

Name: _____ Date: _____

1. In 1973, there was a particular event that led to a natural experiment in Economics that pertained to enforcement of punishment. What was this event?
 - A) Robert was born
 - B) The annexation of Puerto Rico
 - C) The Designated Hitter Rule was adopted in the American League
 - D) The Cold War

2. In Public Choice Theory, those that can organize for _____ in order to _____ are considered Interest Groups
 - A) less than \$1; gain \$1
 - B) more than \$1; save \$1
 - C) less than \$1; save \$1
 - D) more than \$1; gain \$1

3. What best represents an optimal strategy in an All-Pay Auction with many bidders?
 - A) Wait until the end to bid
 - B) Bid multiple times
 - C) Only make one bid
 - D) Do not bid at all

4. If a strict \$1 per unit tax will be levied in order to finance the Olympics, what will result in the least amount of dead weight loss?
 - A) A good with highly inelastic demand
 - B) A good with highly elastic demand
 - C) A good with highly elastic supply
 - D) A public good

5. Suppose the town of Trillville recently built a \$250 million multipurpose arena to host an expansion NBA franchise. The arena was completely financed through the town of Trillville issuing out 20-year maturation bonds. The year before the NBA franchise, the town of Trillville had a GDP of \$75 billion. After the NBA franchise arrived in Trillville, the town's GDP increased to \$83 billion. If the town was expected to have a GDP growth rate of 10% before the NBA franchise arrived, then how much economic revenue can be attributed to the NBA franchise?
 - A) \$250 million
 - B) \$500 million
 - C) \$7.75 billion
 - D) \$8 billion

Answer Key

1. C
2. A
3. D
4. A
5. B