

1 - Economists believe that trade

- A) causes some to lose while others win.
- B) unjustly benefits the privileged.
- C) causes outsourcing of jobs, which lowers the standard of living.
- D) is a win-win proposition.

2 - An example of a direct negative incentive is:

- A) providing a commission for sales.
- B) awarding a promotion for hard work.
- C) threatening to fire those who do not perform well.
- D) providing an orientation for new employees.

3 - Legislation that requires children under age two to sit in infant seats on airplanes has made air travel safer but also more expensive for families. Which of the following is an unintended consequence of the infant safety policy?

- A) Airlines have nowhere to store all the child seats and strollers so many flights are delayed.
- B) Airplanes can only show G-rated movies.
- C) Many families with infants now choose to drive instead of fly.
- D) With all the infants in diapers on the flights, the smell is terrible.

4 - Which of these is NOT an unintended consequence of a binding minimum wage?

- A) unemployment
- B) firms replacing low-skilled jobs with technology
- C) firms relocating to other countries (or states) with lower wages
- D) Longer hours for workers

5. Which curve is the most ELASTIC?

- A) Short run demand
- B) Long run demand
- C) Immediate run demand
- D) The demand curve can never be elastic

6. HEB reduces the price of organic milk from \$8 to \$6. Sales increased from 2000 units to 3000 units. Calculate total revenues before and after the increase in price. Is the price elasticity of demand elastic, unitary or inelastic?

7. Compare City A and City B. Suppose that even though the elasticity of demand for housing is the same in both cities, the elasticity of supply for housing is more inelastic in City A than in City B. If a rent ceiling is imposed in both cities, in what city will the

resulting deadweight loss be the greatest? Assume that the initial equilibrium rent is the same in both cities and that the rent ceiling is effective in the sense that it is set below the initial equilibrium rent. Give an illustration of this situation along with your explanation

8. A tax on which of these goods/services will create the least deadweight loss?

- A) burritos
- B) Pepsi
- C) dynamite sushi rolls
- D) getting cavities filled at the dentist

9. The current market price for cucumbers is \$20 each, and Walmart implements the legal price ceiling of \$25. This market will:

- a. Create a deadweight loss
- b. Create a shortage
- c. Not change
- d. Decrease the quality of goods

10 - Which of the following would experience a tragedy of the commons?

- a. A Fishing Pond
- b. Aviator Sunglasses
- c. Sunlight
- d. Cable Subscription

11 - Identify what type of goods the following are:

- A. Pease Park
- B. A Taylor Swift sweatshirt
- C. Fraternity membership
- D. Pretty clouds

12 - Which of the following is FALSE?

- A. A price floor set above the equilibrium is binding
- B. A price ceiling set below the equilibrium is not binding
- C. The equilibrium is important when determining whether price controls are binding
- D. Rent control is an example of a price ceiling

13 - Which of the following is an example of an implicit cost?

- a. Wage Expenses
- b. Opportunity Costs for workers

- c. Inventory Purchases
- d. Rent

14 - Determine the following based on this scenario:

Georgia used to work as a geologist, and she would make \$5,000 a month. She now owns and runs Georgia's Green Plants. In the month of April this year, Georgia spent \$3,000 on inventories, and \$500 on utilities (electricity, water, etc.). Her labor costs were \$2,000. She owns and uses a storefront for her shop that she previously rented out for \$1,500.. Lastly, Georgia brought in \$16,000 in revenue in April.

- A. What are the explicit and implicit costs?
- B. What is the accounting profit?
- C. What is the economic profit?

15 - In this table, diminishing marginal product begins:

Workers	Total Product
1	2
2	4
3	7
4	9
5	10

- a. After the 1st worker
- b. After the 3rd worker
- c. After the 4th worker
- d. After the 2nd worker

16 - If there is a fixed cost of \$4,000, a variable cost of \$500, and a quantity produced of 8 , what is the AFC?

17 - In the economies of scale model, the curved line represents:

- a. Short Term Marginal Cost

- b. Variable Costs
- c. Long Run Average Total Costs
- d. Fixed Costs

18 - Which of the following equations is incorrect?

- a. $TFC + TVC = AFC$
- b. $ATC = TC / Q$
- c. $MC = \text{change in } TC / \text{Change in } Q$
- d. $ATC = AVC + AFC$

19 - In comparison to a competitive market, monopolies:

- a. Produce more at a higher price
- b. Produce less at a higher price
- c. Produce more at a lower price
- d. Produce less at a lower price

20 - Pizza Press charges \$4 for a cheese pizza and \$5 for a cheese and pepperoni pizza. Is this price discrimination?

- a. Yes
- b. No

21 - Tracy buys tickets for the Big 12 Championship when they come out for \$500, and Rachel buys tickets with the exact same market value for \$1,500 the day before the game. Is this price discrimination?

- a. Yes
- b. No

22 - Which of the following is an example of perfect price discrimination?

- a. Veteran discounts at a restaurant
- b. Movie theaters charging less for children
- c. Happy hour at a bar
- d. Dance teacher charging exactly below their students' willingness to pay for each lesson

23 - Your little brother gets into a play for free because he's under 12 years old, but you have to pay. This is an example of:

- a. 1st degree price discrimination

- b. 2nd degree price discrimination
- c. 3rd degree price discrimination
- d. This is not an example of price discrimination

24 - Which of the following best matches the definition of: The outcome where neither player has incentive to change their strategy.

- a. Non-Dominant Strategy
- b. Pareto Optimal
- c. Nash Equilibrium
- d. None of the above

25 - Which of the following best matches the definition of: The outcome where neither player can deviate from their strategy without hurting the other player

- a. Non-Dominant Strategy
- b. Pareto Optimal
- c. Nash Equilibrium
- d. None of the above

26 - Consider the table below, which shows seven potential customers, each interested in bungee jumping. How much additional profit will the firm make if it price discriminates by charging two prices? The MC is \$0

Customer	Willingness to pay	Military ID?
Alex	400	no
Brianna	225	no
Carlos	194	yes
Diana	120	yes
Emelia	90	yes
Fabian	65	no
Gabriel	35	yes

27. Refer to the following MU table:

Mangoes		MU/Pm	Pineapple		MU/Pp
	MUm			MUp	
1	20	20	1	24	12
2	15	15	2	18	9
3	10	10	3	12	6
4	5	5	4	6	3

You have a budget of \$10. Mangoes cost \$1 and Pineapples cost \$2. How many of each should you buy to maximize total utility?

28. Identify whether each fallacy is Gambler's or Hot Hand

#	Items	Gambler's or Hot Hand?
1	refusing to select lotto numbers that were in the last winning drawing	
2	rushing to buy a stock merely because its price is falling	
3	rushing to buy a stock merely because it is doing well	
4	An executive taking business risks they normally would not have after winning an award for having the highest returns.	

29 - Trade agreements encourage countries to curtail tariffs so that goods can flow across international boundaries without restrictions. Using the following payoffs determine the Nash equilibrium for these two countries?

		China	
		Low tariffs	High Tariffs
United States	Low tariffs	China gains \$50 billion U.S. gains \$50 billion	China gains \$100 billion U.S. gains \$10 billion
	High tariffs	China gains \$10 billion U.S. gains \$100 billion	China gains \$25 billion U.S. gains \$25 billion

30 - Draw indifference curves and direction of increasing utility where the consumer:

- Likes both goods
- Likes good on x axis; dislikes good on y axis
- Dislikes good on x axis; likes good on y axis
- Dislikes both goods