QUIZ 9 VERSION 1

1) If the last hour of labour, hired for $18, produces 8 units of output selling for $10 per unit, that labour-hour adds _____ to the firm's profit and so _____ labour should be hired.
A) $0; no
B) $64; more
C) $62; less
D) $-64; less
E) $62; more

2) In a perfectly competitive labour market, a profit-maximizing firm will employ labour until the
A) *VMPL* = the product's price.
B) *MP* = *MR*
C) wage = *VMPL*.
D) wage = the product's price.
E) wage = *MP*.

3) Persons working in relatively risky situations generally
A) work in competitive labour markets.
B) do not concern economists as these situations are uncommon.
C) earn higher wages due to the reduced supply of risk taking individuals.
D) earn lower wages because of the scarcity of these jobs.
E) earn higher wages due to the greater relative demand for these individuals.

4) If the interest rate is 5 percent, the present value of $100 to be received at the end of two years is
A) $87.70. B) $90.70. C) $95.23. D) $97.00. E) $110.00.

5) A public good is a good that is
A) nonrival but excludable.
B) produced by the government.
C) nonexcludable but rival.
D) nonexcludable and nonrival..
E) excludable and rival.

6) An example of a public good is
A) a city bus.
B) an airplane.
C) a municipal swimming pool.
D) a school bus.
E) a lighthouse.

7) Competitive markets are unlikely to produce an efficient amount of a public good because
A) of the cost of the public good.
B) they lack expertise dealing with the public.
C) social benefits exceed social costs.
D) there is insufficient demand.
E) there is no way to prevent a person not willing to pay for the good from receiving benefits from the good.

8) The fact that it is difficult to prevent people from using public goods once they are produced is known as
A) the free-to-a-good-home problem.
B) the free-lunch problem.
C) the free-trade problem..
D) the free-willy problem.
E) the free-rider problem.

9) The free-rider problem means that
A) government will not be able to produce an efficient amount of a public good.
B) the private market will produce the efficient amounts of a public good.
C) there will be no more fireworks displays.
D) it is impossible or impractical to make people pay for a public good.
E) too many people will over consume a public good.

10) An example of a public good is
A) beef.
B) municipal transit service.
C) national defense.
D) air travel.
E) insurance.

QUIZ 9 VERSION 2

1) If the last hour of labour, hired for $18, produces 8 units of output selling for $2 per unit, that labour-hour adds _____ to the firm's profit and so _____ labour should be hired.
A) $-128; more
B) $0; no
C) $-2; less
D) $16; less
E) $16; more

2) Value of the marginal product of a factor of production is equal to
A) the change in revenue caused by the sale of an additional unit of output.
B) marginal revenue multiplied by total product.
C) the increase in output resulting from the use of an additional unit of the factor multiplied by the cost of that factor.
D) the change in revenue caused by the sale of the product contributed by an additional unit of input.
E) the average product of the factor multiplied by the price of the output.

3) Those who stay in school beyond the compulsory minimum period are
A) delaying their investment in human capital.
B) investing further in human capital.
C) refusing to invest in human capital.
D) reaping the benefits of their investment in human capital.
E) wasting their time from an economic standpoint.

4) If the interest rate is 10 percent, the present value of $100 to be received at the end of two years is
A) $75.25. B) $82.64. C) $90.90. D) $94.73. E) $110.00.

5) An example of a private good is
A) post-secondary education.
B) a flood control system.
C) national defense.
D) public health information.
E) a lighthouse.

6) An example of a public good is
A) a school bus.
B) a municipal swimming pool.
C) a lighthouse.
D) a city bus.
E) an airplane.

7) The fact that it is difficult to prevent people from using public goods once they are produced is known as
A) the free-rider problem.
B) the free-willy problem.
C) the free-lunch problem.
D) the free-to-a-good-home problem.
E) the free-trade problem..

8) The free-rider problem means that
A) too many people will over consume a public good.
B) there will be no more fireworks displays.
C) it is impossible or impractical to make people pay for a public good.
D) the private market will produce the efficient amounts of a public good.
E) government will not be able to produce an efficient amount of a public good.

9) A public good is a good that is
A) excludable and rival.
B) produced by the government.
C) nonexcludable but rival.
D) nonrival but excludable.
E) nonexcludable and nonrival..

10) An example of a public good is
A) food.
B) information.
C) natural gas.
D) housing.
E) coffee.

QUIZ 9 VERSION 3

1) If the last hour of labour, hired for $18, produces 8 units of output selling for $2 per unit, _____ labour should be hired in this situation since the wage is _____ *VMPL*.
A) more; less than
B) no; equal to
C) less; greater than
D) less; less than
E) more; greater than

2) The value of the marginal product of labour is the change in the value of the firm's output resulting from
A) an increase in the marginal physical product of labour.
B) a change in the wage rate paid to labour.
C) hiring one more unit of labour input.
D) a change in the product's price.
E) producing one more unit of output.

3) Wage differentials due to differences in human capital
A) will persist in competitive equilibrium.
B) are only due to distortions in labour markets.
C) are not an important source of observed wage differentials.
D) are not justifiable on efficiency grounds.
E) are an example of economic distortions due to monopoly power.

4) If the interest rate is 6 percent, the present value of $100 paid 3 years from now is
A) $15.15. B) $40.00. C) $56.45. D) $83.96. E) $94.34.

5) An example of a common resource is
A) parking lots on university property.
B) a national park with an entrance fee.
C) Canada's Wonderland.
D) a sport-fishing river in BC.
E) privately owned ranch land.

6) An example of a public good is
A) national defense.
B) air travel.
C) insurance.
D) municipal transit service.
E) beef.

7) The free-rider problem means that
A) there will be no more fireworks displays.
B) too many people will over consume a public good.
C) the private market will produce the efficient amounts of a public good.
D) government will not be able to produce an efficient amount of a public good.
E) it is impossible or impractical to make people pay for a public good.

8) The fact that it is difficult to prevent people from using public goods once they are produced is known as
A) the free-lunch problem.
B) the free-to-a-good-home problem.
C) the free-willy problem.
D) the free-trade problem..
E) the free-rider problem.

9) Which of the following is true of public goods?
A) They are unlikely to be provided by private, profit-seeking firms.
B) They cannot be publicly provided.
C) They are essentially negative externalities.
D) The firms producing them must be listed on a public stock exchange.
E) They respond to market signals.

10) A public good is a good that is
A) nonexcludable and nonrival..
B) produced by the government.
C) excludable and rival.
D) nonexcludable but rival.
E) nonrival but excludable.

QUIZ 9 VERSION 4

1) The demand curve for labour is always labour's
A) *VMPL* curve shifted upward by the wage.
B) *MP* curve.
C) *VMPL* curve.
D) marginal cost curve.
E) *VMPL* curve shifted upward by the product price.

2) If the last hour of labour, hired for $18, produces 8 units of output selling for $10 per unit, _____ labour should be hired in this situation since the wage is _____ *VMPL*.
A) more; less than
B) less; greater than
C) less; less than
D) more; greater than
E) no; equal to

3) The quantity supplied of labour will be increased by an increase in
A) female labour force participation rates.
B) wages.
C) the retirement age.
D) number of hours worked.
E) immigration.

4) The present value of $100 to be received at the end of one year, with an interest rate of 6 percent, is
A) $94.00. B) $94.34. C) $95.27. D) $102.13. E) $106.00.

5) A public good is one
A) from which consumers cannot be excluded.
B) that is produced by a publicly owned corporation.
C) that has a very low total cost of production.
D) that is widely advertised.
E) that only private producers will provide.

6) An example of a public good is
A) natural gas.
B) housing.
C) coffee.
D) food.
E) information.

7) The fact that it is difficult to prevent people from using public goods once they are produced is known as
A) the free-trade problem..
B) the free-willy problem.
C) the free-rider problem.
D) the free-lunch problem.
E) the free-to-a-good-home problem.

8) The free-rider problem means that
A) the private market will produce the efficient amounts of a public good.
B) it is impossible or impractical to make people pay for a public good.
C) too many people will over consume a public good.
D) there will be no more fireworks displays.
E) government will not be able to produce an efficient amount of a public good.

9) An example of a public good is
A) a city bus.
B) a municipal swimming pool.
C) an airplane.
D) a lighthouse.
E) a school bus.

10) Competitive markets are unlikely to produce an efficient amount of a public good because
A) there is insufficient demand.
B) social benefits exceed social costs.
C) of the cost of the public good.
D) they lack expertise dealing with the public.
E) there is no way to prevent a person not willing to pay for the good from receiving benefits from the good.

QUIZ 9 VERSION 1
Answer Section

1) E

2) C

3) C

4) B

5) D

6) E

7) E

8) E

9) D

10) C

QUIZ 9 VERSION 2
Answer Section

1) C

2) D

3) B

4) B

5) A

6) C

7) A

8) C

9) E

10) B

QUIZ 9 VERSION 3
Answer Section

1) C

2) C

3) A

4) D

5) D

6) A

7) E

8) E

9) A

10) A

QUIZ 9 VERSION 4
Answer Section

1) C

2) A

3) B

4) B

5) A

6) E

7) C

8) B

9) D

10) E