**Problem set 4: Market**

基本信息：[矩阵文本题] \*

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| Your name: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Your ECNU student number: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

Principles of Welfare Economics

1. Consumers will generally have consumer surplus that is highest when the demand curve has what characteristic? [单选题] \*

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| Downward-sloping. |
| Highly inelastic.(正确答案) |
| Highly elastic. |
| Horizontal. |

2. In the long-run, producer surplus is equal to what quantity? [单选题] \*

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| Profits.(正确答案) |
| Marginal cost. |
| Revenue. |
| Total cost. |

3. What is the definition of social welfare? [单选题] \*

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| The area above the supply curve. |
| Dead weight loss. |
| The sum of producer and consumer surplus.(正确答案) |
| The difference between producer and consumer surplus. |

4. When is social welfare maximized? [单选题] \*

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| In a competitive environment with price restrictions. |
| When the long-run supply curve is upward-sloping. |
| In a competitive equilibrium.(正确答案) |
| In a monopoly. |

5. In the market for taxis, the government regulation that every taxi driver owns a medallion is a restriction on trade. This results in a change to social welfare in the medallion market. How can you describe that change? [单选题] \*

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| A decrease in deadweight loss. |
| A transfer of surplus from consumers to producers. |
| An increase in deadweight loss, and a transfer of surplus from producers to consumers. |
| An increase in deadweight loss, and a transfer of surplus from consumers to producers.(正确答案) |

Equity and Efficiency

6. Assume that society has a utilitarian social welfare function. Under what condition does maximizing the social welfare function call for an equal distribution of income? [单选题] \*

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| Utilitarian social welfare function always calls for an equal distribution of income. |
| Individual utility functions are identical.(正确答案) |
| Marginal utility of income is higher for low incomes. |
| Marginal utility of income is higher for high incomes. |

7. An income guarantee program uses a government transfer program to guarantee all individuals a certain amount of income. What is one of the potential negative, efficiency-reducing effects of such a program? [单选题] \*

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| Labor supply is reduced.(正确答案) |
| Income of the poor increases. |
| Labor demand is reduced. |
| None of these. |