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| **Multiple Choice** |

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| 1. Which of the following is considered a microeconomic topic?

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|   | a.  | unemployment |
|   | b.  | inflation |
|   | c.  | gross domestic product |
|   | d.  | the telecommunications industry |

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| *ANSWER:* | d |

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| 2. Which of the following is a microeconomic policy?

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|   | a.  | fiscal policy |
|   | b.  | monetary policy |
|   | c.  | rent control |
|   | d.  | tariffs imposed on all importing nations |

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| *ANSWER:* | c |

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| 3. Which of the following is NOT a microeconomic topic?

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|   | a.  | a tax on tobacco |
|   | b.  | expansionary monetary policy |
|   | c.  | a subsidy for solar power |
|   | d.  | a quota on taxicabs |

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| *ANSWER:* | b |

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| 4. To learn the intricacies of theories and models, economists use:

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|   | a.  | graphs and mathematics. |
|   | b.  | their best guess. |
|   | c.  | Wikipedia. |
|   | d.  | only the stock market. |

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| *ANSWER:* | a |

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| 5. Examples of using theories and models include:

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|   | a.  | understanding how members of OPEC choose how much oil to produce. |
|   | b.  | explaining how the NBA sets salaries for rookies. |
|   | c.  | A and B. |
|   | d.  | none of the above. |

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| *ANSWER:* | c |

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| 6. The term *ceteris paribus* is an assumption that economists use implying:

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|   | a.  | all else is equal. |
|   | b.  | to the victor go the spoils. |
|   | c.  | nothing can be said to be certain except death and taxes. |
|   | d.  | the market is always efficient. |

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| *ANSWER:* | a |

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| 7. On the demand side of the market, you would examine:

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|   | a.  | the prices of inputs. |
|   | b.  | the preferences of consumers. |
|   | c.  | cost of production data. |
|   | d.  | the number of firms. |

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| *ANSWER:* | b |

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| 8. On the supply side of the market, you would examine:

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|   | a.  | the decisions of firms. |
|   | b.  | the preference of consumers. |
|   | c.  | income of consumers. |
|   | d.  | the number of consumers. |

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| *ANSWER:* | a |

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| 9. Each of the following will impact the consumption decision EXCEPT the:

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|   | a.  | price of the good. |
|   | b.  | income of the consumer. |
|   | c.  | price of a substitute good. |
|   | d.  | fixed cost of production. |

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| *ANSWER:* | d |

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| 10. Each of the following would impact the production decision EXCEPT the:

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| --- | --- | --- |
|   | a.  | price of the good. |
|   | b.  | income of consumers. |
|   | c.  | price of capital. |
|   | d.  | technology available for production. |

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| *ANSWER:* | b |

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| 11. In a perfectly competitive market, firms:

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|   | a.  | determine the number of consumers. |
|   | b.  | create barriers to entry. |
|   | c.  | take the market price as given. |
|   | d.  | have market power. |

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| *ANSWER:* | c |

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| 12. Oligopolies exist when:

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|   | a.  | there are no barriers to entry. |
|   | b.  | firms are price takers. |
|   | c.  | the market supply curve reflects the aggregate cost curves of firms. |
|   | d.  | multiple firms interact strategically in the same market. |

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| *ANSWER:* | d |

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| 13. If there is a single firm in the market, then the market is considered:

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|   | a.  | monopolistically competitive. |
|   | b.  | perfectly competitive. |
|   | c.  | a monopoly. |
|   | d.  | an oligopoly. |

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| *ANSWER:* | c |

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| 14. When comparing a monopoly outcome to a perfectly competitive outcome, the monopolist produces \_\_\_\_\_ and charges a \_\_\_\_\_ price.

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|   | a.  | more; higher |
|   | b.  | less; higher |
|   | c.  | less; lower |
|   | d.  | more; lower |

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| *ANSWER:* | b |

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| 15. All of the following are examples of spillover effects EXCEPT:

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|   | a.  | second-hand smoke. |
|   | b.  | pollution. |
|   | c.  | price gouging. |
|   | d.  | road congestion |

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| *ANSWER:* | c |

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| 16. Behavioral economics is considered an intersection of:

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|   | a.  | psychology and economics. |
|   | b.  | physics and economics. |
|   | c.  | law and economics. |
|   | d.  | supply and demand. |

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| *ANSWER:* | a |

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| 17. The combined role of risk, uncertainty, and time is prominent in:

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|   | a.  | the decision of which movie to watch. |
|   | b.  | restaurant decisions. |
|   | c.  | grocery store shopping decisions. |
|   | d.  | investment decisions. |

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| *ANSWER:* | d |

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| 18. Empirical disciplines:

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|   | a.  | use data analysis and experiments. |
|   | b.  | have a singular focus on theoretical models. |
|   | c.  | have a singular focus on historical importance. |
|   | d.  | only examine political topics. |

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| *ANSWER:* | a |

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| 19. Microeconomic tools:

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|   | a.  | can only be applied to markets for coffee. |
|   | b.  | can be applied to any market. |
|   | c.  | can only be applied to financial markets. |
|   | d.  | are not used to think rationally about decisions. |

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| *ANSWER:* | b |

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| 20. A major factor in the evolution of empirical analysis in microeconomics is the:

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|   | a.  | influence of John Maynard Keynes. |
|   | b.  | computer revolution. |
|   | c.  | influence of Friedrich Hayek. |
|   | d.  | work of Adam Smith. |

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| *ANSWER:* | b |

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