from inflation often erroneously conclude that they are losing as a result of it.

Answer: <https://biology-forums.com/index.php?topic=316067>

### Question 1294

Property rights are social facts because

- A) they are created and enforced by government.
- B) they are widely distributed throughout society.
- C) they depend upon other people's acceptance of corresponding obligations.
- D) they must be held in common to be effective.

Answer: <https://biology-forums.com/index.php?topic=315763>

### Question 1295

If Robinson makes 40 purses or 5 wallets per week, and Chamberlin makes 16 purses or 2 wallets per week, then

- A) neither Robinson nor Chamberlin stands to gain by specialization and exchange.
- B) both would gain through exchange if Robinson specialized in purses, Chamberlin in wallets.
- C) both would gain through exchange if Robinson specialized in wallets, Chamberlin in purses.
- D) only Robinson would gain through specialization and exchange.

Answer: <https://biology-forums.com/index.php?topic=311625>

### Question 1296

Which is an example of a negative externality?

- A) A tornado
- B) A hurricane
- C) A flood
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314929>

### Question 1297

State legislators who wanted to eliminate state regulation of the trucking industry would be most likely to find support among

- A) business owners who must pay higher prices for deliveries as a result of the regulations.
- B) owners and managers of large trucking concerns.
- C) owners of small trucking concerns.
- D) unions that represent truck drivers.

Answer: <https://biology-forums.com/index.php?topic=314614>

### Question 1298

The rules of the National Collegiate Athletic Association (NCAA) limit the amount of money colleges can offer to athletes to

- A) assure balanced competition on collegiate athletic fields.
- B) maintain high ethical standards in college sports.
- C) preserve the spirit of amateurism in an age of professionalism.
- D) prevent competition for star athletes from raising the price of enrolling them.
- E) prevent the schools with the most profitable athletic programs from attracting more than their share of the best athletes.

Answer: <https://biology-forums.com/index.php?topic=312518>

### Question 1299

Which statement below is true for a price taker in the long run?

- A) Net revenue can only be positive.
- B) Net revenue can only be negative.
- C) Net revenue can only be zero.
- D) Net revenue can be positive, negative, or zero.

Answer: <https://biology-forums.com/index.php?topic=314269>

### Question 1300

According to your textbook, markets tend to "clear" due to

- A) the use of threat and coercion.
- B) the competitive bidding process.
- C) the intervention of expert economists.
- D) a well-managed national economic plan.

Answer: <https://biology-forums.com/index.php?topic=313064>

### Question 1301

Suppose you find \$1000 in your attic and decide to deposit it all into your local bank, which must hold 10% as required reserves. The deposit expansion multiplier suggests that this \$1,000 "injection" of new money will, in reality, most likely

- A) increase the money supply by more than \$1,000.
- B) increase the money supply by less than \$1,000.
- C) increase the money supply by exactly \$1,000.
- D) increase the money supply by exactly \$10,000.

Answer: <https://biology-forums.com/index.php?topic=316510>

### Question 1302

A customer at an auction who obtains an antique chair by outbidding several other prospective purchasers

- A) may be paying more than the opportunity cost of obtaining the chair.
- B) pays a price other than opportunity cost.
- C) pays more than its real cost of his bid exceeds the original cost of the chair plus the cost of running the auction.
- D) pays the opportunity cost of the last disappointed bidder.

Answer: <https://biology-forums.com/index.php?topic=313683>

### Question 1303

In trying to control the size of the money stock from day to day, the Fed relies principally on

- A) adjustments in legal reserve requirements.
- B) changes in the central bank discount rate.
- C) purchases and sales of U.S. government bonds.
- D) the issue and withdrawal of currency from commercial banks.

Answer: <https://biology-forums.com/index.php?topic=316611>

### Question 1304

A teenager plays his radio loudly at the beach. What can we conclude?

- A) He creates a negative externality if it unintentionally annoys or upsets others.
- B) He creates a positive externality if it unintentionally benefits others who enjoy the same music.
- C) He creates no externality, if others remain unaffected by the music.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314923>

### Question 1305

A barter exchange

- A) always takes place without greed on behalf of the trading parties.
- B) takes place without money.
- C) tends to have lower transaction costs compared to exchanges using money.
- D) is characterized by all of the above.

Answer: <https://biology-forums.com/index.php?topic=313321>

### Question 1306

People have a demand for liquidity because

- A) liquidity increases one's options.
- B) the rate of interest is positive.
- C) they have confidence in their own future earning power.
- D) they prefer present goods to future goods.

Answer: <https://biology-forums.com/index.php?topic=316353>

### Question 1307

The text uses traffic congestion as an example of

- A) a surplus of automobiles.
- B) a negative externality.
- C) a good priced above equilibrium.
- D) an engineering rather than an economic problem.

Answer: <https://biology-forums.com/index.php?topic=315172>

### Question 1308

Little Dicky Lemons operates a lemonade stand. Yesterday he sold 10 cups when he charged \$1.00 per cup. Today he lowered his price to 80 cents, and sold 14 cups. What's the price elasticity of demand?

- A) .50
- B) 1.0
- C) 2.0
- D) 4.0
- E) 8.0

Answer: <https://biology-forums.com/index.php?topic=312227>

### Question 1309

Predatory pricing occurs when a firm sells

- A) above cost to any customers who have no good alternative.
- B) above cost to low-income customers who have no good alternative.
- C) at whatever prices the market will bear.
- D) below cost in order to eliminate competitors.
- E) only to customers who agree to rebate a portion of the price.

Answer: <https://biology-forums.com/index.php?topic=314629>

### Question 1310

Which group below will generally have a more difficult time finding employment if a nation's minimum wage were increased?

- A) Those with more work experience
- B) Those who are among the younger job seekers
- C) Those who form the majority race in the population
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=313585>

### Question 1311

According to your authors, a necessary condition for the evolution of a successful commercial society includes

- A) stable interest rates.
- B) reasonably secure property rights.
- C) a superabundance of natural resources.
- D) zero economic losses.

Answer: <https://biology-forums.com/index.php?topic=311819>

### Question 1312

Real estate suitable for condominium development is also suitable for single-family home development. Therefore, a rise in the price of condominiums relative to single-family homes tends to

- A) increase the opportunity cost of building new single-family homes.
- B) reduce the demand for condominiums.
- C) increase the demand for condominiums.
- D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=312488>

### Question 1313

Suppose a single-parent father with four children receives these welfare benefits from the government each month: \$400 in cash, \$200 in food stamps, and \$100 in medical benefits. If the father takes a job paying \$1000 per month he will lose all these benefits and will also pay \$100 in income and social security taxes. His earnings from the job are consequently being taxed at an effective marginal rate of

- A) 80%.
- B) 60%.
- C) 40%.
- D) 20%.
- E) 10%.

Answer: <https://biology-forums.com/index.php?topic=315751>

### Question 1314

In a centrally planned economy, the concept of marginal cost

- A) is important if planners want to achieve their objectives at the lowest possible cost.
- B) is irrelevant because resources can be obtained by government decree.
- C) is irrelevant because socialist firms do not have to earn profits.
- D) is irrelevant if industries can be subsidized.

Answer: <https://biology-forums.com/index.php?topic=312623>

### Question 1315

Other things constant, which person is willing to save more?

- A) One that has a higher rate of time preference
- B) One that has a lower rate of time preference
- C) One that has no rate of time preference
- D) One that has no consideration about the value of goods now and in the future

Answer: <https://biology-forums.com/index.php?topic=313370>

### Question 1316

In the economic way of thing, speculation could be effectively abolished if society could abolish

- A) money.
- B) greed.
- C) profit seeking.
- D) private property rights.
- E) uncertainty.



Answer: <https://biology-forums.com/index.php?topic=314047>

### Question 1317

In economics as well as in social relations in general, clear and concise information

- A) eliminates the need for cooperation.
- B) guarantees effective cooperation.
- C) makes cooperation easier to achieve.
- D) makes cooperation more difficult to achieve.

Answer: <https://biology-forums.com/index.php?topic=311801>

### Question 1318

Rank the following goods from most elastic to least elastic: The Economic Way of Thinking (11th ed.), economics textbooks, textbooks.

- A) The Economic Way of Thinking (11th ed.), economics textbooks, textbooks
- B) The Economic Way of Thinking (11th ed.), textbooks, economics textbooks
- C) Economics textbooks, The Economic Way of Thinking (11th ed.), textbooks
- D) Textbooks, economics textbooks, The Economic Way of Thinking (11th ed.)
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312248>

### Question 1319

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 60 people employed; 20 people not in the labor force. How many people are unemployed?

- A) 20
- B) 40
- C) 60
- D) 80
- E) 100

Answer: <https://biology-forums.com/index.php?topic=316233>

### Question 1320

The famous saying, "There is no such thing as a free lunch" means

- A) we do not live in a free country.
- B) the value of our dollar keeps declining.
- C) people face tradeoffs.
- D) people do not care about others enough.

Answer: <https://biology-forums.com/index.php?topic=311304>

### Question 1321

Which is an example of a negative externality?

- A) A beautiful sunset
- B) A cool summer breeze
- C) A clear blue sky
- D) A deadly bolt of lightening
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314932>

### Question 1322

If you withdraw currency from your checking account for cash, you are

- A) increasing M1, decreasing M2.
- B) increasing both M1 and M2.
- C) decreasing both M1 and M2.
- D) not affecting M1 or M2.
- E) increasing M1 but not affecting M2.

Answer: <https://biology-forums.com/index.php?topic=316424>

### Question 1323

Suppose the market-clearing price of wheat is \$2.50 per bushel. At a price above \$2.50,

- A) supply would equal demand.
- B) quantity supplied would equal quantity demanded.
- C) quantity supplied would exceed quantity demanded.

D) quantity supplied would be less than quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=313614>

### Question 1324

An economy that experiences a rise in the price level over two consecutive quarters necessarily experiences

- A) a recession.
- B) deflation.
- C) disinflation.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316032>

### Question 1325

Suppose we observe the following sequence of production and exchange: sand is used to make silicon; silicon is used to make silicon chips; silicon chips are used to make computers; computers are sold to retailers; retailers sell those computers to consumers. Which represents the purchase of a final good?

- A) The retailer's purchase of computers
- B) The consumer's purchase of computers
- C) Both A and B above.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315819>

### Question 1326

When economists use the terms "supply" and "demand," they are referring to

- A) the roles economists must take to improve the economy.
- B) the plans and ongoing negotiations among individual traders in the market process.
- C) the ways people meet their needs in society.
- D) the supply of money and the demand for money.
- E) the supply of laws and the demand for laws in a well-governed society.

Answer: <https://biology-forums.com/index.php?topic=312933>

### Question 1327

If the Fed were to attempt to increase the money supply, it would most likely do so

- A) by manipulating the discount rate.
- B) by manipulating the required reserve ratio.
- C) by altering the amount of gold held in Fort Knox.
- D) by engaging in open market operations.

Answer: <https://biology-forums.com/index.php?topic=316557>

### Question 1328

A horizontal merger is a merger between firms

- A) earning roughly the same amount of profit.
- B) producing roughly the same products.
- C) regularly doing business of any sort with each other.
- D) standing in a supplier-purchaser relationship.
- E) that were previously independent.

Answer: <https://biology-forums.com/index.php?topic=314737>

### Question 1329

Is there any difference between fining people who put contaminants into the atmosphere and charging fees for putting contaminants into the air?

- A) Not if the fee and the fine are the same per quantity of contaminant.
- B) Not if the fee per quantity of contaminant is the same as the fine multiplied by the probability of "getting caught."
- C) Only in the language or rhetoric, but not in the incentives the laws create.
- D) Yes, because a fee constitutes social authorization while a fine expresses social disapproval.

Answer: <https://biology-forums.com/index.php?topic=315077>

### Question 1330

A savings and loan strives for a 6% real return on its loans and estimates a 7% annual rate of inflation. It should therefore charge its borrowers a nominal interest rate of

- A) 13%.
- B) 7%.

- C) 6%.
- D) 1.17%.
- E) 1%.

Answer: <https://biology-forums.com/index.php?topic=316094>

### Question 1331

In the economic way of thinking, the costs of a recession are predominantly

- A) the costs of using money.
- B) the excessive costs of advertising in the face of persistent, falling demand.
- C) the costs of disappointed expectations and discoordination of plans.
- D) the costs associated with high nominal interest rates.

Answer: <https://biology-forums.com/index.php?topic=316678>

### Question 1332

What happens when the Federal Reserve purchases U.S. government bonds?

- A) Interest rates rise because bonds become scarcer.
- B) Commercial bank reserves increase.
- C) The national debt declines in size.
- D) The growth rate of the money stock falls.
- E) All of the above occur.

Answer: <https://biology-forums.com/index.php?topic=316626>

### Question 1333

Suppose milk and chocolate syrup are complements (mixed together they make chocolate milk). If the price of milk increased by exactly 25%, the economic way of thinking suggests

- A) the demand for milk would decrease.
- B) the demand for chocolate syrup would decrease.
- C) the demand for milk would decrease by exactly 25%.
- D) the demand for chocolate syrup would decrease by exactly 25%.

Answer: <https://biology-forums.com/index.php?topic=312020>

### Question 1334

Interest is most fundamentally a measure of

- A) the cost of money.
- B) the scarcity of money.
- C) the greater subjective value of present over future goods.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313362>

### Question 1335

Because the actual market-capitalist system is a combination of market processes and political processes,

- A) it can only be managed appropriately by well-trained political economists.
- B) it is often unclear where to place the blame when things go wrong.
- C) political considerations will always ruin the market process.
- D) economic considerations will always ruin the political process.

Answer: <https://biology-forums.com/index.php?topic=316951>

### Question 1336

In the economic way of thinking, an example of "capital" might include

- A) literacy.
- B) natural resources.
- C) knowledge.
- D) stable rules of the game.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=317038>

### Question 1337

"A doubling of the price of gasoline in the 1970s did not reduce consumption one iota." The person making the above claim evidently thinks the demand for gasoline is

- A) completely elastic.
- B) completely inelastic.
- C) greater than the supply.
- D) less than the supply.
- E) unit elastic.

Answer: <https://biology-forums.com/index.php?topic=312323>

### Question 1338

Which statement below is the best summary of the economic point of view?

- A) Society is created and designed by the government.
- B) Society is controlled by major business conglomerates.
- C) Society is an unintended outcome of individuals pursuing their own projects.
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311061>

### Question 1339

If the quantity of gasoline supplied currently exceeds the quantity demanded,

- A) there is a surplus of gasoline.
- B) gasoline is no longer a scarce good.
- C) the price of gasoline would tend to remain unchanged.
- D) all of the above are true.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313025>

### Question 1340

Consider the following simplified sequence of exchanges. A farmer sells wheat to a miller, for 25 cents. The miller grinds the wheat into flour, and sells that to a baker, for 35 cents. The baker turns the flour into a loaf of bread, which she sells to a grocer for 60 cents. The grocer then sells you the loaf of bread for 85 cents. What is the total value added?

- A) 85 cents
- B) \$1.45
- C) \$1.80
- D) \$2.05

Answer: <https://biology-forums.com/index.php?topic=315846>

### Question 1341

Why do multinational corporations typically pay vastly different wage rates for the same work in different countries?

- A) Prospective employees have much better alternative opportunities in some countries than in others.
- B) The cost of living is much lower in some countries than in others.
- C) The demand for labor is much more elastic in some countries than in others.
- D) Supply and demand determine wage rates in some countries but not in others.
- E) Unions exist in some countries but not in others.

Answer: <https://biology-forums.com/index.php?topic=312539>

### Question 1342

When summer hurricanes pass through the Gulf of Mexico and force oil drillers to evacuate their rigs,

- A) the supply of oil increases, which therefore increases price.
- B) the supply of oil increases, which therefore decreases price.
- C) the supply of oil decreases, which therefore increases price.
- D) the supply of oil decreases, which therefore decreases price.

Answer: <https://biology-forums.com/index.php?topic=312830>

### Question 1343

If textbook prices rise by 5% this year, and textbook purchases fall by 5% this year, then the price elasticity of demand is:

- A) .05.
- B) .10.
- C) .55.
- D) .95.
- E) 1.0.

Answer: <https://biology-forums.com/index.php?topic=312221>

### Question 1344

Fred buys a fresh-off-the-assembly-line car from Wee-Rob-U Auto Sales. He paid \$27,500, even though Wee-Rob-U acquired it for \$23,000. What happens to this year's GDP?

- A) Nothing.
- B) It increases by \$4,500.
- C) It increases by \$23,000.
- D) It increases by \$27,500.
- E) It decreases by \$4,500, because the dealer robbed Fred.

Answer: <https://biology-forums.com/index.php?topic=315945>

### Question 1345

This is a question about "economic" efficiency: Prior to the 1960s, Catholic masses were officially conducted throughout the world only in the Latin language. Since the Vatican II reforms, Catholic masses are now generally conducted in the language spoken and understood by the local parishioners. What can an economist conclude?

- A) Catholic church authorities didn't like Latin anymore.
- B) Catholic church authorities once thought the use of Latin was efficient; during Vatican II the authorities in power decided it was inefficient.
- C) Catholic church parishioners didn't like Latin anymore.
- D) Nothing, because decisions related to religion are non-economic.

Answer: <https://biology-forums.com/index.php?topic=311391>

### Question 1346

The demand curve illustrates

- A) the amount of a good consumers need to buy at given prices.
- B) the corresponding supply of a good at given prices.
- C) the opportunity cost associated with producing a scarce good.
- D) the amount of a good consumers plan to buy at given prices.

Answer: <https://biology-forums.com/index.php?topic=312962>

### Question 1347

The economic way of thinking assumes people, including Mother Teresa, Jack the Ripper, Henry VIII, and Hilary Rodham Clinton, act on the basis of

- A) greed.
- B) altruism.
- C) terror.
- D) the projects they are interested in.

Answer: <https://biology-forums.com/index.php?topic=311064>

### Question 1348

Labor unions benefit their members by

- A) distributing income more equally among workers.
- B) helping them compete more effectively against employers.
- C) increasing the number of job opportunities available for employees.
- D) preventing or controlling competition among workers.
- E) promoting the trade they represent to assure an adequate supply of skilled workers.

Answer: <https://biology-forums.com/index.php?topic=315650>

### Question 1349

A primary goal of the Fed, if it sought after monetary equilibrium, is to

- A) keep interest rates stable.
- B) keep jobs plentiful.
- C) keep the quantity supplied of money equal to the quantity demanded.
- D) get the national debt paid off in a timely manner.
- E) keep the M1 money supply is tied to the amount of gold reserves held in Fort Knox.

Answer: <https://biology-forums.com/index.php?topic=316639>

### Question 1350

Legal restrictions on competition, such as the grant of patent privileges to inventors,

- A) destroy property rights.
- B) expand property rights.
- C) both destroy and expand property rights.

D) neither destroy nor expand property rights because patents are granted by the U.S. Constitution.

Answer: <https://biology-forums.com/index.php?topic=314027>

### Question 1351

By selling additional wheat, each U.S. wheat farmer

- A) decreases his total revenue because the demand for his wheat is elastic.
- B) decreases his total revenue because the demand for his wheat is inelastic.
- C) increases his total revenue because the demand for his wheat is elastic.
- D) increases his total revenue because the demand for his wheat is inelastic.

Answer: <https://biology-forums.com/index.php?topic=314370>

### Question 1352

A mother of three who receives \$600 a month in total welfare benefits if she is not working, but who loses all those benefits and also pays 10 percent of her earnings to the tax collector if she takes a job paying \$1000 a month, is being taxed on her earnings at an effective marginal rate of

- A) 10 percent.
- B) 30 percent.
- C) 50 percent.
- D) 70 percent.

Answer: <https://biology-forums.com/index.php?topic=315745>

### Question 1353

The central problem of every economic system is to

- A) to transform mere wants into genuine needs.
- B) get people to cooperate effectively in using what is available to provide what is wanted.
- C) get people to see that what is available is all that is necessary.
- D) increase the number of jobs available.
- E) redistribute income fairly.

Answer: <https://biology-forums.com/index.php?topic=312877>

### Question 1354

Every society must follow some kinds of criteria to determine who gets what. Examples of such criteria include

- A) age.
- B) gender.
- C) height.
- D) willingness to pay.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=312374>

### Question 1355

According to chapter 1 in your textbook, while economic theory offers a biased perspective on social phenomena,

- A) it deserves our confidence, but only when it is confined to the monetary or financial sector of society.
- B) it is useless to anyone who rejects the free market system.
- C) it is nonetheless worth learning.
- D) it is superior to all the other social sciences.

Answer: <https://biology-forums.com/index.php?topic=311207>

### Question 1356

Fiscal policy is

- A) another term for monetary policy.
- B) the implementation of import fees and restrictions to promote the domestic economy.
- C) the use of the government budget to bring about desired levels of total spending.
- D) the use of money to promote the sustainability of a nation's non-renewable resources.

Answer: <https://biology-forums.com/index.php?topic=316758>

### Question 1357

Which of the following statements is true?

- A) If higher water prices encourage a landlord to place bricks in the water tanks of his toilets to reduce water usage, then for him bricks are substitutes for water.
- B) If higher gasoline prices encourage a potential vacationer to stay at home and read a good book by the fire, rather than drive through the country, then for her firewood is a substitute for gasoline.

- C) Both A and B are true.
- D) None of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311864>

### Question 1358

How does the social problem of positive externalities differ from the problem created by negative externalities?

- A) Positive externalities can create free-rider problems; negative externalities do not.
- B) Positive externalities are created by altruistic people; negative externalities are not.
- C) Negative externalities can create free-rider problems; positive externalities do not.
- D) Negative externalities are created by selfish people; positive externalities are not.
- E) Trick question: neither positive nor negative externalities create a social problem.

Answer: <https://biology-forums.com/index.php?topic=315376>

### Question 1359

When a man with a lawnmower in his trunk stops at Bill's house and offers to mow Bill's yard, economists assume the man

- A) expects to be made better off by mowing Bill's yard for a fee.
- B) is desperate.
- C) is being exploited.
- D) both A and B.

Answer: <https://biology-forums.com/index.php?topic=311316>

### Question 1360

What effect does the televising of the Super Bowl have on the cost to the National Football League of giving someone a ticket to the game?

- A) It has no effect because all the costs of playing the game are sunk costs.
- B) It has no effect on the cost because the demand doesn't affect cost.
- C) It lowers the cost because fewer people will want to buy tickets.
- D) It raises the cost because fewer people will want to buy tickets.

Answer: <https://biology-forums.com/index.php?topic=312683>

### Question 1361

Positive externalities and high transaction costs make voluntary social cooperation difficult because they

- A) are also obstacles to the effective working of democratically controlled governments.
- B) can be eliminated by government.
- C) can best be reduced by abandoning persuasion and voluntary cooperation.
- D) make government intervention necessary.
- E) make it easier for cartels to operate effectively.

Answer: <https://biology-forums.com/index.php?topic=315339>

### Question 1362

When a business fails to cover sunk costs, it usually

- A) declares a stock split.
- B) declares bankruptcy.
- C) does not immediately stop operating.
- D) stops operating until sunk costs are recovered.

Answer: <https://biology-forums.com/index.php?topic=312596>

### Question 1363

Suppose the market-clearing price of wheat is \$2.50 per bushel. What would happen if wheat farmers persuaded the government to set a legally-mandated price support of \$3.75 per bushel?

- A) The price of wheat products would rise.
- B) The demand for wheat would fall.
- C) The quantity demanded of wheat would rise.
- D) A shortage of wheat would occur.

Answer: <https://biology-forums.com/index.php?topic=313638>

### Question 1364

The principal way in which inflation imposes costs upon the members of a society is by

- A) destroying the incentive to consume.
- B) increasing the cost of planning correctly.
- C) lowering wages relative to prices.



- D) making goods more scarce.
- E) raising the percentage of the population below the official poverty line.

Answer: <https://biology-forums.com/index.php?topic=316082>

### Question 1365

Every dollar added to the total reserves of the commercial banking system

- A) compels the banks to reduce their loans by more than a dollar.
- B) compels the banks to expand their loans by more than a dollar.
- C) enables the banks to expand their loans by more than a dollar.
- D) enables the banks to expand their loans by one dollar.
- E) is one less dollar in the hands of the public.

Answer: <https://biology-forums.com/index.php?topic=316529>

### Question 1366

According to your textbook, the benefits of civilization are heavily dependent on

- A) accurate numerical estimates by government officials of available resources and of basic consumption requirements.
- B) agreement among the members of society on the best means for achieving their goals.
- C) agreement among the members of society on the goals to be pursued.
- D) government planning for long-run economic growth.
- E) the ability to induce other people to cooperate.

Answer: <https://biology-forums.com/index.php?topic=311124>

### Question 1367

A price searcher can move its marginal revenue curve closer to its demand curve if it can

- A) achieve significant economies of scale.
- B) charge different buyers different prices for the same good.
- C) price at the point of unit demand elasticity.
- D) produce at constant marginal cost.
- E) set marginal revenue equal to marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314466>

### Question 1368

When determining value added, national income accounting systematically ignore

- A) accounting profits.
- B) economic profits.
- C) accounting losses.
- D) the expected market value of unsold inventory.

Answer: <https://biology-forums.com/index.php?topic=316281>

### Question 1369

An example of a horizontal merger would be a merger between firms

- A) approximately the same size.
- B) growing at approximately the same rate.
- C) located in the same geographic area.
- D) selling approximately the same products.
- E) supplying one another with inputs.

Answer: <https://biology-forums.com/index.php?topic=314740>

### Question 1370

Economic theory can predict or explain behavior

- A) in the private but not in the public or government sector of society.
- B) most successfully in areas where behavior is largely guided by foresight and planning.
- C) only when behavior aims at maximizing net monetary revenue.
- D) when people behave selfishly rather than in the public interest.

Answer: <https://biology-forums.com/index.php?topic=315229>

### Question 1371

In the economic way of thinking, a tax on pollutants

- A) unfairly places the burden of pollution reduction on the poor.
- B) is inefficient because it won't reduce pollution to zero.

- C) tries to alter relative money costs to reflect new decisions about who has which rights.  
D) cannot be labeled unfair as long as the tax revenues are used to fund public works projects.

Answer: <https://biology-forums.com/index.php?topic=315118>

### Question 1372

"Less demand causes lower prices, and lower prices cause more demand." The above statement shows

- A) economic theory can be used to prove just about anything.  
B) everything depends on everything else.  
C) prices fluctuate in a free-market situation.  
D) the speaker has confused himself by saying demand in the first half of the statement when he meant quantity demanded.  
E) the speaker has confused himself by saying demand in the second half of the statement when he meant quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=312103>

### Question 1373

Objects in and of themselves have no costs. Lunches are an object, so they presumably have no cost. Yet we often hear economists say, "There is no such thing as a free lunch." Are economists being inconsistent?

- A) It is impossible to tell.  
B) Yes, if the statement implies lunch actually has a cost.  
C) No, if the statement implies the decision to offer lunches free of charge entails the sacrifice of scarce resources, which could have served other useful purposes.  
D) Both B and C are true.

Answer: <https://biology-forums.com/index.php?topic=312434>

### Question 1374

Consider the market for consumer loans. A legal ceiling set below the market-clearing interest rate would tend to

- A) increase the quantity demanded for loans.  
B) decrease the quantity supplied of loans.  
C) create a shortage of loans.  
D) do all of the above.  
E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313552>

### Question 1375

Dividing the number of people unemployed by the civilian labor force gives us

- A) the employment rate.  
B) the unemployment rate.  
C) the labor force participation rate.  
D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316196>

### Question 1376

Cooperation among people in an urban, industrialized society

- A) becomes more difficult as transaction costs increase.  
B) is dependent upon people having a detailed, specific knowledge of the wants and abilities of others.  
C) is impossible once the number increases beyond a few thousand.  
D) requires coordination by central-planning committees.  
E) will not occur unless most people approve of the goals and values of others.

Answer: <https://biology-forums.com/index.php?topic=312874>

### Question 1377

If price changes by one firm induce rival firms selling close substitutes to alter their prices,

- A) firms will be able to raise their prices without fear of losing sales.  
B) the demand curve will shift in response to a change in price.  
C) the original firm faces an elastic demand curve.  
D) the original firm faces an inelastic demand curve.  
E) there is no competition between the rival firms.

Answer: <https://biology-forums.com/index.php?topic=314541>

### Question 1378

A recession shows

- A) supply always equals demand.
- B) supply never equals demand
- C) real GDP must be lower than nominal GDP.
- D) a "cluster of errors" has occurred throughout the economy.
- E) not enough households are using their credit cards.

Answer: <https://biology-forums.com/index.php?topic=316699>

### Question 1379

Which Fed policy would be part of a restrictive monetary policy?

- A) Raising tax rates.
- B) Lowering the discount rate.
- C) Selling government bonds.
- D) Reducing the required reserve ratio.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316575>

### Question 1380

The basic federal "antitrust" law prohibiting combinations in restraint of trade and attempts to monopolize is the

- A) Clayton Act.
- B) Miller-Tydings Act.
- C) Robinson-Patman Act.
- D) Sherman Act.
- E) Taft-Hartley Act.

Answer: <https://biology-forums.com/index.php?topic=314596>

### Question 1381

A cartel arrangement is likely to be successful for its members only if it can

- A) assign sales to specific members.
- B) keep new firms from entering the industry.
- C) prevent firms not in the cartel from marketing close substitutes.
- D) do all of the above.

Answer: <https://biology-forums.com/index.php?topic=314562>

### Question 1382

Predatory pricing

- A) is extremely hard to document in the U.S. economy today.
- B) is most often practiced in the retailing industry.
- C) is not legal under U.S. law but is regularly practiced by foreign firms competing in the United States.
- D) is principally responsible for the decline of competition in the oil industry.

Answer: <https://biology-forums.com/index.php?topic=314696>

### Question 1383

People are most likely to make their opinions on a potential piece of legislation known to their representatives when

- A) the legislation matters greatly to them, whether or not it affects their private interests.
- B) the legislation will affect their private interests substantially.
- C) they believe their actions will make enough difference to justify the effort.
- D) they can do so at low cost to themselves.

Answer: <https://biology-forums.com/index.php?topic=315451>

### Question 1384

If people increase their rate of time preference

- A) more credit is made available in the banking system.
- B) less credit is made available in the banking system.
- C) the demand for credit shifts left.
- D) the supply of credit shifts right.

Answer: <https://biology-forums.com/index.php?topic=313347>

### Question 1385

As people have more time to adjust to changes in a good's price,

- A) the demand curve will become less elastic.

- B) the supply curve will become less elastic.
- C) both the demand and supply curves will become less elastic.
- D) both the demand and supply curves will become more elastic.

Answer: <https://biology-forums.com/index.php?topic=313819>

### Question 1386

Who ends up paying when sunk costs are incurred as a result of erroneous forecasting?

- A) No one pays them because they are sunk.
- B) The consumer, because they eventually show up as higher prices.
- C) The government, since they fall evenly on the entire community.
- D) The taxpayer, because they produce a decline in assessed valuations.
- E) Whoever invested in the unsuccessful project.

Answer: <https://biology-forums.com/index.php?topic=312608>

### Question 1387

Movement along a supply curve implies

- A) quantity demanded changes as the price changes.
- B) supply changes as the price changes.
- C) suppliers' plans change when the price changes.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=312976>

### Question 1388

Market specialization and the rise of the division of labor

- A) create important conditions for economic growth.
- B) help explain why some nations are wealthier than others.
- C) do both of the above.
- D) do neither of the above.

Answer: <https://biology-forums.com/index.php?topic=311826>

### Question 1389

Car A gets 20 miles per gallon, and sells for \$17,000. Car B gets 40 miles per gallon, and sells for \$34,000. In the economic way of thinking, which car is more efficient?

- A) Car A
- B) Car B
- C) Both are equally efficient.
- D) It depends on the car buyer's estimate of cost and benefit.
- E) It depends on a number of statistical tests done by economists, the results of which are not stated in the question.

Answer: <https://biology-forums.com/index.php?topic=311406>

### Question 1390

Fill in the blank: If a rent control were set at \$200 below the market clearing rent on apartments, a \_\_\_\_\_ would tend to occur.

- A) fall in demand
- B) surplus
- C) rise in demand
- D) shortage

Answer: <https://biology-forums.com/index.php?topic=313489>

### Question 1391

If you withdraw currency from your bank savings account, you are

- A) increasing M1, decreasing M2.
- B) increasing both M1 and M2.
- C) decreasing both M1 and M2.
- D) not affecting M1 or M2.
- E) increasing M1 but not affecting M2.

Answer: <https://biology-forums.com/index.php?topic=316427>

### Question 1392

What is the relationship between scarcity and shortage, as economists use the terms?

- A) Scarcity and shortage cannot exist simultaneously.

- B) Shortages are the basic cause of scarcity.
- C) Scarcity creates shortages in the long run.
- D) Scarcity is relative while shortages are absolute.
- E) Scarcity is unavoidable but shortages are not.

Answer: <https://biology-forums.com/index.php?topic=313222>

### Question 1393

According to your authors, the following is a necessary condition for a competitive market:

- A) Large numbers of buyers and sellers
- B) Full and complete information
- C) Freedom of entry
- D) Identical products
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314761>

### Question 1394

Traffic congestion is an example of

- A) a shortage of roadway space.
- B) a surplus of automobiles.
- C) a surplus of drivers.
- D) a surplus of people.

Answer: <https://biology-forums.com/index.php?topic=315196>

### Question 1395

According to your authors, what caused the unsustainable housing bubble followed by the Great Recession?

- A) Unprecedented greed
- B) The Fed's lowering of interest rates during the early 2000s
- C) Deregulation in the financial and investment banking markets
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316729>

### Question 1396

What helps to explain the remarkable 7.3% growth rate in South Korea between 1960 and 2011?

- A) A radical reduction in foreign imports and a maximization of South Korean exports
- B) Huge foreign aid from the World Bank
- C) A relatively high rate of saving among South Korean households
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=317056>

### Question 1397

Economists use the term externalities to refer to

- A) consequences people ignore in their decision making.
- B) any cost associated with an action.
- C) foreign imports or exports.
- D) the behavior in which people actually engage as distinct from their alleged reasons for acting as they do.
- E) the outside directors of a corporation as distinct from corporate directors who are also managers.

Answer: <https://biology-forums.com/index.php?topic=314890>

### Question 1398

Copyrights, which grant special privileges to artists, musicians, and writers

- A) destroy property rights.
- B) expand property rights.
- C) neither destroy nor expand property rights because they are part of the Bill of Rights.
- D) both destroy and expand property rights.

Answer: <https://biology-forums.com/index.php?topic=314030>

### Question 1399

Pick the false statement.

- A) It is possible for economic profit to be equal to accounting profit.
- B) It is possible for economic profit to be greater than accounting profit.
- C) It is possible for economic profit to be less than accounting profit.
- D) Economic profit can only occur under conditions of uncertainty.

Answer: <https://biology-forums.com/index.php?topic=313874>

### Question 1400

Entrepreneurs obtain control over the resources employed in the projects they undertake by

- A) acquiring ownership through investment of their own funds.
- B) borrowing funds with which to purchase the resources.
- C) floating new issues of stock or bonds.
- D) offering credible guarantees to owners of resources.
- E) reinvesting the profits from previous successful projects.

Answer: <https://biology-forums.com/index.php?topic=313970>

### Question 1401

Who among the following is speculating?

- A) The senior citizen who decides to get a flu shot in November
- B) The Midwesterner who puts fuel-line antifreeze in the tank on news of a deep freeze
- C) The college work-study student who gambles his pay at the local casino
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314059>

### Question 1402

According to the authors of your text,

- A) society could continue to exist even if people were totally selfish.
- B) genuine concern for the well-being of others is essential if any social cooperation at all is to occur.
- C) anarchism, or a society without a coercive government, is the only socio-political system consistent with free markets.
- D) rules are necessary for government institutions, but not for market institutions.

Answer: <https://biology-forums.com/index.php?topic=315493>

### Question 1403

Suppose Robert deposits \$100 of cash into a checking account at a commercial bank. His actions will

- A) decrease M1 by \$10,000.
- B) increase M1 by \$10,000.
- C) produce no change in M1, but M1 will decrease in the future because the bank has excess reserves.
- D) produce no change in M1, but M1 will increase because the bank has excess reserves.

Answer: <https://biology-forums.com/index.php?topic=316393>

### Question 1404

Current offers to purchase or sell scarce goods take account of the wants of future generations

- A) if government intervenes to give the future a current voice.
- B) if people are able to predict future prices.
- C) only if people are concerned for the welfare of others yet unborn.
- D) only rarely because people are predominantly selfish.

Answer: <https://biology-forums.com/index.php?topic=314137>

### Question 1405

All of the following factors are held constant when price changes on a demand curve except:

- A) income.
- B) quantity demanded.
- C) population.
- D) tastes and preferences.

Answer: <https://biology-forums.com/index.php?topic=311951>

### Question 1406

When two companies that produce the same product merge, it is called a

- A) conglomerate merger.
- B) diagonal merger.

- C) horizontal merger.
- D) vertical merger.

Answer: <https://biology-forums.com/index.php?topic=314601>

### Question 1407

The economic way of thinking assumes

- A) women act differently than men.
- B) Christians act differently than non-Christians.
- C) athletes act differently than non-athletes.
- D) all people act on the basis of the plans and projects they are interested in.

Answer: <https://biology-forums.com/index.php?topic=311070>

### Question 1408

If a professor gives up her job to open a shoe store, which of the following costs would an accountant tend to ignore?

- A) The \$1,500 per month lease for the shoe store.
- B) The \$150 per month electricity bill.
- C) The \$4,000 per month of income forgone by not being employed as a professor.
- D) The \$200 business license, which, of course, is a sunk cost.

Answer: <https://biology-forums.com/index.php?topic=313880>

### Question 1409

According to the "law of demand"

- A) demand generates a supply sufficient to satisfy the demand.
- B) nothing will be produced unless there is a demand for it.
- C) people will purchase less of a good when its price rises.
- D) wants are indefinitely expansible and can never be fully satisfied.
- E) whatever people want will eventually be supplied.

Answer: <https://biology-forums.com/index.php?topic=311906>

### Question 1410

Suppose a judge is trying to decide whether, as a matter of fact, homeowners currently possess the right to prevent airplanes from flying low over their houses. The judge's ruling is correct if his decision results in

- A) a fall in the market value of the houses.
- B) a rise in the market value of the house.
- C) no change in the market value of the houses.
- D) uncertainty about the market value of the houses.

Answer: <https://biology-forums.com/index.php?topic=315027>

### Question 1411

Someone who earns her living rolling out pizza dough

- A) is inefficiently employed if she could shift to another occupation and produce more than the person she replaces.
- B) is inefficiently employed if someone else could roll out more dough in less time.
- C) thinks she has a comparative advantage in rolling out pizza dough.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311574>

### Question 1412

In the economic way of thinking, bald eagles are a scarce good. Thus,

- A) the bald eagle population can be maintained at no cost.
- B) the bald eagle population should be maintained at any cost.
- C) there are substitutes for bald eagles.
- D) there are no substitutes for bald eagles.
- E) economists don't like bald eagles.

Answer: <https://biology-forums.com/index.php?topic=315160>

### Question 1413

Fill in the blanks: An increase in \_\_\_\_\_ tends to increase \_\_\_\_\_ and therefore increase \_\_\_\_\_.

- A) cost; price; supply
- B) cost; demand; price
- C) demand; price; cost



D) supply; cost; price

Answer: <https://biology-forums.com/index.php?topic=313745>

### Question 1414

Does monetary policy require the accompaniment of fiscal policy to change total spending?

- A) No, because the Fed is an independent agency of the federal government.
- B) Yes, because monetary policy can contract total spending but cannot by itself expand it.
- C) Yes, because no policy is effective if it only changes nominal money values.
- D) Yes, if the demand for money tends to change in about the same direction and amount whenever the supply changes.

Answer: <https://biology-forums.com/index.php?topic=316813>

### Question 1415

According to the text, the cost-plus-markup procedure

- A) is the only sensible way to set prices.
- B) is a sure-fire way to ruin a business.
- C) is a general rule of thumb for price searchers.
- D) can be practiced only by price takers.

Answer: <https://biology-forums.com/index.php?topic=314212>

### Question 1416

Freedom of entry into a market tends to preserve

- A) competition.
- B) abnormal profits.
- C) social justice.
- D) the gap between the price of a good and marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314752>

### Question 1417

The opportunity costs perceived by decision makers determine

- A) both demand and supply curves.
- B) demand curves.
- C) either demand or supply curves, but not both in the same case.
- D) supply curves.

Answer: <https://biology-forums.com/index.php?topic=312440>

### Question 1418

If ranchers in Texas fear a sharp drop in cattle prices next year, they will probably

- A) bring less cattle to market this year.
- B) bring more cattle to market this year.
- C) keep supply unchanged now and bring more cattle to market next year.
- D) keep supply unchanged now and bring less cattle to market next year.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=312824>

### Question 1419

Which of the following is most likely to be observed in a community where legal ceilings are imposed on residential rents?

- A) Landlords will do a better job of property maintenance.
- B) People moving into the community will have difficulty locating residential space to rent.
- C) Poor people will be able to find adequate housing.
- D) Tenants will reduce their use of housing space.
- E) The people most in need of housing will be able to obtain the space they want.

Answer: <https://biology-forums.com/index.php?topic=313472>

### Question 1420

Henry David Thoreau faced a choice: Stay in the village of Concord or move out to Walden Pond. He decided to move to Walden. What was his "opportunity cost"?

- A) There was no opportunity cost if he didn't pay rent for his cabin on Walden Pond.
- B) The satisfaction he would have enjoyed were he to stay in Concord
- C) The sweat and toil of building his own cabin and living off the land at Walden Pond
- D) There was no opportunity cost, because he made a free and voluntary decision to live the way he preferred to live.

Answer: <https://biology-forums.com/index.php?topic=311484>

### Question 1421

If a used-car dealer suffers economic losses, then

- A) as a group, its customers were necessarily made worse off.
- B) as a group, its competitors necessarily enjoyed economic profits.
- C) it must pass its losses onto its future customers.
- D) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313931>

### Question 1422

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if cotton-growing states experience rapid industrialization?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313159>

### Question 1423

What makes it extremely difficult for cartels to function effectively without government assistance?

- A) Cartel members cannot agree among themselves on the optimum price because all have different costs.
- B) High prices encourage cartel members to offer discounts, and they attract new entrants to the industry.
- C) Marginal cost will not equal marginal revenue except at output levels beyond the cartel's capacity.
- D) Public interest considerations usually require an output greater than the cartel's net revenue maximizing output.
- E) The hostility of the public to price exploitation makes it difficult for the cartel to defend itself against the consequences of popular hostility.

Answer: <https://biology-forums.com/index.php?topic=314722>

### Question 1424

The demand curve illustrates

- A) the amount of a good people need.
- B) the amount of a good people want, regardless of price.
- C) the amount of a good people plan to purchase at given prices.
- D) the amount of a good people wish to have, but aren't willing to pay for.

Answer: <https://biology-forums.com/index.php?topic=312942>

### Question 1425

Recession is the opposite of

- A) economic growth.
- B) economic decay.
- C) stagflation.
- D) inflation.
- E) deflation.

Answer: <https://biology-forums.com/index.php?topic=316118>

### Question 1426

Somebody steals silverware from the dinner table at a nice restaurant. You question them and they justify their behavior by saying, "The restaurant management knows customers steal—they raise the price of their meals and drinks to cover the additional costs of stolen items. Since they pass on the higher costs to all of us who haven't stolen, I think it is only fair I finally get my share of the silverware." The economist would view the above statement as:

- A) incorrect, because even though people stole silverware, it doesn't make it any more profitable to raise prices.
- B) correct, because what's fair is fair.
- C) correct, because economics champions such selfish behavior.
- D) an ethical problem, and it has nothing to do with economics.

Answer: <https://biology-forums.com/index.php?topic=313698>

### Question 1427

If the Slam Dunkers can sell 5000 season tickets for \$100 and 6000 season tickets only by lowering the price (for all purchasers) to \$80, our best estimate of the marginal revenue from sale of the 550th season ticket is

- A) \$100.

- B) \$90.
- C) \$80.
- D) -\$20.

Answer: <https://biology-forums.com/index.php?topic=314394>

### Question 1428

Which of the following best exemplifies a deadweight cost?

- A) Eating something in a restaurant you don't really want because you have already paid for it.
- B) Paying for something in a restaurant but not eating it.
- C) Refusing dessert in a restaurant although it is included in the price of the meal.
- D) Tipping the waiter even though he gave slow, surly, and inattentive service.
- E) Waiting twenty minutes for a table to become available in a restaurant.

Answer: <https://biology-forums.com/index.php?topic=313270>

### Question 1429

Rationing when goods have suddenly become more scarce, by asking people to make sacrifices voluntarily for the sake of others, discriminates against people who are

- A) considerate.
- B) poor.
- C) unethical.
- D) unwilling to sacrifice.
- E) wealthy.

Answer: <https://biology-forums.com/index.php?topic=313219>

### Question 1430

The Federal Trade Commission was created by Congress as an expert body to

- A) help small businesses compete by offering technical advice and assistance.
- B) help small businesses compete by providing low-interest start-up loans.
- C) prevent insider trading.
- D) promote competition by preventing trade practices held to be unfair.
- E) regulate prices on spot and futures markets.

Answer: <https://biology-forums.com/index.php?topic=314650>

### Question 1431

When the Bureau of Labor Statistics makes seasonal adjustments in the labor force data, what is it likely to do with the number of people in the labor force during the month of June?

- A) Lower the number each year.
- B) Raise the number each year.
- C) Lower the number about as often as it raises the number in the long run.
- D) Multiply the number by the labor force participation rate.

Answer: <https://biology-forums.com/index.php?topic=316193>

### Question 1432

When the supply (curve) of a product increases,

- A) suppliers change their plans.
- B) demanders change their plans.
- C) the price changes.
- D) all of the above occur.
- E) none of the above occur.

Answer: <https://biology-forums.com/index.php?topic=312989>

### Question 1433

How does the economist's measure of profit differ from the accountant's measure?

- A) Economists subtract total revenue from total cost; accountants do the opposite.
- B) Economists subtract total costs from total revenue; accountants do the opposite.
- C) Economists consider more sources of monetary revenue than accountants do.
- D) Economists include all opportunity costs, accountants don't.
- E) There is no difference between the two measures.

Answer: <https://biology-forums.com/index.php?topic=313868>

### Question 1434

Which of the following would shift the supply curve to the left?

- A) A fall in the expected future price of the good
- B) A rise in the expected future price of the good
- C) A rise in technology that lowers the cost of producing the good
- D) A positive supply shock that brings more output onto the market

Answer: <https://biology-forums.com/index.php?topic=312790>

### Question 1435

Would the services supplied by prostitutes and brothels be included in calculating GDP in the United States?

- A) Yes, because those are final services.
- B) Yes, but only in those states where brothels are legal.
- C) No, because those services are immoral.
- D) No, because those are not truly economic services.

Answer: <https://biology-forums.com/index.php?topic=316275>

### Question 1436

Foreign aid to a poor country might

- A) improve its long run economic growth prospects.
- B) interfere with its domestic affairs.
- C) be allocated to useless projects and thereby reduce its growth rate.
- D) be used to keep its ruling party in power rather than spur economic growth.
- E) do any of the above.

Answer: <https://biology-forums.com/index.php?topic=317023>

### Question 1437

Ethiopia provides a counterexample to the claim

- A) central economic planning doesn't work well.
- B) nations are poor because they are subject to exploitation by nations with superior military power.
- C) a nation can move to the ranks of the wealthiest in the world with few natural resources.
- D) the rule of law is necessary for economic growth.

Answer: <https://biology-forums.com/index.php?topic=316966>

### Question 1438

How can you calculate the cost per mile of owning a car?

- A) Divide total costs per year of owning the car by the number of miles driven in a year.
- B) Divide total costs per year of owning and operating the car by the number of miles driven in a year.
- C) Divide total costs per year of operating the car by the number of miles driven in a year and add the result to the cost of owning the car.
- D) You cannot do so in any defensible way because cars are owned per unit of time period, not per unit of distance.

Answer: <https://biology-forums.com/index.php?topic=312638>

### Question 1439

A particular good is not scarce when

- A) everyone is able to purchase as much of the good as they wish to purchase.
- B) it is available in large enough quantities to meet everyone's needs.
- C) no one must sacrifice anything to obtain more of the good.
- D) there is a surplus of the good.

Answer: <https://biology-forums.com/index.php?topic=313195>

### Question 1440

Money is

- A) anything backed by gold.
- B) any durable good.
- C) whatever people use as a general medium of exchange.
- D) something intentionally created by farsighted people.

Answer: <https://biology-forums.com/index.php?topic=316290>

### Question 1441

Lu Thier is an accomplished violin and viola maker. He can make either 6 violins or 6 violas each year, or a combination such as 3 violins and 3 violas. Which statement below is true?

A) The opportunity cost of producing 1 viola is 6 violins.  
B) The opportunity cost of producing 1 viola is 3 violins.  
C) The opportunity cost of producing 1 viola is 1 violin.  
D) George has a comparative advantage in violin production.

Answer: <https://biology-forums.com/index.php?topic=311505>

### Question 1442

A tax on firms for polluting will be most effective in reducing pollution at low cost if the tax

A) is levied on a one-time, lump-sum basis.  
B) per unit of pollutant is constant.  
C) per unit of pollutant is lower for low polluting firms.  
D) per unit of pollutant is proportioned to profits or ability to pay.

Answer: <https://biology-forums.com/index.php?topic=315022>

### Question 1443

Using the economic way of thinking, complete the following sentence: "One person's profit is

A) a sign of sinful activity."  
B) the result of uncertainty."  
C) only a matter of luck and chance."  
D) another person's loss."

Answer: <https://biology-forums.com/index.php?topic=313934>

### Question 1444

If gold miners expect the price of gold to be 100% higher one year from now, they will probably

A) decrease the supply of gold they bring to market now.  
B) increase the supply of gold they bring to market now.  
C) increase the quantity supplied of gold, but supply will remain unchanged.  
D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=312821>

### Question 1445

Suppose a price searcher faces the following demand curve: At \$100, \$90, \$80, \$70, and \$60, the quantity demanded is 1, 2, 3, 4, and 5 units respectively. If the firm's marginal cost is \$40 at any level of output, it would maximize net revenues by

A) producing 5 units and charging \$60.  
B) producing 4 units and charging \$70.  
C) producing 3 units and charging \$80.  
D) producing 2 units and charging \$90.

Answer: <https://biology-forums.com/index.php?topic=314323>

### Question 1446

Agreements among competing sellers to maintain a certain minimum price or to divide up the market in a particular way

A) are evidence of a cooperative rather than competitive spirit in business.  
B) are illegal under federal law where it is applicable.  
C) benefit business firms and their customers, but at the expense of employees.  
D) increase the number of job opportunities in the economy.

Answer: <https://biology-forums.com/index.php?topic=314626>

### Question 1447

Hurricane victims in the United States are likely to receive emergency relief aid and embark upon reconstruction more rapidly than similar victims in India because

A) U.S. victims typically need the resources more than the victims in India.  
B) the U.S. economy has a more clearly defined set of property rights compared to the Indian economy.  
C) people in the U.S. are typically more charitable than people in India.  
D) the global economy is too dependent on the U.S. to let it falter.

Answer: <https://biology-forums.com/index.php?topic=313296>

### Question 1448

Other things constant, if the population decreases and GDP remains unchanged,

- A) real GDP necessarily decreases.
- B) per capita GDP necessarily increases.
- C) per capita GDP necessarily decreases.
- D) real GDP necessarily increases.

Answer: <https://biology-forums.com/index.php?topic=315960>

### Question 1449

The amount of unemployment that policymakers should not worry about because it constitutes no social problem is

- A) 2 percent of the labor force.
- B) 4 percent of the labor force.
- C) not any single amount that can be clearly measured.
- D) the amount that can exist without causing a recession.
- E) the amount that is due to people's choices among available alternatives.

Answer: <https://biology-forums.com/index.php?topic=316181>

### Question 1450

You get bit by your neighbor's dog, and incur \$200 in emergency medical expenses. What happens to GDP?

- A) It increases by \$200.
- B) It decreases by \$200.
- C) It remains unchanged.
- D) It depends upon whether you or the dog owner pays the medical bill.

Answer: <https://biology-forums.com/index.php?topic=315907>

### Question 1451

To maximize net revenue, a price searcher should

- A) set marginal revenue as far above marginal cost as possible.
- B) set marginal revenue as far below marginal cost as possible.
- C) set marginal revenue equal to marginal cost.
- D) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=314251>

### Question 1452

For which of the following goods would the price elasticity of demand ordinarily be greatest?

- A) Gasoline
- B) Mobil regular gasoline
- C) Petroleum products
- D) Transportation services
- E) Unleaded gasoline

Answer: <https://biology-forums.com/index.php?topic=312260>

### Question 1453

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Pick the true statement:

- A) The U.S. has a comparative advantage in orange production because it can produce more than Canada.
- B) Canada has a comparative advantage in beef production because it can produce more than the U.S.
- C) Both of the above are true.
- D) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311730>

### Question 1454

According to the text, "congestion" is another word for

- A) confusion.
- B) cost.
- C) inconsiderate behavior.
- D) shortage.

Answer: <https://biology-forums.com/index.php?topic=315199>

### Question 1455

In the economy of Iota, 9 people have jobs, 1 person is not working but is searching for work, and 10 people don't work and don't seek work. The unemployment rate is

- A) 10 percent.
- B) 25 percent.
- C) 33 percent.
- D) 50 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316224>

### Question 1456

The Fed is

- A) shielded from political pressure.
- B) officially independent from the federal government.
- C) staffed by Congressmen who are biased toward monetary expansion.
- D) responsible for minting coins and collecting taxes.

Answer: <https://biology-forums.com/index.php?topic=316933>

### Question 1457

Who can determine the true cost of a tin whistle?

- A) A good accountant
- B) A good economist
- C) A good tin whistle collector
- D) Nobody

Answer: <https://biology-forums.com/index.php?topic=312425>

### Question 1458

When auto workers go on strike at many of the "Big 3" plants around the United States, the supply of American automobiles

- A) increases, which is represented by a leftward shift in the supply curve.
- B) increases, which is represented by a rightward shift in the supply curve.
- C) decreases, which is represented by a rightward shift in the supply curve.
- D) decreases, which is represented by a leftward shift in the supply curve.
- E) remains the same; only quantity supplied changes.

Answer: <https://biology-forums.com/index.php?topic=312805>

### Question 1459

Private and state universities are substitutes. Which of the following would tend to increase the demand for state universities?

- A) A fall in private university tuition
- B) An increase in private university tuition
- C) An increase in interest rates on student loans (a complementary good)
- D) Higher dorm fees at state universities

Answer: <https://biology-forums.com/index.php?topic=312094>

### Question 1460

Roughly what was the change in Chile's per capita GDP between 1960 and 2011?

- A) 2.65%
- B) 26.5%
- C) 265%
- D) 2,650%

Answer: <https://biology-forums.com/index.php?topic=317094>

### Question 1461

If households were to switch production away from an equal division of chores (e.g., doing dishes, mowing the lawn, etc.) to a system based on specialization and trade, the efficiency of household production would probably \_\_\_\_\_ and leisure time would probably \_\_\_\_\_.

- A) decrease; decrease
- B) decrease; increase
- C) increase; increase
- D) increase; decrease

Answer: <https://biology-forums.com/index.php?topic=311813>

### Question 1462

From the economic point of view, why might a sophomore in college spend a great deal of time getting to know an attractive classmate rather than getting to know the issues behind the president's deficit-reduction policies?



- A) She is selfish.
- B) She considers it a more productive use of her time.
- C) She obviously has no interest in politics.
- D) The federal budget deficit cannot possibly affect her life.

Answer: <https://biology-forums.com/index.php?topic=315433>

### Question 1463

- A property tax payment made by the owner of an apartment building is a
- A) cost irrelevant to rent-setting decisions because it is not affected by supply and demand.
  - B) marginal cost of continuing to own the building.
  - C) marginal cost of supplying rental space.
  - D) marginal overhead cost and will therefore affect rental rates.
  - E) sunk cost and therefore cannot affect rents even in the long run.

Answer: <https://biology-forums.com/index.php?topic=312647>

### Question 1464

According to your text, which group or organization makes choices?

- A) Al Qaeda
- B) New York City
- C) The Microsoft Corporation
- D) The Iraqi Government
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311094>

### Question 1465

People debate whether or not the U.S. should allow for greater oil exploration in Northern Alaska. According to the economic way of thinking, the debate is rooted in

- A) different perceptions about the additional benefits and the additional costs of oil exploration in Northern Alaska.
- B) a complete lack of appreciation of the value of wildlife and the ecology of Northern Alaska.
- C) a complete lack of appreciation of the value of oil in world affairs.
- D) politics rather than economics.

Answer: <https://biology-forums.com/index.php?topic=313763>

### Question 1466

To maximize net revenue, a price searcher should

- A) set total revenue equal to total cost.
- B) set marginal revenue equal to marginal cost.
- C) set net revenue equal to zero.
- D) reduce output if marginal costs are increasing.

Answer: <https://biology-forums.com/index.php?topic=314248>

### Question 1467

People who buy futures on the commodity market are

- A) increasing, not reducing, their personal risk.
- B) reducing, not increasing, their personal risk.
- C) either reducing or increasing their personal risk, depending on the circumstances.
- D) creating added risk for others in society.
- E) showing they are essentially indifferent to risk.

Answer: <https://biology-forums.com/index.php?topic=314155>

### Question 1468

An economist might emphasize that our everyday use of natural resources is the product of knowledge by saying:

- A) "Money is the root of all that is good about the world."
- B) "Usable oil comes from our minds' innovations."
- C) "A bird in the hand is worth two in the bush."
- D) "You're fired."

Answer: <https://biology-forums.com/index.php?topic=315627>

### Question 1469

In chapter 1 your authors marveled at the way highway traffic is orderly and self-regulating. In chapter 6, however, they discuss a growing problem on

urban roadways—congestion. What's the cause of roadway congestion?

- A) Typically, road use is a scarce good with a zero price tag.
- B) Not enough drivers have studied economics.
- C) More and more drivers think only of themselves.
- D) Population growth

Answer: <https://biology-forums.com/index.php?topic=315190>

### Question 1470

George loses his job. The BLS will consider him unemployed

- A) immediately.
- B) only after his severance pay runs out.
- C) only after he begins to actively seek another job.
- D) even if he accepts a cheaper part-time job.

Answer: <https://biology-forums.com/index.php?topic=316175>

### Question 1471

A typical corn farmer won't use cost-plus-markup pricing because

- A) his costs are low enough.
- B) he isn't interested in maximizing net revenue.
- C) he strives for markdown pricing, not markup pricing.
- D) he has no control over the market price of corn.

Answer: <https://biology-forums.com/index.php?topic=314203>

### Question 1472

"Gasoline purchases were up 10% last week, even though gasoline prices were 6 cents higher than the week before! You see, the law of demand does not hold for gasoline!" What is being misunderstood in the above statement?

- A) Nothing at all.
- B) It implies the demand curve for gasoline is vertical.
- C) It fails to recognize that the demand curve has shifted to the right.
- D) It fails to hold constant all the other factors that influence demand.

Answer: <https://biology-forums.com/index.php?topic=313809>

### Question 1473

When a commercial bank borrows directly from the Fed, it pays

- A) a zero rate of interest.
- B) an interest rate called the federal funds rate.
- C) an interest rate called the discount rate.
- D) the Fed in a mutually agreed upon quantity of gold reserves in its vaults.

Answer: <https://biology-forums.com/index.php?topic=316596>

### Question 1474

Brown can brew 4 gallons of stout or 3 gallons of lager every three months, or any linear combination in between. Which statement is true?

- A) Brown sacrifices 3/4 gallons of lager for every gallon of stout brewed.
- B) Brown sacrifices 1 1/3 gallons of stout for every gallon of lager brewed.
- C) Both of the above are true.
- D) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311517>

### Question 1475

Competition

- A) cannot be eliminated unless scarcity is eliminated.
- B) causes people to hope others will fail.
- C) compels people to do only what is in the public interest.
- D) only exists in capitalist societies.
- E) only exists in societies with fiat currency.

Answer: <https://biology-forums.com/index.php?topic=313231>

### Question 1476

A financial institution that wants a 5 percent real return on its loans and contemplates a 4 percent annual inflation rate should loan at a nominal interest rate of approximately

- A) minus 1 percent.
- B) 1 percent.
- C) 9 percent.
- D) 15 percent.
- E) 20 percent.

Answer: <https://biology-forums.com/index.php?topic=316088>

### Question 1477

Why are people more inclined to pick up a dime off the pavement in a parking lot, but not so inclined to dig three feet into the earth for a previously-buried dime?

- A) The entrepreneurial spirit of Americans is gone.
- B) They don't know the value of the dollar—or dime—anymore.
- C) They weigh the expected additional costs and benefits, and choose accordingly.
- D) People haven't taken enough economics in college.

Answer: <https://biology-forums.com/index.php?topic=313767>

### Question 1478

Suppose the market-clearing price of milk is \$3.00 per gallon, but consumer groups persuade the government to set and enforce a maximum price cap at \$2.00 per gallon. The newly legislated price tends to

- A) create a surplus of milk.
- B) increase the demand for milk.
- C) reduce the supply of milk.
- D) do all of the above.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=313650>

### Question 1479

In the economic way of thinking, money is

- A) the root of all evil.
- B) what makes the world go round.
- C) a general medium of exchange.
- D) an institution, which tends to increase transaction costs.
- E) the source of scarcity in commercial society.

Answer: <https://biology-forums.com/index.php?topic=313317>

### Question 1480

Pencils are produced in the market economy

- A) only because people need pencils.
- B) only because pencil production is centrally planned, from the growing of the trees and mining of the graphite to the final stages of pencil assembly.
- C) even though the final assemblers of pencils have no idea how to produce the paint, graphite, wood, rubber, and metal ferrules.
- D) by government decree.

Answer: <https://biology-forums.com/index.php?topic=312904>

### Question 1481

Car A gets 12 miles per gallon. Car B gets 30 miles per gallon. Which is the most economically efficient car?

- A) Car A
- B) Car B
- C) They are equal in their economic efficiency.
- D) It is impossible to determine without more information.

Answer: <https://biology-forums.com/index.php?topic=311352>

### Question 1482

What would be the most likely effect on the price of tickets for the Rose Bowl football game if a wealthy alumnus agreed to pay all the travel and lodging expenses of the visiting players?

- A) No effect.
- B) The price would fall.
- C) The price would rise.
- D) We have no basis for predicting because college football is a non-profit enterprise.

Answer: <https://biology-forums.com/index.php?topic=312686>

### Question 1483

New airplanes, which normally consume less fuel per passenger-mile, become less efficient for commercial airlines to purchase and use as

- A) average flight distances lengthen.
- B) fewer non-stop flights are scheduled.
- C) fuel prices fall.
- D) the demand for airline travel increases.
- E) the price of new airplanes falls.

Answer: <https://biology-forums.com/index.php?topic=311421>

### Question 1484

The term for the Fed's day-to-day technique for controlling the stock of money is

- A) discounting operations.
- B) interest-rate operations.
- C) liquidity operations.
- D) open market operations.
- E) treasury operations.

Answer: <https://biology-forums.com/index.php?topic=316602>

### Question 1485

Fill in the blanks: A system of universal medical insurance would tend to \_\_\_\_\_ the \_\_\_\_\_ for medical services.

- A) increase; elasticity of demand
- B) decrease; elasticity of demand
- C) decrease; quantity demanded
- D) decrease; non-monetary payments

Answer: <https://biology-forums.com/index.php?topic=312308>

### Question 1486

The authors of the textbook would not want to say you were "littering" when you toss your peanut shells under your seat at a major league baseball game because

- A) peanut shells are biodegradable.
- B) someone is going to clean up after you.
- C) the games are played outside.
- D) the stadium is public property and public property is no one's property.
- E) the people in charge of putting on the game don't mind at all.

Answer: <https://biology-forums.com/index.php?topic=315053>

### Question 1487

A large increase in the legal minimum wage is most likely to benefit

- A) teenagers.
- B) unemployed workers.
- C) unionized workers.
- D) unskilled workers.
- E) none of the above because price-fixing hurts everyone.

Answer: <https://biology-forums.com/index.php?topic=313561>

### Question 1488

The common habit of viewing middlemen as unproductive bandits on the highway of free trade assumes

- A) transaction costs are zero.
- B) information is a free good.
- C) voluntary exchange is not mutually beneficial.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311751>

### Question 1489

According to opportunity-cost theory, if the public lost most of its interest in spectator sports,

- A) athletes would have to charge more for their services in order to survive.
- B) the cost of hiring professional athletes would fall.
- C) the cost of hiring professional athletes would rise.

D) the cost of hiring professional athletes would remain the same.

Answer: <https://biology-forums.com/index.php?topic=313713>

### Question 1490

The economist George Stigler offered support for the Sherman Act when he said

- A) competition can only be preserved by protecting competitors from cutthroat competition.
- B) conglomerate mergers could not be prevented or regulated if it were not for the Sherman Act's prohibition of combinations in restraint of trade.
- C) predatory pricing costs businesses more than it saves consumers.
- D) the ghost of Senator Sherman is an ex officio member of the board of directors of every large company.
- E) the Sherman Act is essential if the Clayton act is to be enforceable in any way.

Answer: <https://biology-forums.com/index.php?topic=314642>

### Question 1491

Economic theory assumes people want

- A) material goods primarily.
- B) money in preference to all other goods.
- C) more of everything.
- D) to advance the projects in which they are interested.
- E) what serves selfish rather than altruistic goals.

Answer: <https://biology-forums.com/index.php?topic=310978>

### Question 1492

Drawing conclusions from international comparisons of GDP are difficult to assess because

- A) GDP is understated in poorer countries because much of the work that people do is not provided in markets.
- B) GDP cannot be adequately evaluated as a measure of people's welfare or well-being.
- C) without adjusting for purchasing power parity, GDP comparisons might very well be meaningless.
- D) all the above reasons hold true.

Answer: <https://biology-forums.com/index.php?topic=317109>

### Question 1493

From the economic point of view, profit is

- A) a four-letter word.
- B) the same as loss.
- C) the result of uncertainty.
- D) a sign of economic injustice.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313856>

### Question 1494

Suppose hamburgers and hotdogs are substitute goods. Other things constant, a rise in the price of hotdogs would tend to

- A) decrease the demand for hotdogs.
- B) decrease the demand for hamburgers.
- C) increase the demand for hotdogs.
- D) increase the demand for hamburgers.
- E) do any of the above, because nobody needs hotdogs or hamburgers.

Answer: <https://biology-forums.com/index.php?topic=312002>

### Question 1495

Recalling from Chapter 5, fill in the blanks: Other things constant, when households decide to save more, the supply of credit rises, interest rates \_\_\_\_\_ and business investment \_\_\_\_\_.

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

Answer: <https://biology-forums.com/index.php?topic=316663>

### Question 1496

Roughly what was the change in Venezuela's per capita GDP between 1960 and 2011?

- A) 4%
- B) 14%

C) 44%

D) 88%

Answer: <https://biology-forums.com/index.php?topic=317103>

### Question 1497

Promoters for the Rolling Stones were clearly "short selling" when

- A) they distributed their latest CD to radio stations free of charge.
- B) they sold their latest CD to retailers at wholesale prices.
- C) they sold the world-tour concert tickets weeks in advance.
- D) they promoted the band without Bill Wyman, the original bass player.

Answer: <https://biology-forums.com/index.php?topic=314095>

### Question 1498

What is the essential characteristic of money?

- A) It must be backed by some other tradable commodity.
- B) It must be backed by gold or silver.
- C) It must be accepted and used by people as a general medium of exchange.
- D) It must be declared by government authority.

Answer: <https://biology-forums.com/index.php?topic=316332>

### Question 1499

The fiscal and monetary policy alternative to fine-tuning is

- A) abandonment of both fiscal and monetary policy.
- B) abandonment of fiscal policy in favor of exclusive reliance on monetary policy.
- C) budgets established for the long term and a steady growth rate for the money stock.
- D) price and wage controls.
- E) redistribution of income in favor of those with a higher propensity to spend.

Answer: <https://biology-forums.com/index.php?topic=316945>

### Question 1500

It generally costs advertisers more to run a commercial on television in the evening than in the morning because

- A) it costs stations and networks more to broadcast any given commercial in the evening.
- B) overtime wage rates must usually be paid in the evening.
- C) stations and networks ignore their own costs in setting their prices.
- D) the government regulates television content but not prices.

Answer: <https://biology-forums.com/index.php?topic=313710>

### Question 1501

Why do prices have to be based on supply and demand, rather than cost?

- A) Costs, unlike supply and demand, are based on subjective factors.
- B) People cannot be compelled to base prices on costs
- C) People should be free to set whatever prices they prefer.
- D) Supply and demand determine costs.
- E) Because basing prices on costs is less efficient than basing prices on supply and demand.

Answer: <https://biology-forums.com/index.php?topic=313695>

### Question 1502

Chelsea buys bottled water from the vending machine for \$1.00. As long as the transaction was voluntary,

- A) Chelsea values the water more than \$1.00.
- B) the vendor values the water less than \$1.00.
- C) the vendor's wealth has increased.
- D) Chelsea's wealth has increased.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311322>

### Question 1503

In the economic way of thinking, traffic congestion is a sign of

- A) a surplus of people.
- B) a surplus of automobiles.
- C) a shortage of buses.

D) a negative externality.

Answer: <https://biology-forums.com/index.php?topic=315181>

### Question 1504

In the economic way of thinking, profit and loss can be eliminated only by

- A) appropriate and effective price controls.
- B) careful and detailed government regulation of business.
- C) a total elimination of uncertainty.
- D) taxation.
- E) the confiscation of private property.

Answer: <https://biology-forums.com/index.php?topic=313946>

### Question 1505

Economic theory assumes people make decisions by weighing additions to cost against additions to benefit, which can best be described as

- A) additivism.
- B) capitalism.
- C) marginalism.
- D) opportunism.
- E) rationalism.

Answer: <https://biology-forums.com/index.php?topic=312611>

### Question 1506

Strictly speaking, which has a cost?

- A) A decision
- B) A cup
- C) A cup of diamonds
- D) A gallon of water
- E) Checking accounts that charge fees for deposits below \$100

Answer: <https://biology-forums.com/index.php?topic=312419>

### Question 1507

"The Florida freeze has destroyed 40% of the orange crop. The reduction in supply will increase orange prices, and therefore reduce demand. As demand falls, orange prices will also fall." Is there anything wrong with the above statement?

- A) Yes. The freeze would not reduce the supply.
- B) Yes. The higher price would not reduce the demand.
- C) Yes. It assumes the demand curve for oranges is vertical.
- D) Yes. It assumes the demand curve for oranges is upward-sloping.

Answer: <https://biology-forums.com/index.php?topic=313824>

### Question 1508

Which of the following is a "free" good?

- A) Elderly health care, which is covered by Medicare
- B) Health care for the poor, which is covered by Medicaid
- C) Higher education in Georgia, which is paid for by lottery revenue
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311298>

### Question 1509

According to opportunity-cost theory, if more people learned how to repair their own automobiles, the wages of automotive mechanics would

- A) decline as the highest-cost mechanics left the business.
- B) decline, because the marginal quality of the services provided would go down.
- C) not change because no change has occurred in demand or supply.
- D) rise, because mechanics would have to obtain more per hour to maintain their incomes.
- E) rise in order to compensate for the smaller demand.

Answer: <https://biology-forums.com/index.php?topic=312461>

### Question 1510

Which combination of monetary and fiscal policies might policymakers elect to ward off potential inflation?

- A) Fed purchase of bonds combined with tax rate increases



- B) Fed purchase of bonds combined with tax rate decreases
- C) Fed sale of bonds combined with tax rate increases
- D) Fed sale of bonds combined with tax rate decreases

Answer: <https://biology-forums.com/index.php?topic=316776>

### Question 1511

In economics, the main difference between market and government stems from differences in

- A) attitude.
- B) prevailing property rights.
- C) competition and cooperation.
- D) men and women.
- E) the majority and the minority.

Answer: <https://biology-forums.com/index.php?topic=315244>

### Question 1512

What factor probably contributes most to economic growth?

- A) Money
- B) Political influence
- C) Foreign aid and investment
- D) The exploitation of poor countries by rich countries
- E) Productive knowledge

Answer: <https://biology-forums.com/index.php?topic=317050>

### Question 1513

Nobody needs soda. So why do people drink it?

- A) They deny the data and believe they really do need soda.
- B) The expected additional benefits of another soda outweigh the additional costs.
- C) There are no substitutes for soda.
- D) Soda is a good for the people who consume it, and therefore they will drink it at any price.

Answer: <https://biology-forums.com/index.php?topic=311838>

### Question 1514

In the economic way of thinking, individuals make "choices" only when they

- A) follow their narrow, selfish interests.
- B) enjoy perfect and complete information about the consequences of their actions.
- C) act responsibly.
- D) pursue one project while sacrificing another.
- E) have mastered the lessons of economic theory.

Answer: <https://biology-forums.com/index.php?topic=311088>

### Question 1515

What does the term "conditionality" mean in respect to the policies of the International Monetary Fund (IMF)?

- A) The IMF will grant loans to any country that seeks them.
- B) The IMF will cut off loans to a country unless it meets certain specified policy goals regarding budget deficits, inflation, and other macroeconomic concerns.
- C) The IMF will work with a country only if country destroys its own fiat money and instead adopts the euro.
- D) The IMF will assist any foreign country that supports the military policies of the U.S. and Great Britain.

Answer: <https://biology-forums.com/index.php?topic=317133>

### Question 1516

Rent controls unintentionally create

- A) scarcity of rental units.
- B) surpluses of rental units.
- C) shortages of rental units.
- D) market-clearing outcomes in the apartment rental market.

Answer: <https://biology-forums.com/index.php?topic=313484>

### Question 1517

Supply curves slope upward to the right because

- A) higher prices compensate producers for their higher marginal costs of production.

- B) producers are in business only for the money.  
C) producers can consistently pass on their higher costs of production to consumers in the form of higher prices.  
D) producers ignore costs and focus primarily on benefits to themselves.

Answer: <https://biology-forums.com/index.php?topic=312745>

### Question 1518

How did Adam Smith explain the cause of the wealth of nations?

- A) The growth of the middle class  
B) The growth in the average level of prices  
C) The growth of the division of labor  
D) People's unending urge to consume

Answer: <https://biology-forums.com/index.php?topic=311810>

### Question 1519

Which is the most likely effect upon the market for cotton of an increase in production costs due to higher oil prices?

- A) A decrease in demand and hence a decrease in both the price of cotton and the quantity exchanged.  
B) A decrease in supply and hence a decrease in both the price of cotton and the quantity exchanged.  
C) A decrease in supply and hence an increase in the price of cotton and a decrease in the quantity exchanged.  
D) A decrease in both supply and demand and hence a decrease in the quantity exchanged but no predictable change in the price of cotton.

Answer: <https://biology-forums.com/index.php?topic=313183>

### Question 1520

The federal law prohibiting mergers when the merger reduces competition substantially is the

- A) Clayton Act.  
B) Miller-Tydings Act.  
C) Robinson-Patman Act.  
D) Sherman Act.  
E) Taft-Hartley Act.

Answer: <https://biology-forums.com/index.php?topic=314599>

### Question 1521

If a legal ceiling price causes the quantity of a good demanded to be greater than the quantity supplied

- A) competition among both buyers and sellers is prevented.  
B) competition among buyers is prevented.  
C) competition among sellers is prevented.  
D) competition among buyers will raise the nonmonetary costs of obtaining the good.

Answer: <https://biology-forums.com/index.php?topic=313665>

### Question 1522

Real GDP is

- A) nominal GDP minus everything used to produce GDP.  
B) nominal GDP minus services.  
C) nominal GDP plus capital goods production.  
D) nominal GDP valued at base-year prices.  
E) the material component of ideal GDP.

Answer: <https://biology-forums.com/index.php?topic=315993>

### Question 1523

The deposit expansion multiplier would decrease if the Fed were to

- A) raise the required reserve ratio.  
B) lower the required reserve ratio.  
C) lower the discount rate.  
D) buy bonds.

Answer: <https://biology-forums.com/index.php?topic=316526>

### Question 1524

A speculator who incorrectly anticipates a major decline in next year's harvest of some agricultural commodity

- A) profits at the expense of consumers.  
B) profits at the expense of producers.  
C) sustains losses and increase price variation from this year to next.

D) sustains losses but reduce price variation from this year to next.

Answer: <https://biology-forums.com/index.php?topic=314122>

### Question 1525

Recessions are typically

- A) unintended and disruptive.
- B) easy to predict in advance.
- C) the result of non-monetary disturbances.
- D) events economists have a hard time explaining.

Answer: <https://biology-forums.com/index.php?topic=316684>

### Question 1526

According to the Law of Comparative Advantage,

- A) production should be based on who can produce a product lowest opportunity cost.
- B) production should be based on who can produce more of a good.
- C) production should take into account strategic interests, such as national security.
- D) production should be for the people instead of for profit.

Answer: <https://biology-forums.com/index.php?topic=311553>

### Question 1527

In the attempt to use deficits to fight the Great Recession, what was the size of the federal government's "stimulus" plan of 2009?

- A) \$7.87 billion
- B) \$78.7 billion
- C) \$787 billion
- D) \$7.87 trillion

Answer: <https://biology-forums.com/index.php?topic=316912>

### Question 1528

The democratic political process is weighted in a manner that favors

- A) contractionary over expansionary fiscal and monetary policies because changes in aggregate demand tend to affect output before they affect the price level.
- B) contractionary over expansionary fiscal and monetary policies because changes in aggregate demand tend to affect the price level before they affect output.
- C) expansionary over contractionary policies because changes in aggregate demand tend to affect output before they affect the price level.
- D) expansionary over contractionary policies because changes in aggregate demand tend to affect the price level before they affect output.

Answer: <https://biology-forums.com/index.php?topic=316858>

### Question 1529

According to the textbook, the noise of jet engines is not a negative externality for baggage handlers

- A) because it leaves no residue in the environment.
- B) because the benefits are greater than the costs.
- C) because they are paid to live with the noise.
- D) because they wear hearing-protection devices.
- E) unless it leaves them with permanent hearing loss.

Answer: <https://biology-forums.com/index.php?topic=315034>

### Question 1530

A mugger steals \$25 from John Doe. What can an economist conclude?

- A) Nobody gained in the "exchange."
- B) Both parties gained in the "exchange."
- C) Only the mugger's wealth has increased.
- D) Nothing, because economists study strictly voluntary exchanges.

Answer: <https://biology-forums.com/index.php?topic=311319>

### Question 1531

If the college athletic department raises the price of football tickets from \$6 to \$8 and sells more tickets at \$8 than it had sold the year before at \$6, we could reasonably conclude the demand for football tickets

- A) was completely inelastic.
- B) had increased.
- C) was elastic.

- D) was inelastic.
- E) was unit elastic.

Answer: <https://biology-forums.com/index.php?topic=312130>

### Question 1532

Rank the following goods from least to most elastic: Christian books, religious books, the Bible.

- A) Christian books, religious books, the Bible
- B) Religious books, Christian books, the Bible
- C) The Bible, Christian books, religious books
- D) The Bible, religious books, Christian books
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312242>

### Question 1533

GDP divided by the population gives us

- A) the price level.
- B) the GDP deflator.
- C) per capita GDP.
- D) real GDP.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=317124>

### Question 1534

Price discrimination by sellers usually results in

- A) coercing people into buying goods they don't want to purchase.
- B) coercing people into paying higher prices than they want to pay.
- C) less total but more net revenue for the seller.
- D) new and additional opportunities for some buyers.

Answer: <https://biology-forums.com/index.php?topic=314402>

### Question 1535

In the United States the system most generally used for assigning tasks and distributing benefits

- A) employs continuing bids and offers among individuals.
- B) operates without the use of money prices.
- C) presupposes shifting and uncertain property rights or "rules of the game."
- D) takes the place of the supply-and-demand process.
- E) was designed by the authors of the Federal Constitution.

Answer: <https://biology-forums.com/index.php?topic=313314>

### Question 1536

When your textbook authors say competition "can be recognized only in motion pictures, not in still photographs," they mean

- A) Hollywood is a competitive industry; portrait photography is non-competitive.
- B) competition is better described as a process, rather than a fixed state of affairs.
- C) competitors don't sit still.
- D) competition didn't exist before the advent of motion picture technology.

Answer: <https://biology-forums.com/index.php?topic=314806>

### Question 1537

According to your textbook, which best explains the fact that income inequality has increased in the U.S. since 1980?

- A) A growing distrust of the efficacy of federal government spending programs combined with a rising concern over federal budget deficits
- B) A widening gap between the wages of skilled and extensively-educated workers and the wages of those with fewer skills and less education
- C) The impact of cheaply-produced and low-priced foreign imports
- D) Government deregulation of business

Answer: <https://biology-forums.com/index.php?topic=315700>

### Question 1538

The primary function of the reserve requirements imposed by the Fed upon commercial banks is to

- A) assure that Federal Reserve Banks will receive deposits with which they can purchase income-earning assets.
- B) enable the government to borrow in emergencies.
- C) protect the liquidity of the banking and monetary system.

D) protect the solvency of the commercial banking system.

E) serve as a control lever for central banking authorities.

Answer: <https://biology-forums.com/index.php?topic=316442>

### Question 1539

If a used-car dealer enjoys economic profits, then

A) as a group, its customers necessarily suffered a like amount in economic losses.

B) as a group, its customers were necessarily made worse off.

C) as a group, its competitors necessarily suffered economic losses.

D) all of the above are true.

E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313928>

### Question 1540

"Demand deposits" in commercial banks are

A) assets of both the non-bank public and the banks.

B) assets of the depositors and liabilities of the banks.

C) liabilities of the non-bank public and of the banks.

D) liabilities of the non-bank public and assets of the banks.

Answer: <https://biology-forums.com/index.php?topic=316362>

### Question 1541

Fact: People use water for many different purposes, from drinking and cleaning to filling pools, balloons, and squirt guns. Economists acknowledge the multiple uses of water when they point out that

A) everybody needs water.

B) water is a good with many alternative uses at the margin.

C) the demand for water is completely inelastic—consumers are totally insensitive to changes in the price of water.

D) nothing but water can be used to serve all the purposes water serves.

Answer: <https://biology-forums.com/index.php?topic=311867>

### Question 1542

According to the textbook, income inequality statistics can be misleading because

A) they are collected by the Census Bureau, whose objectivity cannot be trusted.

B) they ignore the income mobility of individual families and households through time.

C) they do not take into account inflation.

D) they fail to be of use in policy proposals and debates.

Answer: <https://biology-forums.com/index.php?topic=315716>

### Question 1543

Fill in the blanks: Hundreds of speculators conclude in May that the coming summer's corn crop will be much lower and that the November corn price will be consequently much higher than most people expect. When they act on their beliefs in the futures market, they would strive to \_\_\_\_\_ corn futures, which would tend to \_\_\_\_\_ the price of corn futures.

A) sell; reduce

B) sell; raise

C) buy, reduce

D) buy; raise

Answer: <https://biology-forums.com/index.php?topic=314173>

### Question 1544

Gross domestic product can be thought of as a measure of

A) the national money supply.

B) national income.

C) national welfare.

D) the national value of all legal exchanges.

E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315828>

### Question 1545

Suppose a price searcher faces the following demand curve: At \$100, \$90, \$80, \$70, and \$60, the quantity demanded is 1, 2, 3, 4, and 5 units respectively. Which statement below is true?

- A) Total revenue is \$100.
- B) Total revenue is \$190 when 2 units are sold.
- C) Total revenue is \$400 when 5 units are sold.
- D) Marginal revenue is \$80 when the price is \$90.

Answer: <https://biology-forums.com/index.php?topic=314319>

### Question 1546

The cost of an action is

- A) indeterminate from a strictly economic point of view.
- B) the value of the next-best alternative opportunity sacrificed
- C) the cost to the consumer plus the cost to the producer.
- D) the number of consumers needed to set the price.
- E) measured only in money.

Answer: <https://biology-forums.com/index.php?topic=312389>

### Question 1547

A stable rule of law

- A) invariably turns losses into profits.
- B) allows people to cooperate more effectively with one another.
- C) converts price searchers into price takers.
- D) renders the law of comparative advantage ineffective.

Answer: <https://biology-forums.com/index.php?topic=317041>

### Question 1548

If buyers compete against sellers, then

- A) buyers would be worse off as more sellers enter the market.
- B) buyers would be better off with fewer sellers in the market.
- C) sellers would be worse off with more buyers for their products.
- D) sellers would be better off with fewer buyers of their products.
- E) all the above are true.

Answer: <https://biology-forums.com/index.php?topic=315635>

### Question 1549

GDP will clearly increase if

- A) the market value of illegal exchanges increases.
- B) the money supply increases.
- C) the market value of final goods and services increases.
- D) taxes increase.

Answer: <https://biology-forums.com/index.php?topic=315832>

### Question 1550

What effect would a reduction in the U.S. selling price of Japanese-made cars have on the U.S. demand for American-made cars?

- A) No effect, because price changes affect quantity demanded, not demand.
- B) The demand would decrease.
- C) The demand would increase.
- D) We cannot tell unless we know the elasticities of demand for Japanese-made and American-made cars.
- E) We cannot tell unless we know what happened to the price of American-made cars.

Answer: <https://biology-forums.com/index.php?topic=312124>

### Question 1551

Fill in the blank: Your textbook authors suggest \_\_\_\_\_ is the goal of a price-searching firm.

- A) just getting by
- B) maximizing sales
- C) maximizing net revenue
- D) maximizing total revenue
- E) maximizing the markup

Answer: <https://biology-forums.com/index.php?topic=314288>

### Question 1552

The economic theory of government predicts elected officials at the federal level will have incentives to act in ways that

- A) cause inflation.
- B) increase uncertainty and the instability of total demand.
- C) secure short-term economic gains with deferred costs.
- D) result in all of the above.
- E) result in none of the above because they will usually want to be reelected.

Answer: <https://biology-forums.com/index.php?topic=316861>

### Question 1553

A great deal of damage is done to the environment in the urban U.S. because

- A) a system based on private property cannot provide for a common environment.
- B) few people understand the economics of pollution.
- C) many and perhaps most people assign little or no value to a pleasant environment.
- D) the environment is treated as everyone's property and therefore as no one's property.
- E) the United States has no central planning.

Answer: <https://biology-forums.com/index.php?topic=314971>

### Question 1554

The market value of downtown real estate is most basically determined by the

- A) assessment of the taxing authorities.
- B) market value of the building already on a particular plot of land.
- C) use to which it is currently being put.
- D) uses to which people would like to put it if given a chance.
- E) whatever it costs to convert the land to its next best use.

Answer: <https://biology-forums.com/index.php?topic=312674>

### Question 1555

Suppose a record company produces both swing and rhythm & blues music. An increase in the market demand for swing music therefore tends to

- A) increase the demand for rhythm & blues music.
- B) increase the cost of producing rhythm & blues music.
- C) decrease the cost of producing rhythm & blues music.
- D) leave the cost of producing swing music unchanged.

Answer: <https://biology-forums.com/index.php?topic=312497>

### Question 1556

To say individuals seek an "economically efficient" course of action is another way of saying they

- A) waste precious resources.
- B) are not concerned about the wellbeing of anybody else.
- C) economize.
- D) measure everything according to the bottom line: money.

Answer: <https://biology-forums.com/index.php?topic=311355>

### Question 1557

Negative externalities might be reduced by creating new rights, which we would describe as \_\_\_\_\_.

- A) adjudication
- B) remuneration
- C) legislation
- D) substantiation
- E) reparation

Answer: <https://biology-forums.com/index.php?topic=315089>

### Question 1558

Fill in the blanks: Elected government officials \_\_\_\_\_ support \_\_\_\_\_ monetary policies.

- A) always; contractionary
- B) tend to; expansionary
- C) always; expansionary
- D) tend to; contractionary

Answer: <https://biology-forums.com/index.php?topic=316870>

### Question 1559

If a city suddenly and unexpectedly abolishes all property taxes on residential property, which consequence is most likely to be observed first?



- A) Higher rents for residential space
- B) Higher sale prices for residential property
- C) Lower rents for residential space
- D) Lower sale prices for residential property
- E) More conversion of apartments to condominiums

Answer: <https://biology-forums.com/index.php?topic=314826>

### Question 1560

If the nominal interest rate is held constant, a higher inflation rate tends to

- A) reduce the real interest rate.
- B) increase the real interest rate.
- C) leave the real interest rate unchanged.
- D) have no effect on the savings decisions of households.

Answer: <https://biology-forums.com/index.php?topic=313382>

### Question 1561

How is a politician similar to an entrepreneur?

- A) Each advances a project solely in the public interest.
- B) Each advances a project only if the expected marginal benefits equal the expected marginal costs.
- C) Each advances a project only if the expected marginal benefits exceed the expected marginal costs.
- D) Each advances a project only if they impose no negative externalities.

Answer: <https://biology-forums.com/index.php?topic=315289>

### Question 1562

Suppose Ann can produce 8 units of a material good (M) or 4 units of a spiritual good (S) in a day, while Ben can produce only 3 Ms or 3 Ss in a day. Which statement below is true?

- A) Ben is the inefficient producer of material goods.
- B) Ben is the inefficient producer of spiritual goods.
- C) Ann is the efficient producer of spiritual goods.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311661>

### Question 1563

Suppose it costs a farmer \$1.00 to produce 1 unit of corn, \$2.10 to produce 2 units of corn, and \$3.30 to produce 3 units of corn. What's the marginal cost of producing 3 units of corn?

- A) 0
- B) 30 cents
- C) \$1.10
- D) \$1.20
- E) \$3.30

Answer: <https://biology-forums.com/index.php?topic=312722>

### Question 1564

Anti-competitive policies are often enforced by government because the public seems to think price cutting by large sellers

- A) creates monopolies by reducing competition.
- B) increases competition among sellers.
- C) raises prices at the wholesale but not at the retail level.
- D) reduces the elasticity of margins.

Answer: <https://biology-forums.com/index.php?topic=314583>

### Question 1565

Suppose somebody made the following statement: "There will never be a substitute for Howard Stern, the radio shock-jock." According to the economic way of thinking, the above statement

- A) is essentially true.
- B) is misleading because cloning already exists and it is a matter of time before people will be cloned.
- C) is incorrect because many people choose to listen to other programs as the perceived costs of listening to Howard Stern change.
- D) is essentially false because Howard Stern provides nothing of value to society.

Answer: <https://biology-forums.com/index.php?topic=311870>

### Question 1566

Suppose homebuyers believe that prices will fall over the next six months to a year. This would tend to

- A) increase their demand for homes today.
- B) decrease their demand for homes six months from today.
- C) decrease their demand for homes today.
- D) have no effect on their demand today or six months from today.

Answer: <https://biology-forums.com/index.php?topic=312085>

### Question 1567

For years Hugh R. Riskee enjoyed an 11% annual return on his S&P 500 mutual fund index. Last year he decided to sell his mutual fund, and invest it all in the Nasdaq 100 mutual fund index, in which he enjoyed a 14% annual return. What percent below represents the rate of his economic profit?

- A) 3%
- B) 11%
- C) 14%
- D) 17%
- E) 25%

Answer: <https://biology-forums.com/index.php?topic=313898>

### Question 1568

If Croatian firms can make 600 pitchforks or 100 hammers in a week and Slovenian firms can make 200 pitchforks or 200 hammers in a week, then

- A) Croatia has a comparative advantage in hammers.
- B) Slovenia has a comparative advantage in hammers.
- C) Slovenia has a comparative advantage in pitchforks.
- D) Slovenia has a comparative advantage in neither hammers nor pitchforks.

Answer: <https://biology-forums.com/index.php?topic=311697>

### Question 1569

If airports decide to compensate people who suffer from airplane noise because their homes are under the runway approaches, to whom should they offer monetary payments? The people who

- A) actually live in affected residences.
- B) are bothered by the noise but themselves never travel on commercial airlines.
- C) both own affected residences and live in them.
- D) either own affected residences or live in them.
- E) own affected residences whether or not they live in them.

Answer: <https://biology-forums.com/index.php?topic=315049>

### Question 1570

Which of the following would be inconsistent with the notion of a competitive market process and the notion of perfect competition?

- A) Price searching behavior
- B) Predatory pricing
- C) Advertising
- D) Licenses and other legal restrictions on entry
- E) Hostile takeovers

Answer: <https://biology-forums.com/index.php?topic=314803>

### Question 1571

Amber Crombie is a stay-at-home mom while her husband Fitch works two jobs. What can we clearly conclude?

- A) Amber Crombie is unemployed.
- B) Fitch is employed.
- C) Amber Crombie is exploited.
- D) Fitch is exploited.
- E) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=316145>

### Question 1572

Suppose you hear Professor I.M. Dismal say, "There is no substitute for carefully reading your textbook!" In the real world, students

- A) will always and absolutely obey their professor's orders.
- B) will purchase the textbook regardless of its price.
- C) will often find what they believe are useful substitutes for reading the text.
- D) will have a vertical demand curve for textbooks.

Answer: <https://biology-forums.com/index.php?topic=311858>

### Question 1573

The overall money supply would tend to increase if the Fed were to

- A) increase the required reserve ratio.
- B) increase the discount rate.
- C) buy government bonds.
- D) exchange crisp dollar bills for worn and tattered dollar bills.

Answer: <https://biology-forums.com/index.php?topic=316539>

### Question 1574

The quintile distribution of family income in the United States shows

- A) the average incomes of 5-person families grouped by age, sex, race, education, and similar factors.
- B) the percentage of total family income received by each 5 percent of U.S. families grouped by income.
- C) the percentage of total income received by each 20 percent of U.S. families grouped by income.
- D) the percentage of total family income spent on food, clothing, shelter, medical care, and essential services.
- E) the percentage of total family income stemming respectively from wages, interest, profit, rent, and welfare grants or other transfers.

Answer: <https://biology-forums.com/index.php?topic=315680>

### Question 1575

The cost-plus-markup theory is an inadequate explanation of relative prices because

- A) it does not explain why there is a standard percentage markup in most industries.
- B) it is too simple, and simple theories are rarely as useful as more complex theories.
- C) the theory is inconsistent with observable relationships between marginal costs and prices.
- D) people who actually set prices do not describe the process as cost-plus.

Answer: <https://biology-forums.com/index.php?topic=314190>

### Question 1576

Suppose a new textbook sells for \$100 at the college bookstore. The bookstore will buy it back at the end of the semester for \$35, and sell then it used to somebody else for \$75. Christina agrees to the deal, and pays \$100. Once she buys the book, her sunk cost is

- A) \$25.
- B) \$35.
- C) \$40
- D) \$65
- E) \$100.

Answer: <https://biology-forums.com/index.php?topic=312575>

### Question 1577

Rank the following goods from least to most elastic: school, prep school, Purebred Prep School.

- A) School, prep school, Purebred Prep School
- B) Prep School, school, Purebred Prep School
- C) Prep School, Purebred Prep School, School
- D) Purebred Prep School, Prep School, School
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312257>

### Question 1578

Suppose scientists discover that eating soybeans prevents cancer and heart disease. Other things constant,

- A) demand for soybeans will increase and soybean prices will fall.
- B) the price of soybeans will increase and demand will fall.
- C) demand and prices of soybeans will increase.
- D) the quantity demanded of soybeans will change, but demand will remain the same.

Answer: <https://biology-forums.com/index.php?topic=312500>

### Question 1579

The army is more likely than a business firm to assign a highly-skilled person to a job requiring little skill because the people who assign military personnel

- A) are generally guided by the public interest rather than private interest.
- B) incur little cost from misallocating personnel.
- C) must consider the welfare of the whole rather than the profitability of the enterprise.
- D) work for the government, where there is less demand for skilled personnel.

Answer: <https://biology-forums.com/index.php?topic=312766>

### Question 1580

- A seller who succeeds in getting his various customers to pay different prices for the same good
- A) is keeping his marginal revenue closer to his demand curve than it would otherwise be.
  - B) is not using the marginal cost-marginal revenue formula to set prices.
  - C) must be paying attention to overhead or sunk costs in setting prices.
  - D) thereby misallocates resources because sales will be less than if a single price is charged.

Answer: <https://biology-forums.com/index.php?topic=314457>

### Question 1581

The profits of business firms, defined as the difference between total revenue and total cost, are not zero because

- A) capitalists have a near monopoly over the means of production.
- B) information is a scarce good.
- C) the government defines some opportunity costs as revenue in order to increase tax receipts.
- D) there would be no investment if firms did not earn positive profits.

Answer: <https://biology-forums.com/index.php?topic=313964>

### Question 1582

According to the text, which of the following consequences could we predict most confidently if the federal government was effectively required, by a constitutional amendment, to match expenditures and tax revenues (balance the budget) in each fiscal year?

- A) An end to discretionary fiscal policy
- B) An end to efforts to manipulate the economy for partisan political purposes
- C) Frequent and sudden changes in previously legislated tax rates and expenditure commitments
- D) Less unemployment but more inflation

Answer: <https://biology-forums.com/index.php?topic=316948>

### Question 1583

From the perspective of economic theory, prices are basically

- A) constant.
- B) information signals
- C) rising.
- D) rates of exploitation.

Answer: <https://biology-forums.com/index.php?topic=313243>

### Question 1584

Fill in the blanks: One is \_\_\_\_\_ likely to invest in human capital the \_\_\_\_\_ the person's rate of time preference.

- A) most; higher
- B) less; lower
- C) more; lower
- D) least; lower

Answer: <https://biology-forums.com/index.php?topic=315618>

### Question 1585

A landlord rents his rat-infested apartment for \$700 per month for a total of twelve months this year. What happens to GDP?

- A) It increases by \$8,400.
- B) It increases by the difference between the rent charged and the price of any maintenance and repairs.
- C) It decreases by \$8,400.
- D) Nothing.

Answer: <https://biology-forums.com/index.php?topic=315891>

### Question 1586

Of the following four motorists, who is speculating?

- A) The one driving on empty, looking for the best gasoline price in town
- B) The one who fills his gasoline tank believing he has found the lowest gas price around
- C) The one who fills his gasoline tank on news Iraq has once again invaded Kuwait
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314056>

### Question 1587

You would be more likely to find a motel room than a camping site if you were traveling through the West during the height of the tourist season and had no advance reservation if

- A) camping sites are expensive to maintain.
- B) camping sites are less numerous.
- C) most camping sites were managed by government agencies.
- D) most motels do not accept advance reservations.
- E) motels more often accept credit cards.

Answer: <https://biology-forums.com/index.php?topic=313171>

### Question 1588

According to your text, which group of scientists are completely free from biases?

- A) Physicists
- B) Biologists
- C) Economists
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311189>

### Question 1589

If the NCAA prohibits colleges and universities from offering more than room, board, and tuition to outstanding high school football and basketball players, the recruitment practices of athletic departments will

- A) adhere more closely to high ethical standards.
- B) become constantly more complex and costly.
- C) make the athletes better off in the long run.
- D) make the athletes better off in the short run.
- E) shift to favoring academic ability over athletic ability.

Answer: <https://biology-forums.com/index.php?topic=313177>

### Question 1590

In the economic way of thinking, what do entrepreneurs and bureaucrats have in common?

- A) They each advance projects solely in the public interest.
- B) They each advance projects only if the expected marginal benefits exceed the expected marginal costs.
- C) They each advance projects only if the expected marginal benefits are less than the expected marginal costs.
- D) They each advance projects only if they impose no negative externalities.

Answer: <https://biology-forums.com/index.php?topic=315286>

### Question 1591

It is not uncommon for people who travel by bus in Bosnia to keep the windows shut tight, even in warmer weather. Passengers worry about drafts caused by an open window leading to head colds. Apparently folks would rather travel for hours in stuffy busses than take the chance on getting sick. Suppose, however, the correlation between open windows and colds is only a coincidence, and no causal connection between the two variables exists. Then

- A) the travelers are displaying mistaken reasoning.
- B) the travelers are nevertheless acting in a way they think yields them the greatest net benefit.
- C) both A and B are true.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311224>

### Question 1592

If the current quantity demanded of John Deere tractors is 50,000 tractors, and the quantity supplied is 75,000 tractors, then

- A) there is a shortage of 25,000 tractors.
- B) there is a surplus of 25,000 tractors.
- C) there is a shortage of 125,000 tractors.
- D) there is a surplus of 125,00 tractors.

Answer: <https://biology-forums.com/index.php?topic=313040>

### Question 1593

Since most people would be willing to pay far more for a cup of diamonds than for a cup of water,

- A) diamonds provide more satisfaction to most people than water provides.

- B) most people are irrational when it comes to prestige or status goods.
- C) most people wrongly think they value diamonds more highly than water.
- D) people's choices and preferences are often inconsistent.
- E) very few people are ever in danger of dying of thirst.

Answer: <https://biology-forums.com/index.php?topic=312695>

### Question 1594

Suppose a ski resort decides to sell its lift tickets "below cost" all season long, charging \$20 per day as opposed to \$30 per day. In principle, how would each ticket sale affect GDP?

- A) GDP would fall by \$10.
- B) GDP would rise by \$10.
- C) GDP would rise by \$20.
- D) GDP would rise by \$30 after the appropriate cost-price adjustment has been made.

Answer: <https://biology-forums.com/index.php?topic=315912>

### Question 1595

Something will be rare but not scarce if very little of it exists and

- A) its price is high enough that only a few wish to purchase it.
- B) its price is high enough that no one can afford it.
- C) no one wants any.
- D) the quantity supplied is greater than the quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=313201>

### Question 1596

If a severe drought causes the harvest of corn to be 10 percent less than anticipated, it will cause a large increase in the price of corn if

- A) corn is scarce.
- B) the demand for corn is highly elastic.
- C) the demand for corn is highly inelastic.
- D) the supply of corn is highly elastic.
- E) the supply of corn is highly inelastic.

Answer: <https://biology-forums.com/index.php?topic=313138>

### Question 1597

Minimum-price laws designed to preserve competition

- A) offer the certainty of lower prices in order to eliminate the possibility of higher prices.
- B) offer the certainty of higher prices in order to eliminate the possibility of higher prices.
- C) offer the possibility of higher prices in order to eliminate the certainty of higher prices.
- D) offer the sellers more competition among themselves.

Answer: <https://biology-forums.com/index.php?topic=314580>

### Question 1598

When the price of a good changes, other things constant, what occurs?

- A) The supply curve shifts to the right.
- B) The supply curve shifts to the left.
- C) The supply curve becomes flatter.
- D) The supply curve becomes steeper.
- E) Only quantity supplied changes.

Answer: <https://biology-forums.com/index.php?topic=312784>

### Question 1599

The "discount rate" is the rate used by the Fed when

- A) the Fed extends a short-term loan directly to a commercial bank.
- B) the Fed extends a short-term loan to one of the regional Federal Reserve banks.
- C) the Fed calculates the present value of particular long-term investment projects.
- D) the Fed makes cash available for the federal government.

Answer: <https://biology-forums.com/index.php?topic=316599>

### Question 1600

Most of the income received by families and individuals in the United States arises from the ownership of

- A) capabilities embodied in human beings.

- B) corporations.
- C) industrial, commercial, and residential real estate.
- D) stocks, bonds, and other financial instruments.
- E) transnational business enterprises.

Answer: <https://biology-forums.com/index.php?topic=315582>

### Question 1601

The owner of a scenic waterfall is trying to decide whether to rent the site to a manufacturing firm as an industrial power source or to rent it to a recreational association, which would turn the site into a park and campground. Which of the following statements is true?

- A) An increase in the price of fossil fuels will increase the cost of renting it to the recreation association.
- B) Social welfare is maximized when the owner rents to the higher bidder.
- C) The cost to the owner of renting to one or the other depends entirely upon the owner's preferences between economic growth and recreational facilities.
- D) The owner can choose without regard to cost because the site is a free natural resource.
- E) The owner can choose without regard to cost insofar as the waterfall is privately owned.

Answer: <https://biology-forums.com/index.php?topic=312506>

### Question 1602

Suppose the market-clearing price of milk is \$3.00 per gallon, but the dairy industry persuades the government to establish a legally-mandated price support at \$4.00 per gallon. The newly legislated price tends to

- A) increase the supply of milk.
- B) reduce the demand for milk.
- C) increase the quantity supplied of milk.
- D) increase the quantity demanded of milk.

Answer: <https://biology-forums.com/index.php?topic=313641>

### Question 1603

Jones is hungry, but is willing to postpone lunch as long as he can have a much larger meal at dinner. The compensation of the larger meal at dinner time suggests that Jones

- A) is a glutton.
- B) acts irrationally because it is best to have three meals a day.
- C) has a positive rate of time preference with regard to today's meals.
- D) does not consider lunch to be a scarce good.

Answer: <https://biology-forums.com/index.php?topic=313360>

### Question 1604

Consider the following scenario: The Kellogg's facility buys corn and makes boxes of cornflakes. The grocer buys the boxes and places them on the shelf. A mother then buys a box for her family. Which of the following would be classified as a purchase of a final good?

- A) The cornflakes purchased by the mother
- B) The cornflakes purchased by the grocer
- C) The corn purchased by Kellogg's
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315814>

### Question 1605

The ability of employers to increase their net revenue by paying low wages is limited primarily by

- A) federal and state legislation.
- B) the fact that net revenue is maximized when marginal revenue equals marginal cost.
- C) the other opportunities available to employees.
- D) the right of labor unions to strike.

Answer: <https://biology-forums.com/index.php?topic=315647>

### Question 1606

Suppose a pickpocket steals your \$20 bill and spends all of it on pizza and beer. What happens to GDP?

- A) GDP increases by twenty dollars.
- B) GDP decreases by twenty dollars.
- C) Because the positive balances out the negative, GDP remains unchanged.
- D) GDP decreases because somebody has clearly been made worse off.

Answer: <https://biology-forums.com/index.php?topic=315918>



### Question 1607

- A clear effect of deregulating the airline industry has been to
- A) eliminate price competition between airlines.
  - B) make fewer flights available at popular times.
  - C) raise average fares.
  - D) reduce airline safety.
  - E) reduce the average wage of pilots.

Answer: <https://biology-forums.com/index.php?topic=314638>

### Question 1608

Commodity speculators persuade people to start economizing in their consumption of a good as soon as the speculators foresee an increased future scarcity by causing

- A) futures prices, expected future prices, and current prices to fall.
- B) futures prices, expected future prices, and current prices to rise.
- C) futures prices and expected future prices to fall and current prices to rise.
- D) futures prices to rise, expected future prices to fall, and current prices to rise.
- E) futures prices and expected future prices to rise and current prices to fall.

Answer: <https://biology-forums.com/index.php?topic=314158>

### Question 1609

An upward-sloping supply curve suggests that producers

- A) sell less at higher prices.
- B) sell more at lower prices.
- C) plan to sell more at a given, higher price.
- D) ignore marginal costs of production, and only focus on the demand for their product.

Answer: <https://biology-forums.com/index.php?topic=312973>

### Question 1610

Fact: The lowest 20% of U.S. family incomes in the U.S. has fallen from 4.8% to 3.8% between 1960 and 2010. Your authors argue that

- A) this is clear evidence that the poor have gotten poorer.
- B) this is primarily the result of a general decline of the power of labor unions in America.
- C) while their percentage of national income has fallen, real GDP has increased over 4 times during the past 50 years, and so those persons actually earned much more income than before.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315713>

### Question 1611

When a government mandate sets the rental price of an apartment below the market clearing level, which of the following result?

- A) More apartments are rented.
- B) Landlords attempt to make up for the lower rental income by charging more for security deposits and cleaning fees.
- C) Landlords discriminate less.
- D) Landlords address their tenant's requests in a more prompt manner.

Answer: <https://biology-forums.com/index.php?topic=313466>

### Question 1612

Which of the following is not a component of the M1 money supply?

- A) Cash in circulation
- B) Gold owned by the federal authorities
- C) Deposits in checking accounts
- D) Any issued traveler's checks

Answer: <https://biology-forums.com/index.php?topic=316387>

### Question 1613

A purchase of government bonds from the public by the Federal Reserve Banks

- A) adds to the money stock.
- B) has the effect of pulling wealth and therefore money out of the private sector.
- C) increases the money stock directly and simultaneously increases commercial bank reserves.
- D) puts additional reserves into the commercial banking system.
- E) reduces the wealth of the public.

Answer: <https://biology-forums.com/index.php?topic=316560>

### Question 1614

"Coffee Prices Sink As Demand Falls." The newspaper heading

- A) assumes the law of demand does not hold.
- B) confuses demand with quantity demanded.
- C) misunderstands the role of supply in price formation.
- D) reverses the actual relationship between price and demand.
- E) uses the concept of demand correctly.

Answer: <https://biology-forums.com/index.php?topic=312112>

### Question 1615

In the economic way of thinking,

- A) suppliers compete against other suppliers.
- B) demanders compete against other demanders.
- C) suppliers cooperate with demanders.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315632>

### Question 1616

The Bureau of Economic Analysis excludes from its calculation of GDP most of the goods produced that are not sold in markets because

- A) their production has no real costs.
- B) their value is implicitly included in the prices of marketed goods.
- C) there is no satisfactory way to measure their value.
- D) they do not contribute to national welfare.
- E) this would be inappropriate for an exchange economy.

Answer: <https://biology-forums.com/index.php?topic=315883>

### Question 1617

Roughly what was the Democratic Republic of Congo's per capita GDP in 2011?

- A) \$110
- B) \$1,100
- C) \$11,000
- D) \$110,000

Answer: <https://biology-forums.com/index.php?topic=317106>

### Question 1618

Fill in the blank. A(n) \_\_\_\_\_ market requires perfect and complete information among all participants.

- A) monopolized
- B) oligopolized
- C) perfectly competitive
- D) effective

Answer: <https://biology-forums.com/index.php?topic=314489>

### Question 1619

Which of the following clearly restricts the competitive market process?

- A) Selling below cost
- B) Selling above cost
- C) Selling at cost
- D) Setting a price above marginal cost
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=314791>

### Question 1620

There are very few gasoline stations in the downtown areas of large cities basically because

- A) it would be too dangerous.
- B) it would be an inefficient use of land for the land's owners.
- C) most people don't want to buy gasoline while they are downtown.
- D) zoning laws prohibit it.

Answer: <https://biology-forums.com/index.php?topic=311439>

### Question 1621

Bill Gates wants billions of dollars, and has them. Buddha wanted nothing, and had nothing. What can an economist conclude?

- A) Gates is wealthy, Buddha wasn't.
- B) Buddha was wealthy, Gates isn't.
- C) Gates is wealthy, and so was Buddha.
- D) Nothing

Answer: <https://biology-forums.com/index.php?topic=311262>

### Question 1622

Which combination of monetary and fiscal policies might policymakers elect to ward off a potential recession?

- A) Fed sale of bonds combined with tax rate increases
- B) Fed sale of bonds combined with tax rate decreases
- C) Fed purchase of bonds combined with tax rate increases
- D) Fed purchase of bonds combined with tax rate decreases

Answer: <https://biology-forums.com/index.php?topic=316782>

### Question 1623

The supply of any good is likely to be inelastic when

- A) consumers have few good substitutes for it.
- B) it is a manufactured good rather than an agricultural good.
- C) it can be produced at low cost.
- D) there are very many producers of the good.
- E) very little time elapses between the change in price and the change in quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=312854>

### Question 1624

Which of the following increases the information available to prospective buyers?

- A) The auto dealer that allows customers to test drive their cars
- B) The grocer that packages its meat in cellophane
- C) The college that organizes orientation sessions for potential students
- D) The baker that gives customers free samples
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311780>

### Question 1625

Economists generally assume

- A) individuals act strictly in the public interest.
- B) individuals are never concerned with the interests of other people.
- C) individuals rarely promote the projects in which they are interested.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311055>

### Question 1626

Fiscal policy is policy aimed at controlling undesired fluctuations in overall spending through changes in

- A) government expenditures and taxes.
- B) government subsidies to marginal business firms.
- C) interest rates.
- D) methods of making seasonal adjustments.
- E) price and wage regulation.

Answer: <https://biology-forums.com/index.php?topic=316755>

### Question 1627

In economic theory, transaction costs refer to

- A) fees charged by brokers, traders, or other agents rather than by principals.
- B) costs attributable to the operations of middlemen.
- C) costs of arranging and carrying out voluntary exchanges.
- D) costs of obtaining customers or of marketing a product.
- E) costs not borne by the persons creating them.

Answer: <https://biology-forums.com/index.php?topic=315331>

### Question 1628

What might prompt a fresh college graduate to turn down the first job offer he or she receives?

- A) They do not wish to begin working.
- B) They'd rather continue straight into graduate school.
- C) They expect a better job offer is right around the corner.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311777>

### Question 1629

Who among the following exercises a right to pollute?

- A) A cigarette smoker
- B) An automobile driver
- C) An owner of a coal-fired electrical utility
- D) A user of household sprays
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=315130>

### Question 1630

When people reduce their rate of time preference

- A) more credit is made available in the banking system.
- B) less credit is made available in the banking system.
- C) the demand for credit shifts right.
- D) the supply of credit shifts left.

Answer: <https://biology-forums.com/index.php?topic=313344>

### Question 1631

The majority of the members of the U.S. Congress want to retain the so-called Fairness Doctrine as a control over television and radio broadcasters because

- A) competition by itself cannot produce fairness.
- B) government oversight is required to assure equal time for conflicting points of view.
- C) television and radio are local monopolies to a large extent.
- D) the air waves belong to the public.
- E) the doctrine gives more power and influence to members of Congress.

Answer: <https://biology-forums.com/index.php?topic=315478>

### Question 1632

If price discrimination enables sellers to increase net revenues, why don't all sellers try it? Because

- A) some sellers can't control resentment.
- B) some sellers are price takers.
- C) some sellers find it too costly to devise, administer, and monitor.
- D) of all the above reasons.

Answer: <https://biology-forums.com/index.php?topic=314442>

### Question 1633

In the economic way of thinking, "outsourcing" is another application of

- A) the entrepreneurial attempt to buy low, and sell high.
- B) voluntary exchange.
- C) the coordination of plans across different regions.
- D) the discovery of people's comparative advantage.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=317145>

### Question 1634

The "Superbowl Effect" mentioned in your textbook is considered a fallacy or a mistake in reasoning because it's wrong to believe

- A) one event always causes another to happen if it comes before the other.
- B) if you gain, I must lose.
- C) the whole must always be equal to the sum of its parts.
- D) what is true in one society will always be true in all societies.
- E) whatever goes up must come down again.

Answer: <https://biology-forums.com/index.php?topic=311221>

### Question 1635

If an economist were to consult for a major Fortune 500 company, and he reached the conclusion the firm was making zero economic profit,

- A) the firm's accounting profit would be greater than zero.
- B) the firm should go out of business immediately.
- C) the firm's accounting profits would be lower.
- D) the economist's numbers were probably wrong because economic profit can never be zero.

Answer: <https://biology-forums.com/index.php?topic=313883>

### Question 1636

Which of the following statements is true?

- A) Capitalism has a tendency to eliminate scarcity.
- B) Competition could be eliminated if money were abolished.
- C) Competition is desirable and cooperation is undesirable.
- D) Greed must be present for a market transaction to be effective.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311025>

### Question 1637

If the price of insulin is currently above the market-clearing level, then

- A) there is a shortage of insulin.
- B) the market for insulin is fully coordinated.
- C) there is a surplus of insulin.
- D) insulin is no longer a scarce good.

Answer: <https://biology-forums.com/index.php?topic=313015>

### Question 1638

Efficiency is best understood as a relationship between

- A) ends and means.
- B) energy created and energy destroyed.
- C) energy output and energy input.
- D) pleasure and pain.

Answer: <https://biology-forums.com/index.php?topic=311340>

### Question 1639

Jones and Smith are teaching assistants. Jones can grade 20 essays or 50 problem sets a day, while Smith can grade 20 essays or 10 problem sets a day. Therefore

- A) Smith is more efficient than Jones at grading essays.
- B) Jones has a comparative advantage in grading problem sets.
- C) a larger combination of essays and problem sets can be graded in a day if Jones specializes in problem sets and Smith specializes in essays.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311631>

### Question 1640

Fill in the blank: By 2011, U.S. GDP was approximately \_\_\_\_\_ times greater than it had been in 1820, while GDP in India was approximately \_\_\_\_\_ times greater than it had been in 1820.

- A) 50; 40
- B) 775; 10
- C) 200; 85
- D) 315; 700
- E) 5; 10

Answer: <https://biology-forums.com/index.php?topic=316958>

### Question 1641

Who still has to economize?

- A) The senior citizen who receives a 10% discount at the local coffee shop
- B) The day-after-Christmas shopper who enjoys sales of up to 70% on holiday merchandise
- C) Bill Gates
- D) All of the above.

E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311048>

### Question 1642

Professional football players receive, on average, higher wages than professional soccer players in the United States because

- A) football is a more dangerous sport.
- B) professional football teams can draw huge crowds and charge high prices for tickets.
- C) professional football teams use a draft system.
- D) the soccer season is longer and so players will be unemployed for a smaller portion of the year.

Answer: <https://biology-forums.com/index.php?topic=313680>

### Question 1643

Which of the following expands the range of opportunities available to customers?

- A) The bookstore that provides comfortable chairs and couches for book browsers
- B) The used car dealer who posts prices on the windshields of the cars
- C) The bank that advertises it will place ten dollars into any newly-opened savings account
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311789>

### Question 1644

Suppose an economist claims there are substitutes for wetlands. The person is saying

- A) wetlands are of no value.
- B) wetlands are worth less than their substitutes.
- C) there is a cost to maintaining a wetland.
- D) there is a cost to maintaining a wetland, and it is necessarily too high.
- E) economists don't like wetlands.

Answer: <https://biology-forums.com/index.php?topic=315163>

### Question 1645

Colleges offer tuition scholarships even when they are running budget deficits because colleges

- A) are public service institutions.
- B) can often earn additional net income by offering tuition scholarships.
- C) hope to receive contributions later from the recipients of scholarships.
- D) set tuition levels and establish scholarship policies without considering the monetary advantages.

Answer: <https://biology-forums.com/index.php?topic=314420>

### Question 1646

Bobby drives her car to work; Bill takes the bus. They are both behaving efficiently as long as we assume

- A) it costs the same for Bobby to drive the car as it does for Bill to take the bus.
- B) both Bobby and Bill value their trips equally.
- C) Bobby and Bill are traveling to different locations.
- D) both Bobby and Bill voluntarily selected the forms of transportation they take to work.

Answer: <https://biology-forums.com/index.php?topic=311379>

### Question 1647

The economic way of thinking suggests competition and cooperation are

- A) incompatible.
- B) mutually destructive.
- C) present in any society.
- D) only present in a capitalist market economy.

Answer: <https://biology-forums.com/index.php?topic=311022>

### Question 1648

Who is "selling short"?

- A) The grocer who sells a pound of apples today at a slashed price of 75 cents a peck
- B) The airline requiring you to pay for your ticket two weeks in advance of the flight
- C) The church that provides a free Thanksgiving dinner to the poor
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314086>

### Question 1649

If the production of soybeans is subsidized by the government,

- A) the demand for soybeans will increase.
- B) the farmer's cost of producing soybeans will decrease.
- C) the supply of soybeans will decrease.
- D) all of the above will occur.
- E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313656>

### Question 1650

Using the economic way of thinking, which of the statements listed below best answers the following question: Why do professional athletes tend to make more money than professional poets?

- A) Americans love sports and hate poetry.
- B) Poets are less greedy and materialistic than athletes.
- C) More people are willing to pay \$50 per ticket to see an athletic competition than they are to listen to a poet.
- D) The supply of poets is too low.

Answer: <https://biology-forums.com/index.php?topic=313686>

### Question 1651

Suppose a tornado ravages a city, causing 5 million dollars in expenditures on new construction and healthcare for the victims. Those new expenditures

- A) would be added to the gross domestic product account.
- B) would be subtracted from the gross domestic product account.
- C) would be added to the gross domestic product account and subtracted from the national income account.
- D) would impact GDP in none of the above ways.

Answer: <https://biology-forums.com/index.php?topic=315897>

### Question 1652

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Which country faces the lowest opportunity cost of producing beef?

- A) The U.S.
- B) Canada
- C) Both countries
- D) Neither country

Answer: <https://biology-forums.com/index.php?topic=311724>

### Question 1653

An economy that experiences a fall in the price level over two consecutive quarters necessarily experiences

- A) a recession.
- B) inflation.
- C) deflation.
- D) disinflation.

Answer: <https://biology-forums.com/index.php?topic=316036>

### Question 1654

What is the great advantage of adjudication over legislation in the management of negative externalities?

- A) Adjudication has lower costs.
- B) Adjudication maintains the continuity of expectations.
- C) Courts are bound by the rule of law and legislatures are not.
- D) Courts can act more quickly than legislatures.
- E) There are no clear answers in such cases.

Answer: <https://biology-forums.com/index.php?topic=315044>

### Question 1655

The textbook's example of urban traffic flows demonstrates the notion of single-minded pursuits of one's own best interest

- A) creates traffic jams.
- B) interferes with achievement of the public interest.
- C) produces social cooperation under appropriate rules of the road.
- D) will not work to any single person's advantage.



E) will work to some people's advantage but will harm the vast majority.

Answer: <https://biology-forums.com/index.php?topic=311142>

### Question 1656

Fill in the blank: \_\_\_\_\_ is another term for a decline in real GDP is

- A) Deflation.
- B) Inflation
- C) Economic growth
- D) Recession
- E) Unemployment

Answer: <https://biology-forums.com/index.php?topic=316115>

### Question 1657

According to the authors of your text, a politician's interest in getting reelected

- A) expands the politician's time horizon.
- B) leads the politician to concentrate on policies capable of generating short-run benefits.
- C) further encourages the politician to conform more to acting in the public interest.
- D) is based chiefly on selfish interest.

Answer: <https://biology-forums.com/index.php?topic=315502>

### Question 1658

Are checkable deposits really money?

- A) No, because they are only commercial bank liabilities, not government liabilities.
- B) No, because they are ultimately only entries in the balance sheets of commercial banks.
- C) Yes, because they can be converted on demand into currency or coin.
- D) Yes, because they can be used to make purchases and pay debts.

Answer: <https://biology-forums.com/index.php?topic=316347>

### Question 1659

Ron regularly deposits \$200 each week into a savings account, which earns 3% interest per year. This month he decides instead to invest \$200 into the stock market. What is the opportunity cost of Ron's decision to invest rather than save?

- A) \$200
- B) The 3% interest he could have earned by depositing another \$200 into his savings account
- C) The difference between the rate of return he enjoys in the stock market and the 3% interest return he could have earned by depositing that \$200 into his savings account
- D) Zero, because Ron already had the \$200

Answer: <https://biology-forums.com/index.php?topic=312395>

### Question 1660

Which combination of monetary and fiscal policies might policymakers elect to ward off potential inflation?

- A) Fed sale of bonds combined with increased government spending
- B) Fed sale of bonds combined with decreased government spending
- C) Fed purchase of bonds combined with increased government spending
- D) Fed purchase of bonds combined with decreased government spending

Answer: <https://biology-forums.com/index.php?topic=316779>

### Question 1661

Compared with price searchers' markets, price takers' markets are likely to result in

- A) less advertising.
- B) less competition.
- C) lower output.
- D) more profit.

Answer: <https://biology-forums.com/index.php?topic=314292>

### Question 1662

Suppose Dunkin' Donuts buys coffee beans from a wholesaler for \$1. They package the beans up and sell them as their own "Dunkin' Donut" beans for \$10 at their store. How much value is added to the economy?

- A) \$10
- B) \$11
- C) \$13

D) \$15

Answer: <https://biology-forums.com/index.php?topic=315861>

### Question 1663

Fill in the blanks: The \_\_\_\_\_ the proportion of one's budget spent on a good, the \_\_\_\_\_ the elasticity of demand.

- A) greater; lower
- B) greater; greater
- C) lower; greater
- D) lower; more responsive

Answer: <https://biology-forums.com/index.php?topic=312296>

### Question 1664

Which of the following is the most important pre-requisite to a well-functioning market economy?

- A) Goods must be non-scarce.
- B) Everyone must have an adequate income.
- C) Participants must follow some clear, general rules.
- D) People must have roughly similar tastes and preferences.
- E) There must be approximate equality of incomes.

Answer: <https://biology-forums.com/index.php?topic=311160>

### Question 1665

When unions or legislation makes it necessary for a firm to pay higher wages,

- A) efficiency declines.
- B) income is transferred from wealthy people to poor people.
- C) the marginal value of retained employees falls.
- D) the marginal value of retained employees rises.
- E) total purchasing power increases.

Answer: <https://biology-forums.com/index.php?topic=313559>

### Question 1666

In the economic way of thinking, a wetland is a scarce good. Thus,

- A) there is a substitute for a wetland.
- B) there is no substitute for a wetland.
- C) wetlands should be preserved at any cost.
- D) wetlands can be preserved at no cost.
- E) economists don't like wetlands.

Answer: <https://biology-forums.com/index.php?topic=315154>

### Question 1667

A core principle of the economic way of thinking assumes social phenomena

- A) are less important than economic phenomena.
- B) are more important by far than economic phenomena.
- C) cannot be influenced by ethical considerations.
- D) emerge from individuals' choices.

Answer: <https://biology-forums.com/index.php?topic=310990>

### Question 1668

If the production of wheat were subsidized by government,

- A) the demand for wheat would increase.
- B) the supply of wheat would increase.
- C) both A & B would occur.
- D) none of the above would occur.

Answer: <https://biology-forums.com/index.php?topic=313659>

### Question 1669

If monetary equilibrium were to occur

- A) inflation would not occur.
- B) deflation would not occur.
- C) the price level would be stable.
- D) all of the above would be true.

E) none of the above would be true.

Answer: <https://biology-forums.com/index.php?topic=316646>

### Question 1670

Economic theory predicts

- A) balanced budgets are impossible to achieve through a democratic political process.
- B) budget surpluses are impossible to achieve through a democratic political process.
- C) budget deficits are likely to occur through a democratic political process.
- D) the absolute size of the budget will be systematically reduced in the long run through democratic political processes.

Answer: <https://biology-forums.com/index.php?topic=316897>

### Question 1671

Which of the following persons is hedging?

- A) A commodity speculator who confines his purchases or sales to futures contracts
- B) A commodity speculator who confines his market activity to the purchase of futures
- C) A commodity speculator who confines his market activity to the sale of futures
- D) A farmer who buys September corn futures when he plants corn in May
- E) A farmer who sells September corn futures when he plants corn in May

Answer: <https://biology-forums.com/index.php?topic=314134>

### Question 1672

It is important for a business firm to have a residual claimant because

- A) income not claimed for accounting purposes is lost.
- B) otherwise surplus profits would set off a process of "profit inflation."
- C) residuals account for as much as thirty percent of the wealth generated annually in the United States.
- D) some person must finally be liable for all corporate acts.
- E) the claimant produces an effective incentive to consider all costs and benefits relevant to a firm.

Answer: <https://biology-forums.com/index.php?topic=313994>

### Question 1673

Suppose Stan transfers \$1,000 from his checking account into a savings account. What are the effects on M1 and M2 money supply?

- A) M1 increases; M2 decreases.
- B) M1 decreases; M2 remains the same.
- C) Both M1 and M2 increase.
- D) Both M1 and M2 decrease.
- E) Both M1 and M2 remain the same.

Answer: <https://biology-forums.com/index.php?topic=316396>

### Question 1674

Suppose Maria can make 12 pizzas or 4 lasagnas every Saturday afternoon, while Gina can make 10 pizzas or 2 lasagnas every Saturday afternoon. Which statement is true?

- A) Maria is the most efficient producer of both pizza and lasagna.
- B) Gina is the least efficient producer of both pizza and lasagna.
- C) It costs Maria 3 pizzas to produce 1 lasagna.
- D) It costs Gina 5 lasagnas to produce 1 pizza.
- E) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311580>

### Question 1675

Which seller is "selling short"?

- A) Colleges that require the entire term's tuition prior to the first day of class
- B) A magazine that sells you a two-year subscription
- C) A major league baseball team that sells you a season ticket
- D) They are all selling short.
- E) None is selling short because all are reducing their risks.

Answer: <https://biology-forums.com/index.php?topic=314080>

### Question 1676

Who would the BLS count as unemployed?

- A) Anybody over 16 who doesn't have a full-time job

- B) Anybody over 16 who doesn't even work odd jobs
- C) Anybody under 65 who doesn't have a full time job
- D) Anybody, regardless of age, who is seeking work
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316172>

### Question 1677

Why are elected representatives far more likely to be informed about the issues on which they vote, compared to the typical citizen-voter?

- A) A politician loves politics; citizens hate it.
- B) A politician is more patriotic than citizens.
- C) A politician is rationally ignorant; citizens are just plain ignorant.
- D) A politician's vote has a far greater probability of affecting the outcome, compared to a citizen's vote.

Answer: <https://biology-forums.com/index.php?topic=315448>

### Question 1678

Someone who owns stock in a drug company that suddenly and unexpectedly reveals it has found an effective vaccine against AIDS will make a profit on the stock

- A) at once.
- B) only if she hangs on to the stock for a number of years.
- C) only if she sells the stock.
- D) only when the dividends actually start to increase.
- E) when total revenue exceeds all costs, including research and development costs.

Answer: <https://biology-forums.com/index.php?topic=314820>

### Question 1679

Pick the true statement from your textbook:

- A) Land has a cost.
- B) Fruit has a cost.
- C) Fertilizer has a cost.
- D) Only actions can have costs.

Answer: <https://biology-forums.com/index.php?topic=312413>

### Question 1680

When law-makers impose ceilings on the amount of annual interest charged by lenders, their actions have the effect of

- A) excluding certain borrowers from the legally regulated credit market.
- B) expanding retail sales.
- C) increasing the number of loans made.
- D) lowering interest rates for most borrowers.
- E) redistributing income from creditors to debtors.

Answer: <https://biology-forums.com/index.php?topic=313541>

### Question 1681

Pick the producer who would come closest to operating in a perfectly competitive environment.

- A) An automobile manufacturer
- B) A public utility
- C) A pig farmer
- D) A crack cocaine manufacturer
- E) A movie theater

Answer: <https://biology-forums.com/index.php?topic=314511>

### Question 1682

Wealth consists ultimately of

- A) gold.
- B) land.
- C) money.
- D) whatever people value.

Answer: <https://biology-forums.com/index.php?topic=311253>

### Question 1683

Fill in the blank: National income accountants define a(n) \_\_\_\_\_ good as something purchased with the goal of reselling it or further processing or

remanufacturing it into another sellable good.

- A) scarce
- B) intermediate
- C) final
- D) finished
- E) completed

Answer: <https://biology-forums.com/index.php?topic=315800>

### Question 1684

What is required for a negative externality to occur?

- A) The intention or plan to directly impose costs on others
- B) The full costs of an action aren't taken into account
- C) A total lack of concern for other people's welfare
- D) Greed

Answer: <https://biology-forums.com/index.php?topic=314911>

### Question 1685

According to opportunity-cost theory, the cost to an airline of letting its employees fly at no charge

- A) depends upon the alternatives available to the employees.
- B) is greater around the Christmas holidays.
- C) is zero.
- D) will depend upon the value employees place upon travel.

Answer: <https://biology-forums.com/index.php?topic=312521>

### Question 1686

According to the economic analysis of democracy, citizens do not acquire sufficient information to vote intelligently because

- A) money controls the media.
- B) private concerns matter more to them than public affairs.
- C) they are apathetic about government.
- D) they know their vote doesn't really matter.
- E) the country is a republic, not a democracy.

Answer: <https://biology-forums.com/index.php?topic=315415>

### Question 1687

Which is the most likely effect upon the market for cotton of a significant improvement in the quality of synthetic textiles?

- A) A decrease in demand and hence a decrease in both the price of cotton and the quantity exchanged.
- B) A decrease in demand and hence a decrease in the price of cotton and an increase in the quantity exchanged.
- C) A decrease in demand and hence an increase in the price of cotton and a decrease in the quantity exchanged.
- D) A decrease in both demand and supply and hence a decline in the quantity exchanged but no predictable change in the price of cotton.

Answer: <https://biology-forums.com/index.php?topic=313180>

### Question 1688

According to the textbook, people add to their stock of human capital by

- A) divesting of their personal assets.
- B) investing in their personal skills.
- C) rearranging their pension portfolios.
- D) attempting to systematically reduce, rather than expand upon, their human capabilities.
- E) engaging in all the above.

Answer: <https://biology-forums.com/index.php?topic=315609>

### Question 1689

An increase in the stock of capital contributes to economic growth because it increases

- A) federal funds rates.
- B) labor productivity.
- C) tax revenues.
- D) the reserves of the banking system.

Answer: <https://biology-forums.com/index.php?topic=316981>

### Question 1690

What happens to the money supply when the Fed sells government bonds?

- A) The money supply tends to rise.
- B) The money supply tends to fall.
- C) Nothing.
- D) It's impossible to determine, because bonds aren't money.

Answer: <https://biology-forums.com/index.php?topic=316569>

### Question 1691

A merger between two commercial airlines is a

- A) conglomerate merger.
- B) diagonal merger.
- C) horizontal merger.
- D) vertical merger.

Answer: <https://biology-forums.com/index.php?topic=314662>

### Question 1692

Government officials facing the challenge of an election will tend to make decisions

- A) acceptable to a majority whether or not the majority is informed on the issues.
- B) expressing the public interest.
- C) favoring the long run interests of the majority.
- D) that reflect a high rate of time discount.

Answer: <https://biology-forums.com/index.php?topic=315400>

### Question 1693

Technological efficiency, defined in terms of completely objective relationships,

- A) has no useful meaning.
- B) influences the decisions of engineers but not of business executives.
- C) influences the decisions of engineers but not of economists.
- D) is more important in the long run than in the short run, where profitability tends to dominate decisions.

Answer: <https://biology-forums.com/index.php?topic=311334>

### Question 1694

A system of laws and courts generates positive externalities because

- A) only governments are capable of creating such systems.
- B) people cannot choose whether or not to obey the law.
- C) people who disobey the law benefit from the existence and enforcement of rules applicable to all.
- D) such a system could not exist without the approval of a majority.

Answer: <https://biology-forums.com/index.php?topic=315385>

### Question 1695

Since most people prefer more money to less, the desire for more money

- A) makes it difficult to induce people to cooperate.
- B) makes it difficult to induce people to sacrifice for the larger public good.
- C) makes social order highly unstable and unpredictable.
- D) can induce useful changes in behavior.
- E) implies people are living in a capitalist society.

Answer: <https://biology-forums.com/index.php?topic=310980>

### Question 1696

A cancer patient is told he needs chemotherapy in order to live three more years at best, but the patient's final three years will be filled with all the terrible side-effects of the treatment. Without it, he will surely die within a year, but his quality of life would be a better. Suppose he chooses to quit chemotherapy and instead he spends his time learning to play the cello, something he always wanted to learn. The economic way of thinking suggests

- A) others should consider playing the cello while they are still young and healthy.
- B) the doctors were absolutely right—the patient needs chemotherapy.
- C) the patient considers playing the cello a substitute for chemotherapy.
- D) the patient has clearly given up his will to live.

Answer: <https://biology-forums.com/index.php?topic=311879>

### Question 1697

Rank the following goods from most elastic to least elastic: fruit, apples, Granny Smith apples.

- A) Fruit, apples, Granny Smith apples

- B) Apples, Granny Smith apples, fruit
- C) Granny Smith apples, apples, fruit
- D) The goods cannot be ranked by elasticity because it ultimately involves the problem of comparing apples to oranges.

Answer: <https://biology-forums.com/index.php?topic=312251>

### Question 1698

Professor I.M. Dismal returns to campus in the fall to find that the bookstore is charging 10% more for the new economics textbooks he ordered this year compared to last year. On the basis of this information, and using the economic way of thinking, what can Professor Dismal clearly conclude?

- A) The economy has experienced a 10% inflation over the year.
- B) The economy has experienced a 10% deflation over the year.
- C) The economy has experienced a disinflation over the year.
- D) The economy has experienced a steady price level over the year.
- E) The bookstore is charging 10% more for the new textbooks he ordered this year compared to last year.

Answer: <https://biology-forums.com/index.php?topic=316047>

### Question 1699

Who is likely to complain to state regulatory authorities about unlicensed movers defrauding customers?

- A) Consumer organizations
- B) Individual customers who are planning to move
- C) Individual customers who have already used unlicensed movers and have not been thoroughly satisfied
- D) Licensed movers
- E) Unlicensed movers

Answer: <https://biology-forums.com/index.php?topic=314671>

### Question 1700

According to your text, when a shortage exists,

- A) buyers compete with buyers.
- B) buyers compete with sellers.
- C) sellers compete with sellers.
- D) the price of the good would tend to fall in order to eliminate the shortage.

Answer: <https://biology-forums.com/index.php?topic=313037>

### Question 1701

Fill in the blank: According to your textbook, "Fiscal policy is simply \_\_\_\_\_."

- A) budget policy
- B) monetary policy under a different name
- C) price policy
- D) wage policy
- E) stupid

Answer: <https://biology-forums.com/index.php?topic=316764>

### Question 1702

According to the text, because people in an urban-industrial society will always disagree to some extent about who ought to have which rights,

- A) it is unreasonable to expect negative externalities to be completely eliminated.
- B) negative externalities cannot be reduced without government coercion.
- C) negative externalities should not be thought of as the consequence of disagreement over property rights.
- D) there is no point in discussing the matter.
- E) we must depend upon government to decide exactly what should be prohibited or commanded.

Answer: <https://biology-forums.com/index.php?topic=315000>

### Question 1703

With a good on each axis, the production possibilities frontier is downward-sloping, which suggests

- A) there is no limit to the amount of each good that can be produced.
- B) the production of one good ultimately means sacrificing production of the other.
- C) there are no opportunity costs of producing either of the goods.
- D) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=311523>

### Question 1704

Someone who knows nothing about the relative quality of a \$2 toothbrush and a \$7 toothbrush, both available for sale, but chooses to buy the more



expensive one, is probably

- A) displaying an inelastic demand for toothbrushes.
- B) judging quality by price.
- C) violating the law of demand.
- D) wealthy enough not to care about prices.

Answer: <https://biology-forums.com/index.php?topic=312148>

### Question 1705

Economists use GDP to determine

- A) the economic performance of a country over time.
- B) the well-being of a country's citizens.
- C) the financial stability of a nation.
- D) the overall money supply within a nation.
- E) all of the above.

Answer: <https://biology-forums.com/index.php?topic=315781>

### Question 1706

A movement from one point of a demand curve to another is properly called a change in

- A) demand.
- B) quantity demanded.
- C) tastes and preferences.
- D) the availability of substitutes.

Answer: <https://biology-forums.com/index.php?topic=311939>

### Question 1707

Something becomes money only if

- A) people use it as a general medium of exchange.
- B) it is backed by another commodity, typically gold or silver bullion.
- C) the central government says it's money.
- D) it promises to pay the bearer a fixed quantity of a scarce metallic good.

Answer: <https://biology-forums.com/index.php?topic=316335>

### Question 1708

What factor, more than anything else, tends to make people wealthy?

- A) Time
- B) Money
- C) Productive knowledge
- D) Control over non-renewable resources
- E) The ability to day-trade internet-related stocks

Answer: <https://biology-forums.com/index.php?topic=317044>

### Question 1709

The text defines persuasion as inducing others to cooperate by

- A) either threats or promises.
- B) employing deception.
- C) offering people additional options.
- D) providing monetary payments.
- E) using verbal arguments.

Answer: <https://biology-forums.com/index.php?topic=315322>

### Question 1710

Your authors say economists tend to

- A) think outside the box.
- B) think outside the bun.
- C) think outside the mind.
- D) think outside the theory.
- E) think outside the facts.

Answer: <https://biology-forums.com/index.php?topic=311237>

### Question 1711

Why would an economist say that the Ford Motor Company has never made a choice or a decision?

- A) Economists often want to deny the facts.
- B) Ford doesn't make choices—only the U.S. automobile industry does.
- C) To remind non-economists that individuals within an organization, rather than the organization itself, make choices.
- D) Economists are strange creatures who only wish impress others with outrageous or ridiculous claims.

Answer: <https://biology-forums.com/index.php?topic=311097>

### Question 1712

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 40 people employed; 50 people not in the labor force. How many people are in the economy's labor force?

- A) 40
- B) 50
- C) 90
- D) 100

Answer: <https://biology-forums.com/index.php?topic=316239>

### Question 1713

At a Mufflers-R-Us repair shop customers have the opportunity to wait in a room with chairs, a television, magazines, coffee and donuts. The economic way of thinking suggests the muffler shop is

- A) selling mufflers below cost.
- B) selling the additional goods and services below cost.
- C) attempting to increase its total profit
- D) engaging in unfair trade practice because it provides the goods and services free of charge.
- E) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314863>

### Question 1714

Jack swapped his basketball for Jim's glove. Even if national income accountants were aware of this trade, they wouldn't include it in their GDP measure because

- A) it was an unproductive exchange.
- B) the basketball and glove were not final goods.
- C) this was not a market transaction.
- D) it failed to increase the wealth of both traders.
- E) there is no satisfactory way to determine market values for bartered goods, new or used.

Answer: <https://biology-forums.com/index.php?topic=316266>

### Question 1715

It is useful to distinguish between the cost of obtaining and the cost of providing goods because

- A) costs always pertain to specific actions.
- B) obtaining is more costly than providing.
- C) providing is more costly than obtaining.
- D) supply must equal demand.

Answer: <https://biology-forums.com/index.php?topic=312862>

### Question 1716

Fill in the blank: Information is a \_\_\_\_\_ good.

- A) free
- B) scarce
- C) futile
- D) non-economic

Answer: <https://biology-forums.com/index.php?topic=311766>

### Question 1717

Alexis de Tocqueville observed in his Democracy in America: "There is no country in which everything can be provided for by the laws, or in which political institutions can prove a substitute for

- A) common sense and morality."
- B) economic development."
- C) police and prisons."
- D) supply and demand."
- E) the private pursuit of private interests."

Answer: <https://biology-forums.com/index.php?topic=315457>

### Question 1718

Today's Federal Reserve bank notes promise to pay the bearer

- A) nothing.
- B) a fixed quantity of gold.
- C) a variable quantity of gold.
- D) a specific interest rate.
- E) a variable interest rate.

Answer: <https://biology-forums.com/index.php?topic=316311>

### Question 1719

What is a necessary condition for sustainable economic growth?

- A) Low cost systems of transportation and communication
- B) Careful economic planning
- C) Very high interest rates that encourage household saving
- D) Government monitoring and manipulation of aggregate investment
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316975>

### Question 1720

A local newspaper headline states "Congress Votes Against President's Proposed Tax Increase." An economist would interpret the statement as

- A) a sad event, because all economists favor tax cuts.
- B) uninteresting, because all economists favor theories instead of reality.
- C) a purely political issue not related to economics.
- D) a shorthand way of saying, "More individuals in Congress voted against the tax cut compared to the number of individuals who voted in favor of the tax cut."

Answer: <https://biology-forums.com/index.php?topic=311109>

### Question 1721

According to economists, national defense can be supported through taxation because

- A) national security generates no benefits for which any one would be willing to pay.
- B) people are insufficiently patriotic.
- C) taxation makes everyone pay in proportion to the benefits they receive.
- D) the people who refuse to pay the cost cannot easily be excluded from the benefits.
- E) we must choose between coercion through taxation and coercion through a draft.

Answer: <https://biology-forums.com/index.php?topic=315391>

### Question 1722

Which of the following people came close to abolishing scarcity in their regions some years ago?

- A) Major Kwame Kilpatrick in Detroit
- B) President Bill Clinton in the U.S
- C) Governor Sarah Palin in Alaska
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311034>

### Question 1723

Social cooperation by means of voluntary contracts and exchanges

- A) cannot occur in a socialist economic system.
- B) cannot occur where government sets rules that restrict behavior.
- C) is easier to achieve when the laws of the society are clear and unchanging.
- D) is harder to achieve when the members of the society own very little material property in common.

Answer: <https://biology-forums.com/index.php?topic=315766>

### Question 1724

From the economic point of view, why might a retired couple spend four hours a day on the golf course when they could have spent their time becoming better informed about their elected representative in Congress?

- A) They are going to die soon so it really doesn't matter.
- B) They must love golf and hate politics.

C) The congressperson must have wronged them.  
D) They consider golfing a more productive use of their time.  
Answer: <https://biology-forums.com/index.php?topic=315436>

### Question 1725

A commodity speculator who thinks next fall's corn harvest will actually be much larger than most people now anticipate will want to  
A) buy corn now for sale in September.  
B) buy September corn futures.  
C) buy land suitable for growing corn.  
D) sell September corn futures.  
E) sell corn in September from stocks accumulated between now and September.  
Answer: <https://biology-forums.com/index.php?topic=314164>

### Question 1726

The opportunity costs of land is largely determined by  
A) need.  
B) real estate agents.  
C) demand.  
D) government.  
Answer: <https://biology-forums.com/index.php?topic=312443>

### Question 1727

Fill in the blanks: Transaction costs are likely to be \_\_\_\_\_ when property rights are \_\_\_\_\_ clearly defined.  
A) lower ; less  
B) higher; more  
C) lower; more  
D) Trick question: there is no causal relationship between transaction costs and property rights.  
Answer: <https://biology-forums.com/index.php?topic=313293>

### Question 1728

If business losses are the result of uncertainty in the real world, then  
A) business profits are too.  
B) profits must equal losses in the short run.  
C) profits must equal losses in the long run.  
D) losses could be eliminated if we could eliminate uncertainty in the real world, but profits will still remain.  
Answer: <https://biology-forums.com/index.php?topic=313919>

### Question 1729

When a good becomes more scarce, and the government prevents sellers from raising prices,  
A) demanders are prevented from competing against one another to obtain the good.  
B) the opportunity cost to purchasers of obtaining the good will nonetheless rise as long as the quantity demanded is greater than the quantity supplied.  
C) the quantity purchased will be greater than the quantity supplied.  
D) there will be no rationing system to allocate the good among competing users.  
Answer: <https://biology-forums.com/index.php?topic=313671>

### Question 1730

A speculator who incorrectly anticipates the future  
A) cannot inflict a loss on others because one person's loss must be someone else's gain.  
B) incurs a personal loss but benefits everyone else.  
C) inflicts a loss on others and incurs a personal loss.  
D) makes a personal profit but inflicts a loss on others.  
Answer: <https://biology-forums.com/index.php?topic=314125>

### Question 1731

Which of the following sets of goods might, under the right circumstances, be substitutes for an automobile?  
A) Buses, trains, planes  
B) Powerboats, blimps, motorcycles  
C) Motels, tents, cardboard boxes  
D) Designer suits, fine wines, fancy homes

E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311888>

### Question 1732

Which of the following things does not have an objective cost?

- A) Platinum
- B) Water
- C) Ski lift tickets
- D) Medical equipment
- E) None of the above has an objective cost.

Answer: <https://biology-forums.com/index.php?topic=312416>

### Question 1733

According to your authors, the "boom" phase of the so-called "business cycle" is

- A) caused by an expansionary increase of the money supply.
- B) a systematic accumulation of mistakes among businesses and households across the economy.
- C) undertaken because business planners miscalculate the expected profitability of their new ventures.
- D) ultimately followed by a recessionary "bust" as people begin to correct for the mistakes they've made during the boom phase of the cycle.
- E) described correctly by all of the above statements.

Answer: <https://biology-forums.com/index.php?topic=316719>

### Question 1734

Fill in the blanks: \_\_\_\_\_ attempts to reduce negative externalities by \_\_\_\_\_.

- A) Negotiation; discovering who has which rights
- B) Negotiation; creating new rights
- C) Legislation; creating new rights
- D) Legislation; discovering who has which rights

Answer: <https://biology-forums.com/index.php?topic=315095>

### Question 1735

A homeowner making a mortgage payment is paying

- A) a sunk cost which is consequently not a genuine cost at all.
- B) the cost of borrowing to purchase the house.
- C) the cost of constructing the house.
- D) the cost of purchasing the house.
- E) the cost of retaining ownership of the house.

Answer: <https://biology-forums.com/index.php?topic=312653>

### Question 1736

Does the experience of World War II demonstrate that government budget deficits and surpluses can be used to stabilize aggregate demand?

- A) No, because the deficits run during the 1930s did not end the recession.
- B) No, because the fact that deficits or surpluses can alter aggregate demand does not prove they can stabilize it.
- C) Yes, because nominal GDP increased by more than the amount of the deficit in each wartime year.
- D) Yes, because World War II demonstrated the multiplier effect of deficits.

Answer: <https://biology-forums.com/index.php?topic=316834>

### Question 1737

Marginal revenue is less than price for price searchers

- A) because they are monopolists.
- B) because they necessarily have some costs.
- C) if they enjoy grants of legal privilege.
- D) when they cannot charge all customers the maximum they are willing to pay for each unit purchased.
- E) when they have the ability to practice price discrimination.

Answer: <https://biology-forums.com/index.php?topic=314334>

### Question 1738

Suppose a student is attending your college on an athletic scholarship, and doesn't pay a penny for tuition. According to the economic way of thinking, the student's cost of attending college is

- A) zero.
- B) bore completely by the college's athletic fund.

- C) positive, because the student sacrificed some other opportunity to attend your college.
- D) positive, because the student still needs food and housing.
- E) negative, because nobody really gains by trying to combine athletics with higher education.

Answer: <https://biology-forums.com/index.php?topic=312404>

### Question 1739

Economics assumes people

- A) tend to compete more in markets than they do in government.
- B) tend to cooperate more in markets than they do in government.
- C) try to advance their own projects in market and government processes.
- D) try to pursue the public interest but find over time that only private interests matter.

Answer: <https://biology-forums.com/index.php?topic=315253>

### Question 1740

Economic growth requires

- A) private foreign investment.
- B) domestic budget deficits.
- C) investment in human capital.
- D) governance according to the will of whoever is in charge.

Answer: <https://biology-forums.com/index.php?topic=317035>

### Question 1741

If a restaurant, as a regular policy, gives a morning newspaper to each customer who orders a complete breakfast, the restaurant is

- A) engaging in predatory pricing of breakfasts.
- B) engaging in predatory pricing of newspapers.
- C) selling breakfasts below cost.
- D) distributing newspapers below cost.
- E) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314694>

### Question 1742

Suppose a Chinese restaurant provides free tea to its customers. In the economic way of thinking, the restaurant is

- A) engaging in predatory pricing of its meals.
- B) engaging in predatory pricing of tea.
- C) selling Chinese food below cost.
- D) doing all of the above.
- E) almost certainly doing none of the above.

Answer: <https://biology-forums.com/index.php?topic=314860>

### Question 1743

Per capita GDP is simply GDP divided by

- A) the population.
- B) the price level.
- C) the inflation rate.
- D) the consumer price index.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315954>

### Question 1744

When the price of Gatorade is \$2 per bottle, the quantity demanded is 500 bottles per at the local grocer. When the price falls to \$1 per bottle, the quantity demanded increases to 1000. Given this information, the demand for Gatorade is

- A) inelastic.
- B) elastic.
- C) unit elastic.
- D) perfectly elastic.

Answer: <https://biology-forums.com/index.php?topic=312191>

### Question 1745

Suppose corn farmers encounter a "bumper" corn crop, which results in a significant increase in the market supply curve for corn. Increases in supply will tend to

- A) decrease the price of corn.
- B) increase the demand for corn.
- C) increase the price of corn.
- D) decrease the demand for corn.

Answer: <https://biology-forums.com/index.php?topic=313100>

### Question 1746

Martha and George have just completed a nasty divorce, and Martha won the lion's share of the settlement. What can we conclude about their lawyers?

- A) George's lawyer was productive, Martha's wasn't.
- B) Martha's lawyer was productive, George's wasn't.
- C) Both Martha's and George's lawyers were productive.
- D) Neither lawyer was productive.

Answer: <https://biology-forums.com/index.php?topic=315560>

### Question 1747

In the economic way of thinking, countries are poor because they lack

- A) money.
- B) access to the New York Stock Exchange.
- C) foreign aid.
- D) productive knowledge and ideas.
- E) effective minimum wage legislation.

Answer: <https://biology-forums.com/index.php?topic=317047>

### Question 1748

Are there many good substitutes for water?

- A) No, because living creatures die without water.
- B) No, even though there are many substitute ways to obtain water.
- C) Yes, because water is recycled by nature.
- D) Yes, because water is used for so many different and trivial purposes.
- E) Yes, because water may be found in many forms other than its pure form.

Answer: <https://biology-forums.com/index.php?topic=311921>

### Question 1749

"Material" wealth cannot be distinguished in any useful way from wealth (with no modifying adjective) because

- A) all wealth consists finally of valued experiences.
- B) material objects are not essential to the creation of wealth.
- C) wealth includes anything a person can purchase with money, whether material or not.
- D) wealth usually fluctuates in value while matter cannot be created or destroyed.

Answer: <https://biology-forums.com/index.php?topic=311274>

### Question 1750

Making bread at home would be more efficient than making it in commercial bakeries

- A) for people who place a sufficiently high value on home baked bread.
- B) if the ingredients used to make bread increased sufficiently in price.
- C) if the price of bread made in commercial bakeries did not reflect the efficiency of bakeries.
- D) if there were no labor costs in home baked bread.

Answer: <https://biology-forums.com/index.php?topic=311361>

### Question 1751

Hardcover books usually cost much more to purchase than do otherwise identical paperback editions of the same book because

- A) hardcover books typically last longer.
- B) the demand for hardcover books is typically less elastic than the demand for paperback books at the same price.
- C) the marginal cost of producing hardcover books typically rises as output increases.
- D) the marginal cost of producing paperback books typically falls as output increases.
- E) the mergers in the book-publishing industry have encouraged price discrimination.

Answer: <https://biology-forums.com/index.php?topic=314472>

### Question 1752

Other things constant, a rise in which of the following would tend to increase the nominal interest rate?



- A) The rate of time preference
- B) The risk premium
- C) The expected rate of inflation
- D) Any of the above.

Answer: <https://biology-forums.com/index.php?topic=313388>

### Question 1753

The time lags, which must be either reduced or known with some precision if fiscal policy is to be an effective stabilizing technique, are the lags between

- A) the beginning of a cyclical movement and its recognition.
- B) the decision that compensatory action should be taken and the enactment of tax or expenditure changes.
- C) the increase or decrease in net government receipts and their final effects on total spending.
- D) all of the above, because a significant miscalculation with respect to any of these lags could increase aggregate instability.

Answer: <https://biology-forums.com/index.php?topic=316795>

### Question 1754

When a law freezes residential rents at their existing level for as long as the vacancy rate remains below some target level,

- A) owners will be encouraged to supply additional rental units.
- B) rents will be frozen indefinitely, or at least until the law is changed.
- C) affordable housing to low-income people will be guaranteed.
- D) the vacancy rate will rise.

Answer: <https://biology-forums.com/index.php?topic=313457>

### Question 1755

Fill in the blanks: A price discriminating firm will tend to charge a \_\_\_\_\_ price for the category of customer with the \_\_\_\_\_ elasticity of demand.

- A) higher; higher
- B) higher; lower
- C) lower; lower
- D) 100 percent markup; infinite

Answer: <https://biology-forums.com/index.php?topic=314430>

### Question 1756

Suppose early one Friday morning the economics club buys 200 donuts at 25 cents each, and plans to sell all of them later in day on campus for 50 cents each. Only 60 donuts are sold at 50 cents, however, and by early afternoon the club is seen trying to unload the remaining donuts for 10 cents each. What is the correct price of one of donut?

- A) 10 cents
- B) 25 cents
- C) 50 cents
- D) Stated this way, the question is meaningless.

Answer: <https://biology-forums.com/index.php?topic=314878>

### Question 1757

For an inferior good, a decrease in demand is caused by

- A) a rise in income.
- B) a fall in income.
- C) a rise in price.
- D) a fall in price.

Answer: <https://biology-forums.com/index.php?topic=312061>

### Question 1758

According to your textbook, a scientist of any kind

- A) works with some assumptions and biases.
- B) never confront tradeoffs.
- C) offer only the best evidence to support his or her theory.
- D) be the best candidate for the Nobel Prize in Economics.

Answer: <https://biology-forums.com/index.php?topic=311186>

### Question 1759

The economic way of thinking would approach the question "Is this industry competitive?" by

- A) counting the number of firms in the industry.

- B) comparing the ratio of prices to costs across the industry.
- C) assessing the freedom of entry into the industry.
- D) evaluating the actual structure of the industry to the competitive standards articulated in antitrust legislation.

Answer: <https://biology-forums.com/index.php?topic=314758>

### Question 1760

If property taxes were increased in a city, what would be the most likely effect on residential rents after two or three months? They would probably

- A) fall.
- B) rise in proportion to taxes.
- C) rise more than in proportion to taxes.
- D) stay roughly unchanged.

Answer: <https://biology-forums.com/index.php?topic=314373>

### Question 1761

Under a system of rent controls, landlords are more likely to

- A) discriminate against middle aged tenants.
- B) discriminate against students.
- C) discriminate against wealthy tenants.
- D) experience high vacancy rates.
- E) maintain apartments in better condition.

Answer: <https://biology-forums.com/index.php?topic=313474>

### Question 1762

After the September 11th attack on the World Trade Center, and with the emergence of the anthrax scare, the price and the purchases of gas masks jumped dramatically in New York City. In the economic way of thinking, which of the following occurred?

- A) The supply curve for gas masks shifted to the right.
- B) The supply curve for gas masks shifted to the left.
- C) The demand curve for gas masks shifted to the right.
- D) The demand curve for gas masks shifted to the left.
- E) The demand curve for gas masks became upward-sloping.

Answer: <https://biology-forums.com/index.php?topic=313091>

### Question 1763

Who is "selling short"?

- A) The scientist who collects a \$150,000 research grant before undertaking her research
- B) The housecleaner who collects her payment at the end of the workweek
- C) The firm that advertises it will meet or beat its competitor's prices
- D) The retailer who promotes a back-to-school sale two weeks before school begins

Answer: <https://biology-forums.com/index.php?topic=314089>

### Question 1764

What effect will an increased demand for housing in the suburbs of a major city have on the cost of vegetable farming in the suburbs?

- A) No effect, since one cannot grow vegetables on land on which housing has been constructed.
- B) The cost will decline because only very fertile land will now be used for growing vegetables.
- C) The cost will rise because it will become more expensive to grow vegetables.
- D) The cost won't change, because there has been no change in physical conditions.
- E) We cannot predict unless we know what has happened to the demand for vegetables.

Answer: <https://biology-forums.com/index.php?topic=312467>

### Question 1765

Middlemen would serve no productive function if

- A) information is scarce and transactions costs are zero.
- B) information is free and transactions costs are significant.
- C) information is free and transactions costs are zero.
- D) people only purchased what they need, rather than what they want.

Answer: <https://biology-forums.com/index.php?topic=311742>

### Question 1766

Court decisions aiming to resolve disputes by determining who in fact possesses contested legal rights

- A) prevent any change from occurring.

- B) prevent undesirable changes from occurring.
- C) promote cooperation by clarifying and stabilizing expectations.
- D) substitute legal criteria for economic criteria and thereby create windfall profits and losses.
- E) substitute public-welfare criteria for private-interest criteria.

Answer: <https://biology-forums.com/index.php?topic=315009>

### Question 1767

The purpose of the "draft" developed by owners' associations in many professional sports is to

- A) assure all players at least a minimum salary.
- B) control competition among owners for the services of players.
- C) control competition among players.
- D) control competition between players and owners.
- E) keep all teams at roughly equal competitive levels.

Answer: <https://biology-forums.com/index.php?topic=315655>

### Question 1768

Harry and Gus fish the same lake together from the same boat. Each morning Harry typically catches either 20 bluegills or 5 walleyes (depending on how deep he fishes) while Gus typically catches either 20 bluegills or 2 walleyes (depending on how deep he fishes). Other things constant, if they wish to maximize the total number of fish they catch together tomorrow morning, regardless of species,

- A) Harry should fish and Gus should row.
- B) Harry should fish only for bluegills and Gus should fish only for walleyes.
- C) Gus should fish only for bluegills and Harry should fish only for walleyes.
- D) both Harry and Gus should fish for bluegills.

Answer: <https://biology-forums.com/index.php?topic=311595>

### Question 1769

A large and diverse community has suffered a two-month drought. In attempting to deal with the crisis, four identifiable groups emerge: one decides to pray, a second decides to engage in a rain dance, a third decides to use modern meteorological principles and "seed" the clouds, and a fourth decides to do nothing. From the standpoint of economic theory,

- A) individuals in the first and second groups are acting irrationally and inefficiently.
- B) individuals in each group are acting efficiently, given their own values and understanding of ends and means.
- C) the third group is the smartest.
- D) the fourth group is the most selfish.

Answer: <https://biology-forums.com/index.php?topic=311394>

### Question 1770

To be unemployed is to be

- A) without a job, but actively looking for a job.
- B) without any source of income.
- C) without an identity.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=316139>

### Question 1771

Suppose a bank wants a 5% real return on its loans, and contemplates a 1% annual inflation rate. The bank should therefore charge a nominal interest rate of

- A) 1%.
- B) 4%.
- C) 5%.
- D) 6%.

Answer: <https://biology-forums.com/index.php?topic=316100>

### Question 1772

The federal courts are increasingly willing to tolerate resale price maintenance agreements between manufacturers and retailers

- A) when they are necessary to prevent predatory pricing.
- B) when they enable small businesses to survive more profitably.
- C) when they provide retailers with incentive to supply customer services desired by manufacturers.
- D) whenever both parties voluntarily agree on them.
- E) whenever they are necessary to cover sunk costs.

Answer: <https://biology-forums.com/index.php?topic=314734>

### Question 1773

From the economist's point of view, dividends paid to stockholders are part of a corporation's costs

- A) because taxes are paid on a corporation's profits prior to the payment of dividends.
- B) because they must be included in stockholders' incomes for purposes of personal income taxation.
- C) insofar as they are contractual obligations.
- D) insofar as they represent what funds invested in the corporation could have earned elsewhere.

Answer: <https://biology-forums.com/index.php?topic=313991>

### Question 1774

Economists speak of price elasticity of demand. Which word below is synonymous with "elasticity"?

- A) Futility
- B) Sensitivity
- C) Relativity
- D) Serendipity

Answer: <https://biology-forums.com/index.php?topic=312160>

### Question 1775

Gross domestic product does not measure

- A) the sum of the value added by producers at each stage of the production process.
- B) the total income received by producers for the services they supply.
- C) the total purchases of newly-produced final goods.
- D) the total welfare of the noninstitutional population.

Answer: <https://biology-forums.com/index.php?topic=315876>

### Question 1776

Fill in the blank: Since millions of people now use email as opposed to traditional "snail mail," the price elasticity of demand for the Post Office's first class letter service tends to \_\_\_\_\_.

- A) decrease
- B) increase
- C) increase in the short run but then decrease in the long run
- D) leave unchanged

Answer: <https://biology-forums.com/index.php?topic=312269>

### Question 1777

Households in the former Yugoslavia were required to declare the number of radios and television sets they owned, and to pay a monthly tax on each. From the perspective of the free-rider problem, the radio and TV taxes attempted to

- A) generate negative externalities on Yugoslav households.
- B) generate positive externalities on Yugoslav households.
- C) coerce households into paying for the radio and television broadcasts.
- D) coerce households into listening less to radio and watching less television.

Answer: <https://biology-forums.com/index.php?topic=315379>

### Question 1778

Let's assume producers in Canada can make 200 units of beef or 50 units of oranges, and U.S. producers can make 50 units of beef or 200 units of oranges per time period. Producers in which nation have an incentive to specialize in orange production?

- A) The U.S.
- B) Canada
- C) Both of the above have an incentive to specialize in orange production.
- D) Neither of the above have an incentive to specialize in orange production.

Answer: <https://biology-forums.com/index.php?topic=311721>

### Question 1779

When a shortage of a goods leads to a price increase, its price usually rises because

- A) Americans are committed to capitalism.
- B) most people are better off if it does.
- C) sellers can benefit by raising their prices.
- D) higher prices lead to scarce goods being allocated most efficiently.

Answer: <https://biology-forums.com/index.php?topic=313237>

### Question 1780

Which is an example of "short selling"?

- A) The public high school that offers a before-school breakfast program for twenty dollars a month, paid the first of each month
- B) The public high school theater group that sells out their rendition of Grease three days before opening night
- C) The for-profit high school ring company that requires payment in full from graduating seniors before producing the rings of their choice
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314092>

### Question 1781

What leads thousands of profit seeking entrepreneurs to misread the signals of the market-price system?

- A) Poor budget policy on behalf of government officials
- B) The globalization of the world economy
- C) An artificial lowering of interest rates
- D) A poor knowledge of the basic principles of supply and demand

Answer: <https://biology-forums.com/index.php?topic=316717>

### Question 1782

Bonnie can produce either 20 hats or 10 scarves in a month. Phil can produce either 5 hats or 10 scarves in a month. Therefore:

- A) Phil has a comparative advantage in hats, Bonnie in scarves.
- B) Bonnie has a comparative advantage in hats, Phil in scarves.
- C) Phil has a comparative advantage in both hats and scarves.
- D) Bonnie has a comparative advantage in both hats and scarves.
- E) Neither of them has a comparative advantage in scarves.

Answer: <https://biology-forums.com/index.php?topic=311640>

### Question 1783

When a tax on emissions into the air accurately reflects the cost to all members of society of an additional unit of the emissions, it

- A) amounts to no more than a license to pollute.
- B) encourages firms to reduce emissions as long as the cost of doing so is less than the cost of continuing the emissions.
- C) gives firms little incentive to search for less-polluting production processes.
- D) will not prevent large and profitable firms from polluting.

Answer: <https://biology-forums.com/index.php?topic=315019>

### Question 1784

Instead of studying for his calculus exam, Dicky Cribsheets decides to cheat. In the economic way of thinking, Dicky's decision is

- A) inefficient and wrong.
- B) inefficient and desirable.
- C) efficient and desirable
- D) not necessarily any of the above.

Answer: <https://biology-forums.com/index.php?topic=311400>

### Question 1785

When economists say entrepreneurs have a comparative advantage in arbitrage activity, they are saying

- A) entrepreneurs are efficient at selling their products below cost.
- B) entrepreneurs are efficient at selling their products at cost.
- C) entrepreneurs are efficient at discovering opportunities to buy goods low and sell them at higher prices.
- D) entrepreneurs are efficient at resolving disputes of interest over titles to scarce property rights.

Answer: <https://biology-forums.com/index.php?topic=313984>

### Question 1786

Protecting air quality by establishing identical low limits on noxious discharges for all firms is a questionable policy because

- A) a little pollution from many sources adds up to excessive pollution.
- B) by allowing firms to pollute at all it sacrifices the community's interest to private profit.
- C) it does not allow high-cost air polluters to exceed the air pollution limits.
- D) it tolerates preventable air pollution.
- E) no one knows the possible side effects of the discharges.

Answer: <https://biology-forums.com/index.php?topic=315016>

### Question 1787

The economic way of thinking

- A) studies facts without using theories.
- B) explains how social order and cooperation emerge from the actions of individuals.
- C) is free of biases and assumptions.
- D) includes all of the above features.

Answer: <https://biology-forums.com/index.php?topic=311002>

### Question 1788

The "law of demand" means that the demand for any scarce good

- A) is completely elastic.
- B) cannot be completely inelastic.
- C) must be inelastic.
- D) is only a short-run demand.
- E) cannot be elastic.

Answer: <https://biology-forums.com/index.php?topic=311909>

### Question 1789

Which of the following metaphors best expresses the scientific nature of economic theory?

- A) like a wool sweater, economic theory warms the heart of the economist.
- B) like a pair of eyeglasses, economic theory allows one to more clearly see and discriminate among the countless facts he or she faces.
- C) like a gun, economic theory shoots holes through every other rival theory.
- D) like a bank, economic theory is concerned with only one thing: the accumulation of money.

Answer: <https://biology-forums.com/index.php?topic=311213>

### Question 1790

Which of the following constitutes wealth?

- A) A baseball card collection
- B) A 2014 Ford Focus
- C) An Italian-made cello
- D) Money deposited in a savings account
- E) All of the above, as long as people value all of the goods listed above

Answer: <https://biology-forums.com/index.php?topic=311256>

### Question 1791

Suppose you find \$1000 in your attic and decide to deposit it all into your local bank, which must hold 20% as required reserves. The deposit expansion multiplier suggests that this \$1,000 "injection" of new money will, in reality, most likely

- A) increase the money supply by more than \$1,000.
- B) increase the money supply by less than \$1,000.
- C) increase the money supply by exactly \$1,000.
- D) increase the money supply by exactly \$5,000.

Answer: <https://biology-forums.com/index.php?topic=316513>

### Question 1792

Deadweight costs in an exchange are costs

- A) charged for free goods.
- B) imposed by government, such as taxes or safety requirements.
- C) that have no effect on either the quantity demanded or the quantity supplied.
- D) that have nothing to do with the sacrifice of valuable opportunities.
- E) to the buyer that are not simultaneously benefits to the seller.

Answer: <https://biology-forums.com/index.php?topic=313273>

### Question 1793

When a 13-year-old girl consents to babysit John's children for \$5 per hour, economists assume

- A) the girl was made worse off while John was made better off.
- B) the girl was made better off while John was made worse off.
- C) both parties were made worse off.
- D) both parties were made better off.

Answer: <https://biology-forums.com/index.php?topic=311313>

### Question 1794

According to your textbook authors, economics is generally

- A) an unbiased science.
- B) a method rather than a body of settled conclusions.
- C) founded on the observation of data.
- D) a false and misleading discipline.

Answer: <https://biology-forums.com/index.php?topic=311179>

### Question 1795

Ed Sike is tired of working as a special events manager at the college. He quits his price-searcher job to devote himself to studying full time. Ed Sike is now

- A) a price taker.
- B) a price giver.
- C) unemployed.
- D) no longer employed.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316151>

### Question 1796

The term human capital refers to

- A) labor from which surplus value has been extracted.
- B) labor services whose rate of remuneration is set by employers.
- C) machinery that is complementary to rather than competitive with labor services.
- D) the valuable abilities people have acquired.
- E) wealth in the possession of households rather than business or government.

Answer: <https://biology-forums.com/index.php?topic=315600>

### Question 1797

Your textbook authors argue that, other things constant, entrepreneurs respond to a fall in interest rates by

- A) paying less attention to long term profitability.
- B) engaging in irrational business behavior.
- C) investing in capital goods.
- D) making all of the above choices.

Answer: <https://biology-forums.com/index.php?topic=316675>

### Question 1798

In the economy of Grippe, 40 people have jobs, 10 people are not working but are searching for work, and 100 people don't work and don't seek work.

The unemployment rate is

- A) 14 percent.
- B) 15 percent
- C) 20 percent.
- D) 25 percent.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=316215>

### Question 1799

Sunk costs are irrelevant to economic decisions because

- A) they are merely opportunity costs rather than monetary expenditures.
- B) they cannot affect a firm's net revenue.
- C) they do not appear on financial statements.
- D) they represent no opportunity for choice.

Answer: <https://biology-forums.com/index.php?topic=312557>

### Question 1800

According to your textbook, which of the following best explains the fact that income inequality has increased in the U.S. since 1980?

- A) The weakening of the labor union movement
- B) A reduction in economic growth
- C) An increase in the supply of less-skilled workers combined with an increase in demand for more highly-skilled workers
- D) A growing distrust of the efficacy of federal government spending programs combined with a rising concern over federal budget deficits



Answer: <https://biology-forums.com/index.php?topic=315695>

### Question 1801

Gross domestic product is the market value of

- A) intermediate exchanges made within a country during the course of a year.
- B) final goods and services produced within a country during the course of a year.
- C) all monetary transactions within a country during the course of a year.
- D) all the goods produced within a country during the course of a year over and above what is required to maintain the population and the stock of capital.
- E) everything produced within a country during the course of a year and lasting for at least 12 months.

Answer: <https://biology-forums.com/index.php?topic=315774>

### Question 1802

In the economic way of thinking, which statement makes the most sense?

- A) Costs determine prices.
- B) Prices determine costs.
- C) Costs determine demand.
- D) Demand determines supply.

Answer: <https://biology-forums.com/index.php?topic=313754>

### Question 1803

If a firm can increase its sales only by lowering its price, then

- A) the firm is a price searcher.
- B) the firm's marginal revenue will be less than price.
- C) the demand curve for the firm's product is negatively sloped.
- D) all of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314258>

### Question 1804

The question, "What is really more efficient?" could usefully be translated into the question:

- A) "What is the best long-term solution?"
- B) "What will best promote social welfare?"
- C) "What will produce the most economic value?"
- D) "Who should have the right to decide?"
- E) "What will produce the most rapid rate of economic growth?"

Answer: <https://biology-forums.com/index.php?topic=311458>

### Question 1805

A highly profitable cartel arrangement among sellers contains the seeds of its own disintegration because

- A) a monopoly arrangement is more unstable than an oligopoly arrangement.
- B) a price maintained above each cartel member's marginal cost is an incentive to offer secret price reductions to attract additional business.
- C) monopoly agreements will, in the long run, reduce net revenue to zero.
- D) net revenue for the cartel as a whole could be increased by producing at the level where marginal revenue equals marginal cost for each cartel member.
- E) the cartel members will have a strong incentive to reduce quality.

Answer: <https://biology-forums.com/index.php?topic=314553>

### Question 1806

The "bubble concept," which is sometimes used by EPA in its pollution control programs, is designed to

- A) capture pollutants and dispose of them safely.
- B) confine pollution within a narrow area.
- C) make the people who pollute the most the ones financially responsible for pollution control.
- D) reduce the cost of achieving pollution-reduction targets.
- E) restore control over the environment to state and local governments.

Answer: <https://biology-forums.com/index.php?topic=315080>

### Question 1807

A seller who continues to earn the same gross revenue from sales whether she raises or lowers her prices faces a demand curve that

- A) contradicts the law of demand.
- B) is completely elastic.

- C) is completely inelastic.
- D) is unit elastic.
- E) is vertical.

Answer: <https://biology-forums.com/index.php?topic=312332>

### Question 1808

Suppose the average person needs 8 glasses of water each day to maintain optimal health. What would an economist conclude?

- A) The average person will therefore drink 8 glasses each day.
- B) The average person will therefore drink more than 8 glasses each day, just to play it safe.
- C) There are no substitutes for water.
- D) The amount the average person drinks will depend upon the opportunity cost of acquiring water.

Answer: <https://biology-forums.com/index.php?topic=311835>

### Question 1809

A corn-chip maker who buys September corn futures in May at the time she signs a contract with Safeway to deliver 1000 cases of corn chips each month for the next year is

- A) competing against speculators, who profit from price fluctuations.
- B) increasing her risk from price fluctuations.
- C) reducing her risk from price fluctuations.
- D) reducing or increasing her risk from price fluctuations, depending on what subsequently happens to the price of corn.

Answer: <https://biology-forums.com/index.php?topic=314113>

### Question 1810

An increased demand for the services of tax accountants

- A) may raise their fees but cannot affect their costs.
- B) may raise their fees by making it more costly for them to provide services to any client.
- C) will lead to fewer people using the services of tax accountants because higher prices mean a smaller quantity demanded.
- D) will lower their fees in the long run by producing more tax accountants.

Answer: <https://biology-forums.com/index.php?topic=312680>

### Question 1811

If total consumer expenditures (in dollars) for bus transportation were to increase when the price of bus transportation was raised, the demand for bus transportation probably

- A) had decreased.
- B) had increased.
- C) violated the law of demand.
- D) was elastic.
- E) was inelastic.

Answer: <https://biology-forums.com/index.php?topic=312344>

### Question 1812

Fill in the blank: a combination of two goods that lies beyond the production possibilities frontier \_\_\_\_\_.

- A) can be produced with the current set of resources
- B) cannot be produced with the current set of resources
- C) can never be produced with any set of resources
- D) can be produced but only if the producer becomes more greedy

Answer: <https://biology-forums.com/index.php?topic=311544>

### Question 1813

According to your textbook, the notion of price "gouging" is problematic because

- A) the higher prices are normally the result of decreases in supply and increases in demand.
- B) economists believe higher prices are always better than lower prices.
- C) economists want businesses to make high profits.
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313411>

### Question 1814

Is the cost of an all-volunteer army in the United States higher or lower than the cost of a conscripted (drafted) army?

- A) Higher, unless the citizens are exceptionally patriotic
- B) Lower, unless the army is inefficiently managed

- C) Higher to taxpayers but lower to military personnel
- D) The same because the wage will move to the market-clearing level
- E) We cannot say without knowing the supply of and demand for military personnel.

Answer: <https://biology-forums.com/index.php?topic=312757>

### Question 1815

Fill in the blank: When a chooser asks herself "Is it worth it?," she is trying to evaluate the \_\_\_\_\_ of a particular project or plan of action.

- A) technical efficiency
- B) objective efficiency
- C) economic efficiency
- D) engineering efficiency

Answer: <https://biology-forums.com/index.php?topic=311343>

### Question 1816

Complete this statement. Sellers compete against other sellers and

- A) sellers compete against buyers.
- B) sellers cooperate with buyers.
- C) buyers cooperate with other buyers.
- D) both A and C are true.

Answer: <https://biology-forums.com/index.php?topic=315641>

### Question 1817

How does the textbook's notion of competition as a process differ from the model of perfect competition?

- A) The process notion allows for uncertainty and incomplete information; perfect competition doesn't.
- B) The process notion allows for price searching activity; perfect competition doesn't.
- C) The process notion allows for product differentiation; perfect competition doesn't.
- D) The process notion allows for a small number of participants; perfect competition doesn't.
- E) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=314764>

### Question 1818

When determining her accounting profit, an entrepreneur would include

- A) her foregone wages.
- B) her foregone interest.
- C) her foregone rent.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=313907>

### Question 1819

A citizen who acquires good information about the candidates before voting in a presidential election thereby

- A) imposes spillover costs on all other registered voters.
- B) increases the probability others will also acquire information before voting.
- C) incurs a substantial cost; yet, his vote no discernible effect on the election.
- D) makes it much more likely a candidate will be elected who will promote that voter's interests.
- E) makes it much more likely a good candidate will be elected.

Answer: <https://biology-forums.com/index.php?topic=315421>

### Question 1820

"Opportunity cost" is

- A) the monetary cost of one's actions.
- B) the objective cost of one's actions.
- C) the regret one feels when making a sacrifice.
- D) the value one places on the item, project, or plan he has chosen to pursue.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=311476>

### Question 1821

Fill in the blank: Wealth, in the economic way of thinking, is \_\_\_\_\_.

- A) whatever people value

- B) owned financial assets
- C) impossible to study scientifically
- D) indefinable
- E) any material thing

Answer: <https://biology-forums.com/index.php?topic=311259>

### Question 1822

What helps to explain the remarkable 7.3% growth rate in South Korea between 1960 and 2011?

- A) A relatively high rate of saving among South Korean households
- B) The education of South Korean women
- C) A general attempt to honor the rule of law
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=317059>

### Question 1823

From the perspective of economic theory, property rights are

- A) human rights.
- B) just as important as human rights.
- C) less important than human rights.
- D) more important than human rights.
- E) usually in conflict with human rights.

Answer: <https://biology-forums.com/index.php?topic=314024>

### Question 1824

If Robinson makes 40 purses or 5 wallets per week, and Chamberlin makes 16 purses or 2 wallets per week, then

- A) Chamberlin has a comparative advantage in wallets.
- B) Robinson has a comparative advantage in wallets.
- C) Chamberlin has a comparative advantage in purses.
- D) neither Robinson nor Chamberlin has a comparative advantage.

Answer: <https://biology-forums.com/index.php?topic=311622>

### Question 1825

Use the economic way of thinking to answer the following question: Does a diabetic need insulin?

- A) No
- B) Yes, and therefore diabetics will always buy all what they need.
- C) Probably, but diabetics often find substitutes for insulin in the real world.
- D) Probably, but diabetics only care about the expected cost of insulin and ignore the expected benefits.

Answer: <https://biology-forums.com/index.php?topic=311853>

### Question 1826

Is the following quote correct? "Here's the law of demand in a nutshell. The lower the price, the higher the quantity demanded, other things constant."

- A) Yes, it is totally correct.
- B) No. It would be correct if it didn't say "other things constant."
- C) No, because it confuses demand and quantity demanded.
- D) No, because the law of demand does not apply to nutshells.

Answer: <https://biology-forums.com/index.php?topic=313830>

### Question 1827

People add to their stock of human capital

- A) by being lucky.
- B) by currying favor with powerful people.
- C) by going to school.
- D) by practicing their skills.
- E) in all of the above ways.

Answer: <https://biology-forums.com/index.php?topic=315620>

### Question 1828

How does the contribution to national output of a wheat farmer get counted in the gross domestic product if the Bureau of Economic Analysis measures only the value of final goods such as loaves of bread?

- A) Agricultural production is not part of GDP.

- B) It is counted separately by the Department of Internal Revenue.
- C) It is included in the cost of materials purchased by those who sell loaves of bread.
- D) It is not counted, which results in an underestimation of GDP.
- E) Wheat is also a final good because it is more ultimate than bread.

Answer: <https://biology-forums.com/index.php?topic=315936>

### Question 1829

Your text suggests if the price of insulin were to significantly increase, more diabetics will

- A) avoid refilling their prescriptions.
- B) turn toward substitutes such as a better diet and exercise.
- C) adopt holistic healthcare, organic medicines, and other perceived substitutes.
- D) do all of the above.
- E) do none of the above.

Answer: <https://biology-forums.com/index.php?topic=311855>

### Question 1830

Switzerland provides a counterexample to the claim

- A) nations are poor because they are subject to exploitation by nations with superior military power.
- B) the rule of law is necessary for economic growth.
- C) military power is the source of the wealth of a nation.
- D) central economic planning doesn't work.

Answer: <https://biology-forums.com/index.php?topic=316969>

### Question 1831

If Croatian firms can make 600 pitchforks or 100 hammers in a week and Slovenian firms can make 200 pitchforks or 200 hammers in a week, then

- A) 1 pitchfork costs 3 hammers in Croatia.
- B) 1 pitchfork costs 6 hammers in Croatia.
- C) 1 pitchfork costs 2 hammers in Slovenia.
- D) 1 pitchfork costs 1 hammer in Slovenia.

Answer: <https://biology-forums.com/index.php?topic=311694>

### Question 1832

Why would a chain store sell some items, such as soda pop, below cost?

- A) They are not interested always in maximizing profit.
- B) They feel people need soda pop more than the other items in the store.
- C) Pricing some items "below cost" might be an efficient strategy to maximize the store's total profit.
- D) Because most firms can only enjoy profits by consistently selling all their items below cost.

Answer: <https://biology-forums.com/index.php?topic=313916>

### Question 1833

Suppose the market-clearing price of milk is \$3.00 per gallon, but the dairy industry persuades the government to establish a legally-mandated price support at \$4.00 per gallon. The newly legislated price tends to

- A) reduce the demand for milk.
- B) increase the production of milk.
- C) create a shortage of milk.
- D) decrease the price of milk products.

Answer: <https://biology-forums.com/index.php?topic=313644>

### Question 1834

The Audubon Society currently allows three oil companies to extract natural gas on its Rainey Wildlife Sanctuary because

- A) natural gas is more valuable than wildlife conservation.
- B) oil interests actually own the Audubon Society.
- C) the government required the leasing of natural gas rights under its power of eminent domain.
- D) the sanctuary must, by law, be used to promote the public interest.
- E) the sanctuary is the private property of the Audubon Society.

Answer: <https://biology-forums.com/index.php?topic=315071>

### Question 1835

Sellers who lower their prices and consequently sell a larger quantity earn more

- A) gross (or total) revenue as a result.

- B) gross revenue only if the demand is elastic.
- C) net and gross revenue if the demand is inelastic.
- D) net revenue (revenue minus cost) as a result.

Answer: <https://biology-forums.com/index.php?topic=314236>

### Question 1836

The cost-plus-markup theory of price setting

- A) explains why firms can't raise their prices until their costs rise.
- B) explains why percentage markups vary.
- C) is consistent with what many sellers say about how they set their prices.
- D) takes demand into account in explaining relative prices.

Answer: <https://biology-forums.com/index.php?topic=314188>

### Question 1837

Monetary management in the United States today is under the direction of the

- A) Council of Economic Advisers.
- B) Federal Trade Commission.
- C) Joint Economic Committee of the Congress.
- D) Open Market Committee of the Federal Reserve.
- E) United States Chamber of Commerce.

Answer: <https://biology-forums.com/index.php?topic=316377>

### Question 1838

We do not have reliable information on the time lags between expansionary fiscal and monetary policy actions and their effect on production and prices because

- A) Congress has reduced the funds available to the Bureau of Economic Analysis.
- B) economists believe any discretionary policy would only make matters worse.
- C) economists have only recently discovered the importance of this problem.
- D) the length of the lags will depend in large part on how long they are thought to be.

Answer: <https://biology-forums.com/index.php?topic=316807>

### Question 1839

The use of money adds to wealth because it tends to increase people's

- A) options.
- B) risks.
- C) costs.
- D) expenditures.
- E) elasticity of demand.

Answer: <https://biology-forums.com/index.php?topic=316359>

### Question 1840

The costs affecting decisions to supply goods and services are always

- A) average costs.
- B) costs not yet incurred.
- C) sunk costs.
- D) total costs.
- E) unavoidable costs.

Answer: <https://biology-forums.com/index.php?topic=312449>

### Question 1841

Which of the following pricing practices, if proved, would prove a firm engaged in predatory pricing?

- A) The firm sets prices below marginal cost per unit.
- B) The firm sets prices below sunk cost per unit.
- C) The firm sets prices below total cost per unit.
- D) The firm sets prices low enough to drive all its competitors out of business.
- E) None of the above would prove predatory pricing had occurred.

Answer: <https://biology-forums.com/index.php?topic=314699>

### Question 1842

Traffic congestion is an example of a negative externality because

- A) motorists take into account all benefits while driving.
- B) motorists take into account all costs while driving.
- C) a motorist's cost of driving spills over and affects other motorists.
- D) a motorist's benefit from driving spills over and affects other motorists.

Answer: <https://biology-forums.com/index.php?topic=315175>

### Question 1843

The accountant's definition of profits, or the definition used for tax purposes, is not wholly satisfactory from the economist's point of view because

- A) accountants are paid by business firms and consequently tend to exaggerate the size of profits.
- B) accountants deal with empirical data while economists are interested in theoretical explanations.
- C) accountants tend to minimize profits in order to avoid the payment of unnecessary taxes.
- D) accounting costs do not include the entrepreneur's opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=313847>

### Question 1844

Economists define "shortage" as

- A) quantity demanded exceeds quantity supplied.
- B) quantity demanded equals quantity supplied.
- C) quantity supplied exceeds quantity demanded.
- D) a situation whereby the prevailing price is higher than the market-clearing price.

Answer: <https://biology-forums.com/index.php?topic=313018>

### Question 1845

When firms accuse competitors of predatory pricing, they almost always use as evidence

- A) arbitrarily allocated joint costs.
- B) the disappearance of competitors.
- C) the profits of their competitors.
- D) their own losses.
- E) the gap between price and marginal cost.

Answer: <https://biology-forums.com/index.php?topic=314687>

### Question 1846

Past expenses are irrelevant to supply decisions, because

- A) expenses incurred in the past never affect the opportunities available in the present.
- B) it is essential to avoid bankruptcy.
- C) no one remembers the past.
- D) supply decisions depend on opportunities that will have to be forgone, not opportunities already forgone.

Answer: <https://biology-forums.com/index.php?topic=312605>

### Question 1847

The pressure on corporate executives to maintain the market price of their company's stock gives them an incentive to

- A) engage in insider trading.
- B) ignore the political consequences of what they do.
- C) produce goods subject to rapid obsolescence.
- D) pursue short-run profits at the expense of the company's long-run welfare.
- E) take account in their decisions of the probable long-run effects.

Answer: <https://biology-forums.com/index.php?topic=314011>

### Question 1848

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if an extensive, efficient cotton-growing industry in Africa develops?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313153>

### Question 1849

According to your text, there are substitutes for any scarce good,

- A) but some demand curves are vertical.



- B) but the elasticity of demand for most goods is zero.
- C) but the law of demand only holds for inexpensive goods.
- D) but it often takes time for consumers to seek out useful substitutes.

Answer: <https://biology-forums.com/index.php?topic=312290>

### Question 1850

What is a credit card?

- A) Money
- B) A convenient way to borrow money
- C) A bond
- D) A convenient way to sell a bond

Answer: <https://biology-forums.com/index.php?topic=316326>

### Question 1851

Suppose the relative price of Ford F150 pickup trucks has risen over the past decade. Yet, even at the higher price, more F150 pickups have been sold. What would an economist conclude?

- A) The supply of F150 pickups is downward-sloping.
- B) The demand for F 150 pickups is upward-sloping.
- C) Buyers of F150 pickups are acting irrationally.
- D) All of the above are true.
- E) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313790>

### Question 1852

The price elasticity of demand for a good tends

- A) not to vary over time because people adjust to changed circumstances.
- B) to be greater over the long run than over a short period of time.
- C) to be less over the long run than over a short period of time.
- D) to rise when the demand increases.
- E) toward unity in the long run.

Answer: <https://biology-forums.com/index.php?topic=312157>

### Question 1853

People will tend to "internalize externalities" when

- A) responsibility for the consequences of actions is more clearly assigned to the actors.
- B) spillover costs and benefits become more common and widespread.
- C) they calculate more carefully the marginal costs and marginal benefits of their decisions.
- D) they feel less empathy for others.

Answer: <https://biology-forums.com/index.php?topic=314953>

### Question 1854

In the economic way of thinking,

- A) inflation is better than deflation.
- B) deflation is better than inflation.
- C) deflation is better than disinflation.
- D) inflation, deflation, and disinflation make it more difficult for people to cooperate with one another.

Answer: <https://biology-forums.com/index.php?topic=316042>

### Question 1855

If the market clearing price of computer tablets rises from \$400 to \$600, and the market clearing output decreases from 5 million to 4 million units,

- A) demand decreased and supply remained unchanged.
- B) supply increased and demand remained unchanged.
- C) demand increased and supply remained unchanged.
- D) supply decreased and demand remained unchanged.

Answer: <https://biology-forums.com/index.php?topic=313129>

### Question 1856

Speculators believing cocoa prices are going to be higher next year will

- A) buy cocoa futures, cause the expected future price of cocoa to fall, and induce some additional cocoa to be stored for future consumption.
- B) buy cocoa futures, cause the expected future price of cocoa to rise, and induce some additional cocoa to be stored for future consumption.

- C) sell cocoa futures, cause the expected future price of cocoa to fall, and induce some additional cocoa to be stored for future consumption.  
D) sell cocoa futures, cause the expected future price of cocoa to rise, and induce some additional cocoa to be stored for future consumption.  
E) sell cocoa futures, cause the expected future price of cocoa to fall, and induce greater current consumption of cocoa.

Answer: <https://biology-forums.com/index.php?topic=314167>

### Question 1857

How many people does it take to make an ordinary no. 2 pencil?

- A) One person  
B) Between one and five people  
C) Less than one hundred people  
D) Millions of people

Answer: <https://biology-forums.com/index.php?topic=312901>

### Question 1858

The behavior of people in government

- A) can be explained or understood by applying the same principles we use to predict the behavior of people in business.  
B) is different from the behavior of people in business because the former aims at the general welfare rather than private welfare.  
C) is essentially different from market behavior.  
D) is not compatible with the existence of a market system.  
E) serves to balance private-sector behavior.

Answer: <https://biology-forums.com/index.php?topic=310982>

### Question 1859

What is required for a positive externality to occur?

- A) The full benefits of an action aren't taken into account.  
B) The intention or plan to directly help other people  
C) A concern for social welfare  
D) Courtesy and honesty  
E) All the above.

Answer: <https://biology-forums.com/index.php?topic=314914>

### Question 1860

The function of the financial statement, which colleges ask parents to fill out to make their children eligible for tuition scholarships, is to

- A) determine cases of genuine need.  
B) maintain the college's eligibility for federal assistance.  
C) permit the college to confine its aid to students who can make most effective use of the aid.  
D) provide information about the demand curves of potential customers.

Answer: <https://biology-forums.com/index.php?topic=314423>

### Question 1861

All possible gains from specialization and exchange would be fully exploited only under which market structure?

- A) Pure monopoly  
B) Perfect competition  
C) Oligopoly  
D) Structures allowing for price-searching activity  
E) Structures where entry is restricted

Answer: <https://biology-forums.com/index.php?topic=314505>

### Question 1862

The economic way of thinking assumes a politician ignores

- A) the costs of her actions.  
B) the benefits of her actions.  
C) her own interests after taking the oath of office.  
D) all of the above.  
E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315262>

### Question 1863

When the price of apples is \$3 per bushel, and the quantity demanded is 1,000 bushels,

- A) consumers need 1,000 bushels.

- B) consumers plan to purchase a total of 1,000 bushels.  
C) both A and B are true.  
D) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=312945>

### Question 1864

Sellers turn so frequently to government in efforts to protect themselves from competition because government

- A) can be influenced by monetary payments.  
B) can use coercion against competitors.  
C) has rather consistently forced firms to compete when they preferred not to.  
D) is charged with protecting the public interest.  
E) is under the thumb of monopolists.

Answer: <https://biology-forums.com/index.php?topic=314617>

### Question 1865

If an economist claims there are substitutes for clean air, he is really saying

- A) clean air is free air.  
B) there are costs to cleaning the air.  
C) nobody is truly harmed by unclean, polluted air.  
D) dirty air is better than clean air.  
E) economists don't care for clean air.

Answer: <https://biology-forums.com/index.php?topic=315166>

### Question 1866

Fill in the blanks: A price discriminating firm will tend to charge a \_\_\_\_\_ price for the category of customer with the \_\_\_\_\_ elasticity of demand.

- A) lower; lower  
B) higher; lower  
C) lower; higher  
D) 100 percent markup; infinite

Answer: <https://biology-forums.com/index.php?topic=314433>

### Question 1867

The most important function of money is to

- A) allow for positive interest rates.  
B) enable people to measure their own personal worth.  
C) facilitate the collection of taxes.  
D) encourage greed among people.  
E) serve as a medium of exchange.

Answer: <https://biology-forums.com/index.php?topic=316284>

### Question 1868

If the price of cappuccino on campus falls from \$5 to \$3 and the quantity demanded increases from 15 to 20, then the price elasticity of demand is approximately

- A) 0.47, which mean cappuccino is inelastic.  
B) 0.57, which means cappuccino is inelastic.  
C) 1.75, which means cappuccino is elastic.  
D) 2.25, which means cappuccino is elastic.

Answer: <https://biology-forums.com/index.php?topic=312187>

### Question 1869

Ann Treprenneur was formerly a landlord, renting her building for \$1,200 a month. She now uses her building for her own florist shop. Pick the true statement.

- A) The building costs Ann \$1,200 per month.  
B) Ann incurs no opportunity cost on the building.  
C) Ann uses the building as a free good.  
D) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313886>

### Question 1870

Pick the producer who would come closest to operating in a perfectly competitive environment.

- A) Grim, the mortician
- B) Green, the barley farmer
- C) Gristle, the butcher
- D) Grippe, the doctor

Answer: <https://biology-forums.com/index.php?topic=314508>

### Question 1871

Transaction costs are

- A) all unnecessary and wasteful costs.
- B) any nonmonetary costs associated with a transaction.
- C) not real costs because they make no positive contribution to economic transactions.
- D) the costs of arranging agreements between demanders and suppliers.
- E) the opposite of opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=313285>

### Question 1872

Suppose the market clearing price for apples rises from \$2.00 to \$3.00 per pound, and the overall market clearing output decreases from 1 million to 1/2 million pounds. How can we explain the increase in price and decrease in market output?

- A) Supply decreased and demand remained unchanged.
- B) Supply increased and demand remained unchanged.
- C) Demand increased and supply remained unchanged.
- D) Demand decreased and supply remained unchanged.

Answer: <https://biology-forums.com/index.php?topic=313124>

### Question 1873

Fill in the blanks: People pursue \_\_\_\_\_ projects in the market and \_\_\_\_\_ projects in government.

- A) their own; their own
- B) their own; others'
- C) private; public
- D) individualistic; socialistic

Answer: <https://biology-forums.com/index.php?topic=315274>

### Question 1874

Who would be least inclined to engage in "feel good" foreign projects, which contribute minimal benefits to the poor but look impressive to outside observers?

- A) Private investors
- B) Foreign governments
- C) International aid agencies
- D) The World Bank

Answer: <https://biology-forums.com/index.php?topic=317029>

### Question 1875

Which among the following is an example of "economizing" behavior?

- A) A giant retail store franchise lowers its prices to attract more customers
- B) A monopolist raises its price in an attempt to increase its profits
- C) The country lawyer who agrees to receive his payment from a down-and-out client in the form of cut, split, and delivered firewood instead of money
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311046>

### Question 1876

Which of the following is a component of the M1 money supply?

- A) Mutual funds
- B) Stock investments
- C) Three month T-bills
- D) All of the above are part of M1.
- E) None of the above is part of M1.

Answer: <https://biology-forums.com/index.php?topic=316383>

### Question 1877

According to the economic way of thinking, "money" is defined as

- A) anything backed by gold.
- B) anything backed by some other commodity.
- C) anything used as a general medium of exchange.
- D) anything the government declares to be legal tender.

Answer: <https://biology-forums.com/index.php?topic=316338>

### Question 1878

If the market clearing price of computer tablets falls from \$400 to \$300, and the market clearing output decreases from 5 million to 4 million units,

- A) demand decreased and supply remained unchanged.
- B) supply increased and demand remained unchanged.
- C) demand increased and supply remained unchanged.
- D) supply decreased and demand remained unchanged.

Answer: <https://biology-forums.com/index.php?topic=313135>

### Question 1879

According to your textbook, a "free" good is

- A) a good paid for by someone else.
- B) a stolen good.
- C) a good given away by charities.
- D) a good obtained without any sacrifice whatsoever.

Answer: <https://biology-forums.com/index.php?topic=311295>

### Question 1880

It is a mistake to calculate the cost per mile of owning a car because doing so implies

- A) additional driving will lower the cost of owning a car.
- B) future fuel and maintenance costs cannot be predicted.
- C) marginal costs are the only relevant costs.
- D) opportunities will not arise to sell the car.

Answer: <https://biology-forums.com/index.php?topic=312641>

### Question 1881

Larry Lawnlover is trying to decide whether it would be more efficient to trim his lawn with a hand-operated clipper or to buy and use an electrically operated weed-trimmer. Which of the items below will help determine the more efficient choice for Larry?

- A) Larry's dislike for the noise created by power tools
- B) Larry's fear of being injured while using power tools
- C) The sensitive skin on Larry's hand, which causes him to develop blisters easily
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311370>

### Question 1882

Members of a cartel who refrain from selling at prices below the prices established by the cartel will usually

- A) continue indefinitely to receive a high net revenue.
- B) discover other ways to attract additional customers.
- C) have no incentive to improve the quality of their products.
- D) not compete against one another.
- E) want to attract additional firms into the industry to increase the size of the cartel.

Answer: <https://biology-forums.com/index.php?topic=314565>

### Question 1883

According to your text, the central economic task for a society is

- A) to eliminate scarcity.
- B) to assure every household gets what it needs.
- C) to secure cooperation among people in using what is available to obtain what is wanted.
- D) to train enough economists to ensure supplies of goods and services will successfully continue to meet demands for goods and services in the future.

Answer: <https://biology-forums.com/index.php?topic=312871>

### Question 1884

Which among the following is an example of "economizing" behavior?

- A) A ski resort owner who is deciding whether or not to remain in operation during a season with abnormally low snowfall
- B) The board of directors of a major bank who are considering opening new branches in a neighboring state
- C) The planning committee of a conservative church parish, which is considering the reintroduction of the Post-Tridentine, Latin-language mass
- D) A family comparing the costs of a vacation in the mountains to the cost of a vacation at the beach
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311043>

### Question 1885

If the Fed were to lower the required reserve ratio,

- A) excess reserves would decrease.
- B) excess reserves would increase.
- C) there would be no effect on the level of excess reserves.
- D) there would tend to be no effect on the nation's money supply.

Answer: <https://biology-forums.com/index.php?topic=316489>

### Question 1886

DVD players have become more abundant, and cheaper, over the past few years. Explain the decline in DVD player prices.

- A) DVD manufacturers have become less interested in trying to maximize their profits.
- B) The demand curve for DVDs has shifted to the left.
- C) The supply curve for DVDs has shifted to the right.
- D) The supply curve for DVDs has shifted to the left.

Answer: <https://biology-forums.com/index.php?topic=313085>

### Question 1887

Fill in the blank: Other things constant, the introduction of generic (non-brand name) drugs on the market tends to \_\_\_\_\_ the price elasticity of demand for brand name drugs.

- A) increase
- B) decrease
- C) leave unchanged
- D) alter for the better

Answer: <https://biology-forums.com/index.php?topic=312272>

### Question 1888

Who among the following provides a productive service?

- A) The owner of a profitable cigarette vending machine business whose machines are found at bars and bowling alleys
- B) A well-paid researcher for a cigarette manufacturer who is willing to lie about the facts
- C) A hard-working lawyer representing a class-action lawsuit on behalf of smokers now suffering from lung cancer
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315547>

### Question 1889

Which of the following is a necessary feature of the notion of the market as a competitive process and the model of perfect competition?

- A) Freedom of entry
- B) Price taking behavior
- C) Perfect and complete information
- D) All firms produce identical products.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314773>

### Question 1890

According to the textbook, which of the following methods for coordinating the supplies and demands for scarce goods tends to work best to enhance the freedom and power of people who want the goods?

- A) A lottery
- B) Equal shares for all
- C) First come, first served
- D) Highest money bid
- E) Might makes right

Answer: <https://biology-forums.com/index.php?topic=312371>

### Question 1891

From which of the following is it least difficult to exclude free riders?

- A) A library book
- B) Landscaping on the edges of urban expressways
- C) Police protection
- D) Fireworks displays

Answer: <https://biology-forums.com/index.php?topic=315367>

### Question 1892

Which of the following individuals will the Bureau of Labor Statistics not count as unemployed?

- A) Those who are not eligible for unemployment compensation because they have not worked in covered employment.
- B) Those who have turned down job offers comparable to the most recent one they held.
- C) Those who have used up their unemployment compensation benefits.
- D) Those who live in a household where at least one other person is employed full time.
- E) None of the above prevents an individual from being counted as unemployed.

Answer: <https://biology-forums.com/index.php?topic=316166>

### Question 1893

Any combination of two goods that lies within the production possibilities frontier

- A) is currently impossible to produce.
- B) is currently possible to produce.
- C) represents a more efficient combination of output than anything lying beyond the frontier.
- D) represents a more efficient combination of output than anything lying on the frontier.

Answer: <https://biology-forums.com/index.php?topic=311541>

### Question 1894

Which of the following is included in the M1 money supply?

- A) Bonds
- B) Credit cards
- C) Gold
- D) Deposits in checking accounts
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=316380>

### Question 1895

Suppose Maria can make 12 pizzas or 4 lasagnas every Saturday afternoon, while Gina can make 10 pizzas or 2 lasagnas every Saturday afternoon. Which statement is true?

- A) Nobody has a comparative advantage in pizza or in lasagna.
- B) Maria has a comparative advantage only in lasagna.
- C) Maria has a comparative advantage in pizza and in lasagna.
- D) Gina has a comparative disadvantage in pizza and in lasagna.

Answer: <https://biology-forums.com/index.php?topic=311583>

### Question 1896

What will be the principal and most immediate effect on the supply or demand for raw cotton grown in the United States if the price of fertilizer used in cotton production increases?

- A) Decrease in demand
- B) Decrease in supply
- C) Increase in demand
- D) Increase in supply

Answer: <https://biology-forums.com/index.php?topic=313147>

### Question 1897

According to the economic way of thinking, it is efficient to support a system of law and order through taxation because

- A) we need law and order.
- B) law and order are not free goods.
- C) law and order create significant spillover benefits.
- D) citizens ultimately despise law and order.

Answer: <https://biology-forums.com/index.php?topic=315496>



### Question 1898

The economic way of thinking assumes

- A) people act selfishly.
- B) people act altruistically.
- C) people act to promote the projects in which they are interested.
- D) people do not act at all; they merely react to the environment around them.

Answer: <https://biology-forums.com/index.php?topic=311052>

### Question 1899

What explains the increase in supply and fall in price of HDTVs during from 2010 to 2015?

- A) Technological innovations that reduced the cost of production
- B) Fewer producers in the industry
- C) A fall in demand for HDTVs as more people turned toward superior substitutes
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=312799>

### Question 1900

An effective agreement to divide up the market among firms selling products that are close substitutes

- A) allows each firm to earn positive net revenue even though its marginal cost is greater than its marginal revenue.
- B) allows each firm to earn positive net revenue by preventing cooperation from reducing each firm's marginal revenue below its marginal cost.
- C) tends to keep each firm's price and marginal revenue above its marginal cost.
- D) tends to result in both higher prices and larger output.

Answer: <https://biology-forums.com/index.php?topic=314711>

### Question 1901

If Robinson makes 40 purses or 5 wallets per week, and Chamberlin makes 16 purses or 2 wallets per week, then

- A) Robinson produces purses more efficiently than Chamberlin.
- B) Robinson produces wallets more efficiently than Chamberlin.
- C) Chamberlin produces purses more efficiently than Robinson.
- D) Chamberlin produces wallets more efficiently than Robinson.
- E) none of the above is true.

Answer: <https://biology-forums.com/index.php?topic=311619>

### Question 1902

The effective use of coercion in a society ultimately depends upon

- A) fear.
- B) free enterprise.
- C) police enforcement.
- D) voluntary cooperation.

Answer: <https://biology-forums.com/index.php?topic=315319>

### Question 1903

According to your text, open market operations

- A) can be a difficult and delicate task.
- B) are free from political pressures.
- C) are designed solely in the national interest.
- D) have failed to be effective ever since the U.S. has gone off the gold standard.

Answer: <https://biology-forums.com/index.php?topic=316636>

### Question 1904

Legislators who must stand for re-election every two years will tend to support

- A) policies beneficial to all the people eligible to vote.
- B) policies beneficial to all the people now living.
- C) policies beneficial to all present voters and future generations of voters.
- D) policies promising early benefits and deferred costs.
- E) policies representing the public interest.

Answer: <https://biology-forums.com/index.php?topic=315403>

### Question 1905

If the market clearing price of computer tablets falls from \$400 to \$300, and the market clearing output increases from 5 million to 7 million units,

- A) demand decreased and supply remained unchanged.
- B) supply increased and demand remained unchanged.
- C) demand increased and supply remained unchanged.
- D) supply decreased and demand remained unchanged.

Answer: <https://biology-forums.com/index.php?topic=313132>

### Question 1906

When interest rates are artificially lowered through expansionary monetary policy,

- A) longer-term investment projects appear to be more profitable.
- B) production of capital goods increases.
- C) the economy experiences an unsustainable boom phase.
- D) the economy will likely fall into a recession in the longer run.
- E) all of the above tend to occur.

Answer: <https://biology-forums.com/index.php?topic=316702>

### Question 1907

Interest is ultimately

- A) any return on investment.
- B) the price of money.
- C) unearned income.
- D) the difference between the subjective value of a good now and a good later.

Answer: <https://biology-forums.com/index.php?topic=313366>

### Question 1908

If the elasticity measure equals 3.5, then the demand is

- A) elastic.
- B) unit elastic.
- C) inelastic.
- D) infinitely elastic.

Answer: <https://biology-forums.com/index.php?topic=312197>

### Question 1909

From the economic point of view, "joint costs" are problematic because

- A) they can only be determined in markets for illicit drugs.
- B) there is no way to correctly allocate joint costs.
- C) they can be measured only by the most sophisticated accounting techniques.
- D) there is no way to discuss the concept meaningfully.

Answer: <https://biology-forums.com/index.php?topic=314854>

### Question 1910

From the economic point of view, why will an avid downhill skier devote many hours to reading, comparing, and testing a new pair of ski boots but only a few hours to deciding who to vote for in the state senator race?

- A) Ski boots are ultimately more important to society than state senators.
- B) He needs new ski boots; he does not need a new state senator.
- C) In his estimation, being highly informed about ski boots is a better use of his time compared to being highly informed about potential state senators.
- D) He is selfish.

Answer: <https://biology-forums.com/index.php?topic=315430>

### Question 1911

The opportunity cost of an action is

- A) everything that makes an action possible.
- B) the monetary payments that make an action possible.
- C) the sum of the human efforts that contribute to an action.
- D) the value of the next-best alternative that must be sacrificed to take the action.

Answer: <https://biology-forums.com/index.php?topic=312386>

### Question 1912

If the elasticity measure equals 1.0, then the demand is

- A) elastic.
- B) unit elastic.
- C) inelastic.
- D) infinitely elastic.

Answer: <https://biology-forums.com/index.php?topic=312203>

### Question 1913

Government assistance to farmers, which seeks to maintain a target price by buying surplus output, results in

- A) higher prices and less food for consumers.
- B) higher prices and more food for consumers.
- C) lower prices and less food for consumers.
- D) lower prices and more food for consumers.

Answer: <https://biology-forums.com/index.php?topic=313674>

### Question 1914

If the wheat harvest next summer in Canada will be much less than had been expected, there will tend to be

- A) a decrease in the price of wheat futures and an increase in the current cash price of wheat in the US.
- B) a decrease in the price of wheat futures and in the current cash price of wheat in the US.
- C) an increase in the price of wheat futures and a decrease in the current cash price of wheat in the US.
- D) an increase in the price of wheat futures and in the current cash price of wheat in the US.

Answer: <https://biology-forums.com/index.php?topic=314128>

### Question 1915

Suppose an economy has the following characteristics: 100 people in the noninstitutional population; 40 people employed; 50 people not in the labor force. What's the unemployment rate?

- A) 10 percent
- B) 15 percent
- C) 20 percent
- D) 40 percent
- E) 50 percent

Answer: <https://biology-forums.com/index.php?topic=316245>

### Question 1916

If a business firm operates indefinitely without covering any of its sunk costs, what happens to the firm's sunk costs?

- A) Nothing happens to them; they have ceased to exist.
- B) They are distributed across the whole economy.
- C) They continue unpaid for as long as the firm fails to make a profit large enough to cover them.
- D) They reduce the wealth of the investors who risked their wealth to make mistaken decisions possible.

Answer: <https://biology-forums.com/index.php?topic=312602>

### Question 1917

A judicial system for resolving disputes creates benefits even for people who never use it because

- A) people are compelled to obey court decisions whether they want to or not.
- B) judicial decisions generate uniform rules, which everyone can count on.
- C) silence gives consent.
- D) the social contract entitles everyone to share in the benefits from goods produced by government.

Answer: <https://biology-forums.com/index.php?topic=315517>

### Question 1918

Most businesses probably claim they use cost-plus-markup pricing because

- A) they are price takers.
- B) they are maximizing net revenue.
- C) they have no better way to explain their price-setting behavior.
- D) they are responsible for long-run inflation.

Answer: <https://biology-forums.com/index.php?topic=314215>

### Question 1919

Which age householder group's mean income among the following was the highest in 2010?

- A) 15-25 years old
- B) 25-34 years old
- C) 45-54 years old
- D) 65 years and older

Answer: <https://biology-forums.com/index.php?topic=315740>

### Question 1920

Suppose in Italy producers can make 10,000 dresses or 1,000 coats per day, while in Canada producers can make 14,000 similar dresses or 2,000 similar coats per day. Therefore

- A) 1 dress costs 7 coats in Italy.
- B) 1 dress costs 10 coats in Italy.
- C) 1 coat costs 7 dresses in Canada.
- D) 1 coat costs 10 dresses in Canada.

Answer: <https://biology-forums.com/index.php?topic=311682>

### Question 1921

A recession shows

- A) supply always equals demand.
- B) supply never equals demand.
- C) thousands of businesspeople have misread market signals.
- D) real GDP must be lower than nominal GDP.
- E) not enough households are using their credit cards.

Answer: <https://biology-forums.com/index.php?topic=316693>

### Question 1922

People in the U.S. will rarely pay a great deal per gallon to obtain water because

- A) there are so many excellent substitutes for water.
- B) there is no relationship between objective price and subjective value.
- C) they are usually creatures of habit.
- D) they think water, as a basic necessity, ought to be supplied at a very low price.
- E) they place a very low marginal value on water.

Answer: <https://biology-forums.com/index.php?topic=312692>

### Question 1923

Suppose Factory A emits 15,000 units of "Yuck" monthly, Factory B emits 30,000 units, and Factory C emits 45,000 units. Also suppose A's cost of reducing the emission is \$1 per unit, B's cost is \$2 per unit, and C's cost is \$3 per unit. If the EPA orders each factory to reduce emissions by 15,000 units, what would be the total cleanup cost?

- A) \$75,000
- B) \$90,000
- C) \$105,000
- D) \$127,000

Answer: <https://biology-forums.com/index.php?topic=315107>

### Question 1924

Real GDP is

- A) the most reliable measure of the overall welfare of the citizens in the domestic economy.
- B) nominal GDP plus inflation.
- C) always equal to national income, but not necessarily equal to national output.
- D) all of the above.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315996>

### Question 1925

Using the economic way of thinking, what do a pencil, stick of gum, and balloon have in common?

- A) Each is produced by a single person.
- B) Each is produced by a small number of people.
- C) Given the state of modern technology and high-speed processing, each can soon be produced without any human intervention at all.

D) The production of any one of the goods mentioned above requires the voluntary cooperation of millions of producers and traders.

Answer: <https://biology-forums.com/index.php?topic=312907>

### Question 1926

Your authors argue that unsustainable booms, followed by recessionary busts, are primarily caused by the Fed's expansionary monetary policies.

Which of the following serves as an exception to their claim?

- A) The Great Depression of the 1930s
- B) The Great Recession of the late 2000s
- C) The authors admit that both of the above are exceptions.
- D) The authors argue that neither of the above are exceptions, but rather strong examples.

Answer: <https://biology-forums.com/index.php?topic=316731>

### Question 1927

What, according to the textbook, accounts for the federal budget surplus in the late 1990s?

- A) A move toward virtue on Capital Hill
- B) Strong economic growth during that period
- C) Huge increases in tax rates
- D) A successful beggar-thy-neighbor strategy

Answer: <https://biology-forums.com/index.php?topic=316903>

### Question 1928

Suppose the market-clearing price of wheat is \$2.50 per bushel. At a price below \$2.50,

- A) supply would equal demand.
- B) quantity supplied would equal quantity demanded.
- C) quantity supplied would exceed quantity demanded.
- D) quantity supplied would be less than quantity demanded.

Answer: <https://biology-forums.com/index.php?topic=313626>

### Question 1929

Suppose Amber Crombie and her husband Fitch spend \$1400 this year on healthcare and medicines for the chronic nasal congestion they suffer living next to smelly Lake Lillypad. How does their expenditure affect GDP?

- A) It doesn't affect GDP at all.
- B) GDP would decrease by \$1400.
- C) GDP would increase by \$1400.
- D) GDP would increase by \$1400 only if the healthcare and medicines cured their chronic nasal congestion; if it remains uncured, then GDP would remain unchanged.

Answer: <https://biology-forums.com/index.php?topic=315904>

### Question 1930

The analysis in Chapter 15 implies that the housing bubble of the last decade would likely have been avoided if

- A) the Fed had pursued a monetary equilibrium policy as opposed to cheap interest rate policies.
- B) people weren't as greedy as they were during the beginning and middle of the bubble.
- C) price controls were established to keep home prices from rising as high as they did.
- D) markets were better regulated.

Answer: <https://biology-forums.com/index.php?topic=316743>

### Question 1931

The term capital in economic theory refers to

- A) any privately owned resource.
- B) bonds, stocks, and similar financial assets.
- C) money available for lending or spending.
- D) produced goods used to produce future goods.
- E) savings out of income.

Answer: <https://biology-forums.com/index.php?topic=313999>

### Question 1932

Which of the following is the best example of a "free" good?

- A) HIV/AIDS cocktails freely distributed to people in developing countries
- B) The air you are currently breathing
- C) Public roads

D) Public schooling in states where education is subsidized

Answer: <https://biology-forums.com/index.php?topic=311292>

### Question 1933

What explains any divergence between nominal and real GDP?

- A) Constant prices
- B) Changing prices
- C) Constant output
- D) Changing output
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=315987>

### Question 1934

Suppose a university refunds students 75% of their tuition if they drop out before the third week of class, 50% if they drop out between their third and fifth week, 25% if they drop out between their sixth and eighth week, and 0% after the eighth week. Flint paid \$1,000 tuition, and is in his second week of class. What's his sunk cost?

- A) \$0
- B) \$250
- C) \$500
- D) \$750
- E) \$1,000

Answer: <https://biology-forums.com/index.php?topic=312563>

### Question 1935

According to your textbook, it is best to view "the market" as

- A) a person.
- B) a place.
- C) a thing.
- D) a process of plan coordination among buyers and sellers.
- E) a highly complicated series of exchanges, which can only be coordinated by the efforts of economists and other experts in government.

Answer: <https://biology-forums.com/index.php?topic=312930>

### Question 1936

Ed Sike was able to increase his net revenue by charging different prices to different customers because

- A) his cost of serving different customers varied.
- B) his marginal costs declined as his sales increased.
- C) his marginal costs were rising.
- D) he could distinguish faculty from students at low cost.

Answer: <https://biology-forums.com/index.php?topic=314222>

### Question 1937

Profits resulting from luck can be distinguished from profits attributable to shrewd predictions by

- A) calculating the opportunity cost of earning the profits.
- B) comparing the profits with interest rates.
- C) finding out whether they lead to reduced revenue or increased costs.
- D) no known empirical test.
- E) whether or not they were generally anticipated.

Answer: <https://biology-forums.com/index.php?topic=314818>

### Question 1938

"We offer the best deal in town. If somebody charges a lower price, bring in their ad and we'll beat it!" From the economic point of view, the firm promising to match its competitor's low prices is attempting to

- A) lie.
- B) cheat.
- C) learn more about the market.
- D) do nothing more than bait and switch their customers.

Answer: <https://biology-forums.com/index.php?topic=311795>

### Question 1939

National output and national income are essentially the same because

- A) every purchase implies a sale.
- B) every cost implies a benefit.
- C) every profit implies a loss.
- D) every gain implies a sacrifice.

Answer: <https://biology-forums.com/index.php?topic=315933>

### Question 1940

Mergers between companies that previously existed in a supplier-buyer relationship are called

- A) conglomerate mergers.
- B) diagonal mergers.
- C) horizontal mergers.
- D) vertical mergers.

Answer: <https://biology-forums.com/index.php?topic=314608>

### Question 1941

Economic growth entails an increase in the rate of production of

- A) material goods.
- B) services.
- C) the money supply.
- D) wealth.

Answer: <https://biology-forums.com/index.php?topic=311277>

### Question 1942

The production possibilities frontier is used by economists to depict

- A) the strictly financial costs of production.
- B) the opportunity costs of production.
- C) the strictly financial benefits of production.
- D) the opportunity benefits of production.

Answer: <https://biology-forums.com/index.php?topic=311532>

### Question 1943

Someone who sells commodity futures is

- A) hedging.
- B) purchasing risk.
- C) selling risk.
- D) simultaneously purchasing and selling risk.
- E) not necessarily doing any of the above.

Answer: <https://biology-forums.com/index.php?topic=314152>

### Question 1944

Which activity of the Fed would tend to increase the nation's money supply?

- A) Sales of government bonds
- B) Lowering the discount rate
- C) Raising the required reserve ratio
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316542>

### Question 1945

Why does inflation cause problems in a society?

- A) It gives people an incentive to hold money rather than spend it and provide income for others.
- B) It makes everything more expensive in real terms.
- C) People aren't able to anticipate it accurately.
- D) The cost of living rises for almost everyone in an inflation.
- E) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=316079>

### Question 1946

It's not unusual for strangers driving through a small town to find a gas station more quickly than people driving through a major city center. According to the economic way of thinking, gas stations in city centers appear few and far between because

- A) big cities are just plain confusing to out-of-towners.



- B) the real estate space available for gas stations has more valuable alternative uses.
- C) the opportunity cost of placing additional gas stations in city centers is too low.
- D) the owner of gas stations would rather have people drive further distances and thereby use more gasoline.

Answer: <https://biology-forums.com/index.php?topic=313731>

### Question 1947

According to the text, the beneficiaries of economic growth in poor nations are often the privileged government officials rather than the working masses. Why?

- A) The officials deserve it.
- B) The working masses can afford to get by with less, but the government can't.
- C) The officials are often willing to grant foreign investors special deals as long as the investors share some of their investment returns with them and their cronies.
- D) For all of the above reasons.

Answer: <https://biology-forums.com/index.php?topic=317017>

### Question 1948

Samantha decides to withdraw \$10,000 from her savings account and invest it all in the stock market. Her total economic costs

- A) equal \$10,000.
- B) are independent of the interest she enjoyed in her savings account.
- C) are affected by the interest she enjoyed in her savings account.
- D) are determined solely by the commission she is charged for the purchase of stock.

Answer: <https://biology-forums.com/index.php?topic=313892>

### Question 1949

Money prices are an extremely effective device for promoting social cooperation because

- A) most people want money more than they want anything else.
- B) people are basically selfish.
- C) scarcity can be eliminated through appropriate changes in money prices.
- D) they don't change rapidly when circumstances change.
- E) they help to clarify the options available to people.

Answer: <https://biology-forums.com/index.php?topic=313249>

### Question 1950

The economizing process (choosing from among alternatives to maximize benefits)

- A) applies only to consumers.
- B) applies only to privately-owned firms.
- C) applies only to producers.
- D) is the same for producers as it is for consumers.

Answer: <https://biology-forums.com/index.php?topic=312380>

### Question 1951

Sellers are sure the demand for their product is relatively inelastic at the price currently being charged

- A) could increase their net revenue by raising the price.
- B) could increase their total revenue by lowering the price.
- C) would decrease their net revenue if they raised the price.
- D) would decrease their total revenue if they raised the price.

Answer: <https://biology-forums.com/index.php?topic=314376>

### Question 1952

If the demand for a good were completely inelastic,

- A) the good is a basic necessity.
- B) the good is a luxury.
- C) there are no substitutes for the good.
- D) there had been a long period of time for people to adjust their behavior.
- E) people who own the good currently do not want to give it up except at much higher prices.

Answer: <https://biology-forums.com/index.php?topic=312314>

### Question 1953

It makes sense to measure relative costs in terms of leisure time

- A) because leisure time is of equal value to everyone.

- B) because leisure time is the ultimate good.
- C) only if leisure time is of equal value to everyone.
- D) only in societies with labor-saving technologies.

Answer: <https://biology-forums.com/index.php?topic=311431>

### Question 1954

Professor I.M. Dismal retired from his economics faculty position at the age of 66. Is he now unemployed?

- A) No, because he is retired.
- B) No, because he is over the age of 65.
- C) Yes, because he is not employed.
- D) Yes, if he is looking for some other job.

Answer: <https://biology-forums.com/index.php?topic=316160>

### Question 1955

People who are not employed and are not actively looking for work, because they are fairly certain they could not find a satisfactory job, are counted by the BLS as

- A) involuntarily employed.
- B) neither employed nor unemployed.
- C) unemployed members of the labor force.
- D) voluntarily unemployed.

Answer: <https://biology-forums.com/index.php?topic=316190>

### Question 1956

If, by law, we suppress free market prices to determine who gets what,

- A) other criteria will come into play to ration scarce goods.
- B) scarcity will be reduced or eliminated.
- C) shortages will be reduced or eliminated.
- D) there will be no alternative way to make the quantity demanded conform to the quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=313255>

### Question 1957

Other things constant, if tuition at a private university rises from \$40,000 to \$45,000 and revenue for the university decreases, the demand for the good must be

- A) decreasing.
- B) inelastic.
- C) unit elastic.
- D) elastic.

Answer: <https://biology-forums.com/index.php?topic=312341>

### Question 1958

According to your text, economic theory developed to answer which question?

- A) Why does man have the will to power?
- B) Can we create a government strong enough to tie its own hands?
- C) How are countless individuals led to do "the right thing" without ever caring about doing good?
- D) Is greed good?

Answer: <https://biology-forums.com/index.php?topic=310976>

### Question 1959

The "real" interest rate charged on a loan is the

- A) prime rate.
- B) prime rate plus the risk premium.
- C) the rate charged minus the costs of supplying credit.
- D) the rate charged minus the expected rate of inflation.

Answer: <https://biology-forums.com/index.php?topic=313391>

### Question 1960

Who can determine the true cost of water?

- A) Nobody
- B) Anybody who puts their mind to it
- C) Only the most competent hydrologist

D) A good accountant

Answer: <https://biology-forums.com/index.php?topic=312431>

### Question 1961

A decrease in the supply of a good will cause a larger increase in its price

- A) if there are many close substitutes for the good.
- B) the greater the scarcity of the good.
- C) the more elastic the demand for the good.
- D) the more inelastic the demand for the good.

Answer: <https://biology-forums.com/index.php?topic=313097>

### Question 1962

Which of the following is not a usual consequence of inflation?

- A) Income is redistributed among people.
- B) People are misled into supposing that their earnings have risen substantially.
- C) People believe that rising prices have made them worse off.
- D) The cost of living goes up for everyone.
- E) The value of money falls.

Answer: <https://biology-forums.com/index.php?topic=316057>

### Question 1963

The market price for a final good reflects

- A) the objective value of the good.
- B) the values added by earlier stages of production.
- C) the seller's profit.
- D) the buyer's loss.
- E) both C and D.

Answer: <https://biology-forums.com/index.php?topic=315873>

### Question 1964

The concept of "opportunity cost" helps us explain the choices of

- A) consumers only.
- B) producers only.
- C) greedy people only.
- D) politicians only.
- E) any individual.

Answer: <https://biology-forums.com/index.php?topic=312383>

### Question 1965

With price on the vertical axis and quantity on the horizontal axis, economists would draw a fall in supply as

- A) a leftward shift in the supply curve.
- B) a rightward shift in the supply curve.
- C) a vertical supply curve.
- D) any which way we like.

Answer: <https://biology-forums.com/index.php?topic=312772>

### Question 1966

According to your textbook authors, what explains the dramatic decline in the U.S. poverty rate since the 1960s?

- A) The power of labor unions
- B) Steady economic growth
- C) Increases in the minimum wage
- D) The growth of in-kind government transfers
- E) The growth of government welfare assistance paid in money

Answer: <https://biology-forums.com/index.php?topic=315734>

### Question 1967

Typically, the more time suppliers have to adjust to changing market conditions,

- A) the more elastic the supply curve.
- B) the more elastic the demand curve.
- C) the less elastic the supply curve.

D) the less elastic the demand curve.

Answer: <https://biology-forums.com/index.php?topic=313815>

### Question 1968

Fill in the blank: By 2011, GDP in the United States was approximately \_\_\_\_\_ times greater than it had been in 1820.

- A) 100
- B) 225
- C) 550
- D) 775
- E) 900

Answer: <https://biology-forums.com/index.php?topic=316954>

### Question 1969

Legislation setting high minimum wage rates benefits

- A) many people receiving wages far above the minimum by reducing competition from unskilled workers.
- B) no group in the economy, but is nonetheless widely supported out of ignorance.
- C) only people who were previously receiving less than the legal minimum.
- D) primarily teenagers and unskilled workers.
- E) the whole economy by pushing up average income.

Answer: <https://biology-forums.com/index.php?topic=313567>

### Question 1970

The Fed controls bank lending and thus the process of money creation through its power to

- A) alter legal reserve requirements and the dollar amount of reserves.
- B) establish maximum and minimum interest rates on bank loans and deposits made with banks.
- C) oversee the lending criteria banks use.
- D) suspend the charter of banks whose lending activities contribute to an excessive rate of increase in the money supply.

Answer: <https://biology-forums.com/index.php?topic=316448>

### Question 1971

Harry and Gus fish the same lake together from the same boat. Each morning Harry typically catches either 20 bluegills or 5 walleyes (depending on how deep he fishes) while Gus typically catches either 20 bluegills or 2 walleyes (depending on how deep he fishes). Which statement below is true?

- A) Harry is the more efficient catcher of bluegills.
- B) Gus is the more efficient catcher of bluegills.
- C) Harry is the more efficient catcher of walleyes.
- D) Both B and C are true.

Answer: <https://biology-forums.com/index.php?topic=311589>

### Question 1972

Members of the Food and Drug Administration (FDA) will tend to require more testing of proposed new drugs than is best from the point of view of people who use the drugs, because FDA members

- A) identify themselves with the drug industry.
- B) have the technical knowledge to decide what is best for the users of drugs.
- C) are blamed if new drugs turn out to have damaging side effects but are not blamed for the lives lost or discomfort suffered because new drugs were not available sooner.
- D) pay for the testing from their own budget and consequently can do as they please.

Answer: <https://biology-forums.com/index.php?topic=315409>

### Question 1973

In national income accounting, a "final good" is

- A) a finished product.
- B) something purchased with the goal of further resale.
- C) something purchased by an ultimate user in the household, business, or government sector.
- D) something that is impossible to determine.

Answer: <https://biology-forums.com/index.php?topic=315798>

### Question 1974

How does time preference affect one's willingness to invest in human capital?

- A) A higher rate of time preference tends to increase human capital investment.
- B) A higher rate of time preference tends to decrease human capital investment.

- C) A lower rate of time preference tends to decrease human capital investment.  
D) Economists have found no relationship between time preference and human capital investment.

Answer: <https://biology-forums.com/index.php?topic=315611>

### Question 1975

How does increasing wealth raise the cost of doing everything? By

- A) bidding up the prices of labor-saving devices.  
B) increasing the time required to earn and manage the wealth.  
C) increasing the value of available alternatives.  
D) raising the cost of hiring servants.  
E) raising the rate of inflation.

Answer: <https://biology-forums.com/index.php?topic=312868>

### Question 1976

Suppose water rates in Podunk rise by 100%. The water consumption in Podunk will tend to

- A) remain unchanged, because water is a necessity of life.  
B) decrease substantially overnight.  
C) decrease more substantially over time, as residents discover substitutes for water.  
D) decrease, and therefore lead to a lower price of water.

Answer: <https://biology-forums.com/index.php?topic=312281>

### Question 1977

Suppose Spam is an inferior good. If the U.S. economy is growing strong, and demanders' incomes were to rise, which of the following would tend to occur?

- A) Spam sales would increase.  
B) Spam demand would decrease.  
C) The price of Spam would increase.  
D) Both A and C above.  
E) Both B and C above.

Answer: <https://biology-forums.com/index.php?topic=313112>

### Question 1978

Suppose there is currently a shortage in the guitar market. Pick the correct statement.

- A) Quantity demanded exceeds quantity supplied.  
B) Sellers could sell all they plan to sell at the current price.  
C) The price of guitars would tend to increase.  
D) All of the above are true.  
E) None of the above is true.

Answer: <https://biology-forums.com/index.php?topic=313031>

### Question 1979

Time lags occur when which of the following questions is asked?

- A) Where is the economy now?  
B) Where is the economy going?  
C) How long will it take for a correct policy to be implemented?  
D) All of the above.  
E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316792>

### Question 1980

Why would irrigated farming not become more profitable if the federal government lowered the price farmers had to pay for irrigation water?

- A) Farmers would have to pay more for electricity to pump the water.  
B) The cost of owning or renting land that could be irrigated would rise.  
C) The prices of irrigated crops would not rise.  
D) Water is a marginal cost in farming.  
E) Water is a sunk cost in farming.

Answer: <https://biology-forums.com/index.php?topic=314814>

### Question 1981

The marginal cost to the phone company of handling a long distance call is likely to be

- A) higher the fewer such calls people make.
- B) higher the more the phone company has invested in equipment.
- C) substantially less than the price charged for the call.
- D) substantially more than the price charged for the call.

Answer: <https://biology-forums.com/index.php?topic=312629>

### Question 1982

Typically a firm's economic profit will be

- A) greater than its accounting profit.
- B) less than its accounting profit.
- C) equal to its accounting profit.
- D) equal to its accounting profit minus its tax liability.
- E) equal to its accounting profit plus the market value of any unsold inventory.

Answer: <https://biology-forums.com/index.php?topic=313871>

### Question 1983

What's the most efficient way to get from New York to L.A.?

- A) By plane
- B) By train
- C) By automobile
- D) By foot
- E) Any of the above might be, depending on one's circumstances.

Answer: <https://biology-forums.com/index.php?topic=311415>

### Question 1984

Roughly what was the change in Peru's per capita GDP between 1960 and 2011?

- A) 105%
- B) 85%
- C) 40%
- D) 20%

Answer: <https://biology-forums.com/index.php?topic=317100>

### Question 1985

If profit is commonly defined as "total revenue minus total cost," then

- A) there is no way to measure losses.
- B) a negative profit implies a loss.
- C) losses can only be measured as "total cost minus total revenue."
- D) profits must always equal losses.

Answer: <https://biology-forums.com/index.php?topic=313862>

### Question 1986

A "normal good" is defined as any good in which

- A) a rise in its price will reduce quantity demanded.
- B) a fall in its price will increase quantity demanded.
- C) a rise in income will reduce overall demand.
- D) a fall in income will reduce overall demand.

Answer: <https://biology-forums.com/index.php?topic=312035>

### Question 1987

According to your text, controversies about negative externalities are almost always conflicts between the legitimate expectations of citizens and the

- A) desire of individuals for greater profits.
- B) desire of politicians to be reelected.
- C) legitimate expectations of other citizens.
- D) mindless urge for more material goods.
- E) strident demands of environmentalists.

Answer: <https://biology-forums.com/index.php?topic=315024>

### Question 1988

Suppose the price of skateboards were to fall. Other things constant, what is the least likely to occur?

- A) More skateboards will be purchased.

- B) The demand for skateboards will increase.
- C) More helmets will be purchased.
- D) The demand for helmets will increase.

Answer: <https://biology-forums.com/index.php?topic=311984>

### Question 1989

A bank seeks a 4% real return on its loans and predicts a 4% annual rate of inflation. It should therefore charge a nominal interest rate of

- A) 0%.
- B) 1%.
- C) 4%.
- D) 8%.
- E) 12%.

Answer: <https://biology-forums.com/index.php?topic=316091>

### Question 1990

A local bar provides free pretzels and peanuts and cheap drinks on a Monday night. But soon a fight breaks out in the parking lot between two quarreling patrons. Neighboring homeowners awaken as a result, and call the police. What can we clearly conclude?

- A) The bar's free pretzels and peanuts generate a positive externality.
- B) Each fighter imposes a negative externality on the other fighter.
- C) The fighters impose a negative externality on the neighboring homeowners.
- D) The neighboring homeowners impose a negative externality on the police.
- E) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314950>

### Question 1991

The 1920s was a period of alcohol prohibition in the United States. During the 1920s,

- A) the purchase and sale of alcohol was illegal.
- B) people coordinated their alcohol production and consumption activities in illegal, underground markets.
- C) the supply of alcohol became quite inelastic.
- D) all of the above were true.
- E) none of the above were true.

Answer: <https://biology-forums.com/index.php?topic=313520>

### Question 1992

Fill in the blanks: \_\_\_\_\_ policy attempts to manipulate \_\_\_\_\_ in the economy.

- A) Monetary; price controls
- B) Monetary; fiscal policy
- C) Fiscal; overall spending
- D) Fiscal; monetary policy

Answer: <https://biology-forums.com/index.php?topic=316761>

### Question 1993

Which of the following is most likely to occur if a price-takers' market displaces a price-searchers' market?

- A) Costs will be higher.
- B) Efficiency will be less.
- C) Net revenue will be larger.
- D) Output will be larger.
- E) Prices will be higher.

Answer: <https://biology-forums.com/index.php?topic=314361>

### Question 1994

Fill in the blanks: Gross domestic product measures the \_\_\_\_\_ value of \_\_\_\_\_ goods and services produced during a \_\_\_\_\_ time period.

- A) inherent; market; fixed
- B) final; intermediate; stable
- C) intermediate; final; constant
- D) market; final; given

Answer: <https://biology-forums.com/index.php?topic=315792>

### Question 1995

Suppose a consumer is torn between buying a Chevy Tahoe or a Ford Expedition, each selling for \$30,000. He eventually decides on the Tahoe.



What's his opportunity cost?

- A) \$30,000
- B) \$30,000 plus taxes, tags, insurance, etc.
- C) The satisfaction he would have experienced owning the Ford Expedition
- D) The frustration he will face owning the Chevy Tahoe
- E) B, C, and D above.

Answer: <https://biology-forums.com/index.php?topic=311490>

### Question 1996

Which one of the following is not an accurate description of the activities in which labor unions engage?

- A) Control competition among workers for jobs.
- B) Encourage consumers to purchase union-made products exclusively.
- C) Enforce seniority criteria when employers are contemplating layoffs.
- D) Help workers compete against corporate employers.
- E) Protect workers against arbitrary treatment by management.

Answer: <https://biology-forums.com/index.php?topic=315653>

### Question 1997

Which conditions must be present for "perfect competition" to occur?

- A) A large number of buyers and sellers, and all of them enjoy full and complete information.
- B) Sellers produce identical products.
- C) There is a costless mobility of resources.
- D) Everybody behaves as a price taker.
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=314484>

### Question 1998

Why are prices for groceries and household items typically higher at a 24-hour convenience store compared to stores open from 6 am to 11 pm?

- A) Shoppers' options are generally fewer in the middle of the night.
- B) The elasticity of demand of the middle-of-the-night shopper is typically higher than the mid-day shopper's elasticity.
- C) The owners of the 24-hour stores are typically more selfish than the others.
- D) The owners of the 24-hour stores are more interested in maximizing net revenue compared to the others.

Answer: <https://biology-forums.com/index.php?topic=314436>

### Question 1999

If it costs you \$60 to produce 3 widgets and \$64 to produce 4 widgets, the marginal cost to you of producing a 4th widget is

- A) \$62.
- B) \$20.
- C) \$18.
- D) \$6.
- E) \$4.

Answer: <https://biology-forums.com/index.php?topic=312707>

### Question 2000

The economic efficiency of any process will be evaluated by

- A) the proportion of marginal to non-marginal costs.
- B) the ratio of work done to energy supplied.
- C) comparing what is gained from what is sacrificed.
- D) the relationship of supply to demand.

Answer: <https://biology-forums.com/index.php?topic=311328>

### Question 2001

Suppose a university refunds students 75% of their tuition if they drop out before the third week of class, 50% if they drop out between their third and fifth week, 25% if they drop out between their sixth and eighth week, and 0% after the eighth week. Flint paid \$1,000 tuition, and is in his fourth week of class. What's his sunk cost?

- A) \$0
- B) \$250
- C) \$500
- D) \$750
- E) \$1,000

Answer: <https://biology-forums.com/index.php?topic=312566>

### Question 2002

According to chapter 1 in your textbook,

- A) all economists approach questions with some preconceptions or prejudices.
- B) economists (and others) ought to approach all questions with a completely open mind, though they often do not.
- C) economists approach questions with more of an open mind than do most other social scientists.
- D) most economists approach questions with a completely open mind.
- E) most economists derive their conclusions from their political preferences.

Answer: <https://biology-forums.com/index.php?topic=311210>

### Question 2003

Which of the following is the most important advantage of using money rather than relying exclusively on barter?

- A) The use of money encourages people to diversify and learn to do more things for themselves.
- B) The use of money encourages people who want to exchange to become more closely acquainted.
- C) The use of money lowers the cost of locating people with whom to exchange.
- D) The use of money reduces opportunities for fraud and theft.
- E) The use of money reduces selfishness because money in itself has no value.

Answer: <https://biology-forums.com/index.php?topic=313288>

### Question 2004

Suppose the price level is unchanged and real GDP decreases. Then

- A) nominal GDP must decrease.
- B) nominal GDP must remain unchanged.
- C) nominal GDP must increase.
- D) none of the above are true.

Answer: <https://biology-forums.com/index.php?topic=315978>

### Question 2005

Which of the following is probably the best example of a free good?

- A) The air in your college classroom
- B) A can full of garbage put out for trash collectors
- C) Interstate highways
- D) Free concert tickets, which were given to you by a friend

Answer: <https://biology-forums.com/index.php?topic=311301>

### Question 2006

"Your college didn't choose to admit you as a student." Your textbook authors make such a statement in order to

- A) offend you.
- B) confuse you.
- C) remind you that beggars can't be choosers.
- D) emphasize that choices are made by particular individuals, even if they are in the name of organizations.

Answer: <https://biology-forums.com/index.php?topic=311100>

### Question 2007

The economic way of thinking

- A) explains all social phenomena adequately.
- B) explains any social phenomena more adequately than any alternative perspective.
- C) is a biased perspective.
- D) is as old as human society itself.
- E) was invented at the end of the 19th century.

Answer: <https://biology-forums.com/index.php?topic=311200>

### Question 2008

Which statement below is true for a price searcher?

- A) Net revenue can only be positive.
- B) Net revenue can only be negative.
- C) Net revenue can only be zero.
- D) Net revenue can be positive, negative, or zero.

Answer: <https://biology-forums.com/index.php?topic=314265>

### Question 2009

For any new deposits into the banking system, the deposit expansion multiplier provides

- A) no useful information regarding the potential expansion of the nation's money supply.
- B) an exact prediction of the expansion of the nation's money supply.
- C) a theoretical limit on the potential expansion of the nation's money supply.
- D) an argument that deposits don't effect the nation's money supply at all.

Answer: <https://biology-forums.com/index.php?topic=316483>

### Question 2010

Land can be used to grow commercial Christmas trees or pulpwood. Which is the more "economically efficient" use of the land?

- A) Raising commercial Christmas trees
- B) Raising pulpwood
- C) Raising a mixed combination of commercial Christmas trees and pulpwood
- D) It depends in part on the relative prices of Christmas trees and pulpwood.

Answer: <https://biology-forums.com/index.php?topic=311373>

### Question 2011

Can nominal GDP decrease when the price level remains the same?

- A) No, it is not possible.
- B) Yes, but only if real GDP decreases.
- C) Yes, but only if real GDP increases.
- D) Yes, but only if real GDP remains the same as well.

Answer: <https://biology-forums.com/index.php?topic=315984>

### Question 2012

When shortages or surpluses persist for any extended period of time, they

- A) are a consequence of failure to allow prices to perform their rationing function.
- B) are evidence of an underlying imbalance between demand and supply.
- C) are evidence of goods being scarce.
- D) indicate that there is no price that will clear the market in the case of some goods.

Answer: <https://biology-forums.com/index.php?topic=313061>

### Question 2013

Pick the true statement, regarding the notion of competition as a process versus the model of perfect competition.

- A) The process notion allows for full and complete information; perfect competition doesn't.
- B) The process notion allows for price taking activity; perfect competition doesn't.
- C) The process notion allows for identical products; perfect competition doesn't.
- D) The process notion allows for a small number of participants; perfect competition doesn't.
- E) All of the above are true.

Answer: <https://biology-forums.com/index.php?topic=314770>

### Question 2014

If Congress conducted public hearings to decide whether subsidies should be granted to the steel industry, taxpayers would not be well represented at the hearings because

- A) no hearing room would be large enough to hold all the taxpayers who would want to testify.
- B) single taxpayers do not have a large enough stake in the issue to justify the cost of attending the hearings.
- C) taxpayers would not gain or lose, no matter how the issue was decided.
- D) they are apathetic.
- E) they know only money buys votes.

Answer: <https://biology-forums.com/index.php?topic=315454>

### Question 2015

Which organization is responsible for managing the nation's money supply?

- A) Fort Knox
- B) The United States Congress
- C) The United States Treasury
- D) The Federal Open Market Committee
- E) The American Economic Association

Answer: <https://biology-forums.com/index.php?topic=316633>

### Question 2016

The assertion that income accrues to people as a consequence of interactions among suppliers and demanders

- A) amounts to an endorsement of the existing system.
- B) amounts to an endorsement of the pattern of income distribution.
- C) ignores the fact that the interactions are often unfair.
- D) offers a way of approaching the issue of income distribution.

Answer: <https://biology-forums.com/index.php?topic=315574>

### Question 2017

Suppose Stan transfers \$1,000 from his savings account into his checking account. What are the effects on M1 and M2 money supply?

- A) M1 increases; M2 remains the same.
- B) M1 decreases; M2 increases.
- C) Both M1 and M2 increase.
- D) Both M1 and M2 decrease.
- E) Both M1 and M2 remain the same.

Answer: <https://biology-forums.com/index.php?topic=316399>

### Question 2018

Suppose the demand curve for committing robbery can be represented by a downward sloping demand curve. In other words, as the price of committing a robbery falls, more robberies will be committed. Now, suppose laws are passed allowing people to carry guns unconcealed in public. Which of the following best explains the likely outcome?

- A) Demand for robberies will fall.
- B) Supply of robberies will increase.
- C) The elasticity of robberies will be perfectly inelastic.
- D) The quantity demanded of robberies will decrease because the price of robberies has risen.

Answer: <https://biology-forums.com/index.php?topic=311963>

### Question 2019

Can nominal GDP increase even when real GDP decreases?

- A) No, it is not possible.
- B) Yes, but only if the price level decreases.
- C) Yes, but only if the price level increases.
- D) Yes, but only if the price level remains unchanged.

Answer: <https://biology-forums.com/index.php?topic=315981>

### Question 2020

During crisis periods, such as major snowstorms, the prices of basic goods, such as bread and milk rise. The price increases are clear evidence of

- A) price gouging.
- B) government regulation.
- C) the market making it possible for the people who place the highest monetary value on bread and milk get bread and milk.
- D) corruption.

Answer: <https://biology-forums.com/index.php?topic=313415>

### Question 2021

What effect would a simplification of federal tax law have on the cost of hiring a tax accountant?

- A) It would fall because tax accountants would have fewer valuable opportunities.
- B) It would rise because tax accountants would have to raise their prices to maintain their incomes.
- C) It would have no effect because only supply affects costs, not demand.
- D) It would have very little effect because most of the costs of becoming an accountant are sunk costs.

Answer: <https://biology-forums.com/index.php?topic=313719>

### Question 2022

Which of the following statements is not compatible with the opportunity cost theory?

- A) Demand plays a role in the determination of costs.
- B) Labor costs depend upon the demand for labor.
- C) Relative prices reflect the relative amount of human labor required to produce goods.
- D) Supply as well as demand depends upon subjective preferences.

Answer: <https://biology-forums.com/index.php?topic=312656>

### Question 2023

Open market operations refers to the Fed's  
A) manipulation of the required reserve ratio.  
B) purchase and sale of government bonds.  
C) manipulation of the discount rate.  
D) use of all of the above techniques.

Answer: <https://biology-forums.com/index.php?topic=316563>

### Question 2024

Fill in the blank: Other things constant, the growing availability of college degrees being offered through online programs will tend to \_\_\_\_\_ the price elasticity of demand for more traditional college degree programs.

- A) leave unchanged
- B) decrease
- C) increase
- D) alter for the better

Answer: <https://biology-forums.com/index.php?topic=312275>

### Question 2025

Suppose the market clearing rent is \$500 per month, but a rent control is established at \$400 per month. Which is most likely to emerge?

- A) The demand for apartments would increase.
- B) The supply of apartments would increase.
- C) The scarcity of apartments would decrease.
- D) The quantity of apartments demanded would exceed quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=313487>

### Question 2026

According to economic theory, the political process tends to

- A) benefit every participant equally.
- B) harm every participant equally.
- C) concentrate benefits in the hands of special interest groups and disperse the costs throughout the uninformed voters.
- D) support public projects that clearly pass a strict benefit-cost analysis.

Answer: <https://biology-forums.com/index.php?topic=315508>

### Question 2027

If gasoline prices rise by 20% and quantity demanded falls by 5%, then the price elasticity of demand for gasoline is:

- A) inelastic.
- B) elastic.
- C) unit elastic.
- D) perfectly inelastic.

Answer: <https://biology-forums.com/index.php?topic=312216>

### Question 2028

Recall from Chapter 5: Other things constant, when households lower their time preferences, and demonstrate a willingness to postpone some present consumption for future consumption,

- A) their savings increase and interest rates rise.
- B) their savings increase and interest rates fall.
- C) the budget deficit increases and interest rates rise.
- D) the budget deficit decreases and interest rates fall.

Answer: <https://biology-forums.com/index.php?topic=316657>

### Question 2029

If the local airport decides to pay monetary compensation to the people on whom the airport's operation has imposed costs, it should compensate the people who

- A) currently live nearby.
- B) currently live nearby and are also tenants.
- C) currently live nearby and also own the residences in which they live.
- D) owned nearby residences when the airport was built.
- E) owned nearby residences when the airport was built and who have not been able to sell their residences since the construction of the airport.

Answer: <https://biology-forums.com/index.php?topic=315068>

### Question 2030

In a voluntary exchange,

- A) both parties tend to receive more in value than they give up.
- B) people trade goods of equal value.
- C) neither party can gain more than the other.
- D) one trader's gain must be the other's loss.

Answer: <https://biology-forums.com/index.php?topic=311283>

### Question 2031

The substitution of machines for labor

- A) does not reduce employment opportunities because labor is required to produce the machines.
- B) is not likely to reduce employment opportunities because as many or more workers will usually be demanded to produce, service, and operate the machines.
- C) will proceed more rapidly in a society the more rapidly the cost of hiring workers rises.
- D) will reduce employment opportunities if increased competition associated with the introduction of machinery lowers product prices.

Answer: <https://biology-forums.com/index.php?topic=315676>

### Question 2032

Suppose attendance is required for a passing grade at Ultimatum University, and the professor repeatedly reminds students of the need to attend every day to survive the class. Nevertheless, we observe many students choosing to stop attending. The students who stop attending include some who even enjoy the class. Using the economic way of thinking, the choice to stop attending generally occurs because

- A) the students secretly despise the professor.
- B) the professor secretly despises the students.
- C) the students value other goods in addition to passing the class.
- D) the students feel the university has no right to impose such restrictions on their personal freedom.

Answer: <https://biology-forums.com/index.php?topic=311900>

### Question 2033

The Federal Open Market Committee (FOMC) is responsible for managing the nation's

- A) domestic economic policy.
- B) international trade policy.
- C) money supply.
- D) gold and silver reserves.
- E) wage and retirement policies.

Answer: <https://biology-forums.com/index.php?topic=316630>

### Question 2034

A fully licensed driver, Clarity Dence just drove her car to an "Earth Day" rally. By doing so, she exercises

- A) her right to drive beyond the speed limit.
- B) her right to threaten and steal.
- C) her right to pollute.
- D) her right to park wherever she sees fit.
- E) none of the above.

Answer: <https://biology-forums.com/index.php?topic=315127>

### Question 2035

The federal government budget has generally been in a deficit for the past several decades because

- A) budget deficits promote full employment.
- B) every year during those decades was a recession year in which expansionary fiscal policy was called for.
- C) military expenditures were increased steadily throughout those decades.
- D) political pressure on Congress to increase taxes and to balance the budget were less effective than political pressure to increase expenditures.

Answer: <https://biology-forums.com/index.php?topic=316894>

### Question 2036

If the Palace Cinema can sell 200 tickets at \$4 and 300 tickets at \$3, our best estimate of the marginal revenue from sale of the 250th ticket is

- A) \$4.
- B) \$3.50.
- C) \$3.
- D) \$1.

Answer: <https://biology-forums.com/index.php?topic=314381>

### Question 2037

- A universal health insurance program, which lowers patient's out-of-pocket expenses, would tend to
- A) reduce the number of patients seeking medical care.
  - B) reduce the number of doctors offering medical care.
  - C) increase the non-monetary costs of medical care, such as waiting longer in line.
  - D) generate all of the above.

Answer: <https://biology-forums.com/index.php?topic=311846>

### Question 2038

- What important function does adjudication perform in the process of reducing negative externalities?
- A) It allocates the revenue from negative externalities to the people who have been damaged.
  - B) It arbitrates between beneficiaries of negative externalities and the people who must bear their costs.
  - C) It decides whether punitive or merely compensatory damages will be awarded.
  - D) It discovers who has which rights.
  - E) It imposes criminal penalties on the people responsible for generating negative externalities.

Answer: <https://biology-forums.com/index.php?topic=315041>

### Question 2039

- Economic theory is sometimes referred to as marginalism or marginal analysis because
- A) it deals with matters not central to most people's personal lives.
  - B) it emphasizes the effects of additional benefits and additional costs.
  - C) it has such a minor effect on political decisions.
  - D) it is only useful when it is added to a large stock of other knowledge.
  - E) it was created by abstracting from experience.

Answer: <https://biology-forums.com/index.php?topic=312614>

### Question 2040

- In light of higher gas prices, Skip Miles asks himself if it's worth keeping his 10 cylinder Chevy Suburban. His concern is ultimately about
- A) engineering efficiency.
  - B) economic efficiency.
  - C) technical efficiency.
  - D) environmental efficiency.

Answer: <https://biology-forums.com/index.php?topic=311346>

### Question 2041

- When laws and regulations prohibit firms from selling at "prices less than cost,"
- A) consumers benefit.
  - B) they are rarely enforced; therefore, competition is allowed to decline in the retailing industry.
  - C) they help maintain competition by eliminating one important advantage of large firms.
  - D) they must define "cost" arbitrarily since no firm has an incentive to sell below cost.
  - E) they serve as our most effective defense against predatory pricing.

Answer: <https://biology-forums.com/index.php?topic=314568>

### Question 2042

- Taxes on emissions have come to be called
- A) the "command and control" approach.
  - B) "licenses to pollute."
  - C) spillover costs.
  - D) the fallacy of false alternatives.

Answer: <https://biology-forums.com/index.php?topic=315115>

### Question 2043

- Who among the following provides a productive service?
- A) Typewriter repairmen
  - B) Sellers of old 78-rpm jazz records
  - C) Organizers of a demolition derby
  - D) Mob hitmen
  - E) All of the above, if their services are demanded.



Answer: <https://biology-forums.com/index.php?topic=315544>

### Question 2044

- U.S. dollar bills
- A) are backed by gold.
  - B) are backed by silver.
  - C) are backed by platinum.
  - D) are backed by uranium.
  - E) are not backed by any precious metal.

Answer: <https://biology-forums.com/index.php?topic=316314>

### Question 2045

- The critical factor in maintaining the value of the dollar is
- A) confidence the supply of dollars will be limited.
  - B) government budget deficits.
  - C) government budget surpluses.
  - D) the U.S. balance of international payments.
  - E) vigorous economic competition.

Answer: <https://biology-forums.com/index.php?topic=316371>

### Question 2046

- In 2010 the family mean income of householders aged 15-24 years was approximately
- A) \$11,000.
  - B) \$21,000.
  - C) \$31,000.
  - D) \$41,000.
  - E) \$51,000.

Answer: <https://biology-forums.com/index.php?topic=315737>

### Question 2047

- If freezing weather destroys half of the current Florida orange crop, wealth will increase for
- A) almost all Florida orange growers.
  - B) no Florida orange growers.
  - C) some Florida orange growers and all California orange growers.
  - D) some Florida orange growers and some California orange growers.

Answer: <https://biology-forums.com/index.php?topic=314146>

### Question 2048

- In May, Jones thinks the upcoming summer's corn crop will be much lower, and the November corn price will be much higher than most people expect. To act on his belief, Jones would
- A) sell November corn futures.
  - B) buy November corn futures.
  - C) simultaneously buy and sell November corn futures.
  - D) profit only by waiting to see if his original conclusion was correct.

Answer: <https://biology-forums.com/index.php?topic=314170>

### Question 2049

- Elected government officials seem biased toward favoring
- A) the national interest.
  - B) the global interest.
  - C) well organized, special interest groups.
  - D) policies that are in the long-run interest of economists.

Answer: <https://biology-forums.com/index.php?topic=316856>

### Question 2050

- Which of the following allows an economist to conclude that the welfare or happiness of society as a whole is clearly increasing?
- A) A decrease in nominal GDP
  - B) A decrease in real GDP
  - C) An increase in nominal GDP
  - D) An increase in real GDP

E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=316006>

### Question 2051

Information is a scarce good because

- A) buyers typically know more than sellers about the products they are selling.
- B) competition encourages buyers and sellers to conceal a portion of what they know.
- C) its possession enables people to increase their wealth, and it cannot be acquired without cost.
- D) sellers typically know more than buyers about the products they are selling.

Answer: <https://biology-forums.com/index.php?topic=311757>

### Question 2052

Why, in the U.S., do professional soccer players command a far lower salary than professional baseball players?

- A) Soccer is in much less demand.
- B) Soccer costs less to manage and perform compared to baseball.
- C) Soccer has yet to mature.
- D) The baseball players prefer lobbied to keep soccer salaries low.

Answer: <https://biology-forums.com/index.php?topic=313692>

### Question 2053

Why did India's economic growth rate lag far behind growth rates in South Korea, Japan, and Taiwan between 1960 and 1999?

- A) Indian households saved too much and spent too little.
- B) Indian government officials opened the nation up to free international trade.
- C) India engaged in central economic planning.
- D) India has too small of a population to generate a highly specialized division of labor.

Answer: <https://biology-forums.com/index.php?topic=317065>

### Question 2054

The size of a corporation, as measured by stockholders' equity, depends primarily upon

- A) current net revenue.
- B) people's expectations of future earnings.
- C) the amount of capital invested in the corporation.
- D) total sales (in dollar terms).

Answer: <https://biology-forums.com/index.php?topic=314017>

### Question 2055

If a price ceiling on coffee is set below the market-clearing price, then

- A) the quantity of coffee demanded will decrease.
- B) the quantity of coffee supplied will increase.
- C) the quantity demanded for coffee will increase.
- D) all of the above will occur.
- E) none of the above will occur.

Answer: <https://biology-forums.com/index.php?topic=313617>

### Question 2056

According to your textbook authors, pollution is

- A) an imaginary problem invented by fanatical environmentalists.
- B) a major social and political concern because people disagree about rights.
- C) a less important problem than inefficiency.
- D) always increasing and never capable of being reduced.

Answer: <https://biology-forums.com/index.php?topic=315133>

### Question 2057

Strictly speaking, which entity below makes decisions?

- A) The House
- B) The Senate
- C) Congress
- D) All of the above.
- E) None of the above.

Answer: <https://biology-forums.com/index.php?topic=311106>

### Question 2058

In the economic way of thinking, all ignorance is ultimately

- A) rational ignorance.
- B) irrational.
- C) inefficient.
- D) unjust.
- E) selfish.

Answer: <https://biology-forums.com/index.php?topic=315439>

### Question 2059

Suppose the market clearing price for apples falls from \$3.00 to \$2.00 per pound, and the overall market clearing output decreases from 1 million to 1/2 million pounds. How can we explain the fall in price and fall in market output?

- A) Supply decreased and demand remained unchanged.
- B) Supply remained unchanged and demand decreased.
- C) Demand increased and supply remained unchanged.
- D) Demand remained unchanged and supply increased.

Answer: <https://biology-forums.com/index.php?topic=313121>

### Question 2060

Economic growth in Latin America between 1960 and 2011 is best summarized as

- A) a remarkable success.
- B) an abject failure.
- C) a mixed record.
- D) a noteworthy attempt.

Answer: <https://biology-forums.com/index.php?topic=317068>

### Question 2061

What would an economist point to explain why there are no large farms within Detroit city limits?

- A) The cultural characteristics of the typical Detroit citizen
- B) The political power of the automobile industry in Detroit
- C) The residential and commercial demand for real estate in Detroit
- D) None of the above.

Answer: <https://biology-forums.com/index.php?topic=313742>

### Question 2062

Who among the following faced an opportunity cost?

- A) The fiancée
- B) The recently married bride
- C) The cheating spouse
- D) The divorcee
- E) All of the above.

Answer: <https://biology-forums.com/index.php?topic=311493>

### Question 2063

Fill in the blanks: Elected government officials \_\_\_\_\_ support \_\_\_\_\_ fiscal policies.

- A) must; contractionary
- B) tend to; expansionary
- C) must; expansionary
- D) tend to; contractionary

Answer: <https://biology-forums.com/index.php?topic=316885>

### Question 2064

Government licensing of occupations or trades

- A) has usually been established over the objections of sellers in the licensed industry.
- B) is often controlled by firms in the licensed industry to prevent competition.
- C) is prohibited by the U.S. Constitution.
- D) usually protects the public against poor quality products.
- E) will not reduce competition if it merely imposes higher costs on prospective entrants into the industry.

Answer: <https://biology-forums.com/index.php?topic=314547>

**Question 2065**

We all behave as speculators in our economic transactions

- A) because everyone likes to gamble.
- B) because we all act in the hope of benefits from a correct anticipation of future events.
- C) unless we never buy on credit.
- D) unless we use the services of middlemen.

Answer: <https://biology-forums.com/index.php?topic=314074>

**Question 2066**

Who, among the following, is least likely to price discriminate?

- A) The local tavern
- B) The local diner
- C) The local potato farmer
- D) The telephone company

Answer: <https://biology-forums.com/index.php?topic=314414>

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