MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Which of the following is not used by the government as an antitrust policy?
   - A) regulation of business practices
   - B) blocking mergers
   - C) breaking up monopolies
   - D) price fixing

2) The purpose of antitrust policy is to:
   - A) promote competition among firms.
   - B) increase profits to firms.
   - C) protect domestic firms from foreign trade.
   - D) both A and B

3) A government can promote efficiency by intervening in a market in which there are:
   - A) no spillovers.
   - B) spillover costs.
   - C) spillover benefits.
   - D) either spillover costs or spillover benefits.

4) A public good is a good that:
   - A) is consumed by a single person or household.
   - B) cannot be used by private citizens.
   - C) is available for everyone to consume, regardless of who pays.
   - D) is provided by the government.

5) The discoveries from space exploration are examples of:
   - A) private goods.
   - B) external goods.
   - C) public goods.
   - D) spillover goods.

6) An example of a good that is non-rival in consumption is:
   - A) a music CD.
   - B) a radio broadcast of a song.
   - C) a ticket to a concert.
   - D) a guitar.

7) A spillover benefit is the benefit experienced by people who:
   - A) do not decide how much of the good to produce or consume.
   - B) did not know why they are experiencing the benefit.
   - C) decide how much of the good to produce or consume.
   - D) consume the good.

8) The free-rider problem implies that:
   - A) each person will pay the full cost of the public good.
   - B) nobody wants the public good.
   - C) everybody will pay a portion of the cost of the public good.
   - D) each person will try to benefit from the public good without paying for it.
9) The free-rider problem occurs for:
   A) private goods and public goods.  
   B) private goods but not public goods.  
   C) public goods but not private goods.  
   D) neither public nor private goods.

10) Public Broadcasting, in its fund drives, often arranges for a corporation to match donations made by its employees. This is likely to _______ the free-rider problem and lead to a _______ level of contribution to the public good.
    A) reduce; smaller  
    B) reduce; larger  
    C) increase; smaller  
    D) increase; larger

11) Preservation of wolves in Yellowstone Park is a public good because:
    A) there is no private group trying to maintain the wolves.  
    B) Yellowstone Park is a national park.  
    C) preservation of wolves is not a public good since wolves eat ranchers' livestock  
    D) none of the above

12) A tax of $1 on a six-pack of beer will increase the price by _______ $1 if the demand curve _______ and the supply curve _______.
    A) exactly; exists; exists  
    B) less than; slopes downward, slopes upward  
    C) more than; is horizontal; slopes upward  
    D) exactly; is horizontal; slopes upward

13) Figure 16.1 illustrates the supply and demand for sweaters. What is the initial (without the tax) quantity of sweaters sold in the market?
    A) 400  
    B) 600  
    C) 800  
    D) 1000

14) Figure 16.1 illustrates the supply and demand for sweaters. What is the initial (without the tax) price of sweaters sold in the market?
    A) $38  
    B) $40  
    C) $42  
    D) $44

15) Figure 16.1 illustrates the supply and demand for sweaters. Suppose the government imposes a $5 tax on sweaters that is collected from the producers. What is the new quantity of sweaters produced in the market?
    A) 400  
    B) 600  
    C) 800  
    D) 1000
16) Figure 16.1 illustrates the supply and demand for sweaters. Suppose the government imposes a $5 tax on sweaters that is collected from the producers. What is the new price of sweaters paid by consumers?
   A) $38  B) $40  C) $42  D) $44

17) Figure 16.1 illustrates the supply and demand for sweaters. Suppose the government imposes a $5 tax on sweaters that is collected from the producers. What is the new price of sweaters received by producers after they pay the tax?
   A) $35  B) $37  C) $38  D) $40

18) The idea that voters tell the government what to do:
   A) is the basic idea of democracy.  B) is the basis for a command economy.
   C) always leads to efficient economic outcomes.  D) all of the above

19) A pollution tax:
   A) is a method used to internalize external costs.
   B) will not affect the price of the good being produced.
   C) does not affect the quantity of a good demanded.
   D) is a method used to externalize internal costs.

20) Because pollution taxes raise production costs, the ________ curve ________.
   A) supply; shifts to the right  B) supply; shifts to the left
   C) supply; does not change  D) demand; shifts to the right

21) Suppose Johnson's Rubber Factory belches black smoke into the air over the city of Bellowsville. If the city of Bellowsville attempts to internalize the external costs associated with the production of rubber with a pollution tax, then we expect:
   A) at each price, a smaller quantity of rubber will be supplied by Johnson's Rubber Factory.
   B) at each price, a larger quantity of rubber will be supplied Johnson's Rubber Factory.
   C) Johnson's Rubber Factory will not change the amount of rubber supplied at each price.
   D) Johnson's production costs not to change.
22) Consider Figure 17.1, which depicts the supply and demand for coal. Assume coal production creates external costs. If \(PE\) and \(QE\) are the equilibrium price and quantity of coal without government regulation, a pollution tax on the production of coal would _______ the price of coal relative to \(PE\) and _______ the quantity of coal relative to \(QE\).

A) increase; decrease  
B) increase; not change  
C) decrease; not change  
D) decrease; decrease

23) The demand for labor is:

A) derived from the demand for the products it is used to produce.  
B) determined by the demand for consumer products.  
C) determined by the price of consumer products.  
D) all of the above

24) If labor productivity increases, the marginal revenue product curve will shift _______ and the profit maximizing quantity of labor demanded will _______.

A) up; increase  
B) up; decrease  
C) down; increase  
D) down; decrease

<table>
<thead>
<tr>
<th>Number of workers</th>
<th>Units of output</th>
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<tr>
<td>2</td>
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<td>300</td>
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<td>8</td>
<td>310</td>
</tr>
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Table 18.1

25) Refer to Table 18.1. The marginal product of the third unit of labor is:

A) 30.  
B) 53.333.  
C) 60.  
D) 160.

26) Refer to Table 18.1. The marginal product of the fourth unit of labor is:

A) 210.  
B) 40.  
C) 50.  
D) 52.5.
27) Refer to Table 18.1. If the price of output is $10 per unit, the marginal revenue product of the third unit of labor is:
A) $53.33.  
B) $60.  
C) $533.33.  
D) $600.

28) Refer to Table 18.1. If the price of output is $2 per unit, the marginal revenue product of the fourth unit of labor is:
A) $50.  
B) $52.50.  
C) $100.  
D) $105.

29) Figure 18.1 presents a firm's marginal revenue product curve. If the hourly wage is $10, how many hours of labor does the firm demand?
A) 25  
B) 30  
C) 35  
D) 40

30) Figure 18.1 presents a firm's marginal revenue product curve. If the hourly wage is $8, how many hours of labor does the firm demand?
A) 25  
B) 30  
C) 35  
D) 40

31) According to the substitution effect of labor supply, when the wage rate goes up:
A) it becomes more costly to consume leisure, so people will work more.  
B) it becomes less costly to consume leisure, so people will work more.  
C) the opportunity cost of enjoying leisure goes down.  
D) firms will hire more workers since people are more willing to work.

32) The relationship between the wage and the quantity of labor that a given worker is willing to provide is called:
A) individual labor demand.  
B) market labor demand.  
C) individual labor supply.  
D) market labor supply.
33) If the equilibrium wage is below the actual wage:
   A) the demand for labor will increase.  B) the demand for labor will decrease.
   C) the wage rate will fall.            D) the wage rate will rise.

34) If the minimum wage is set below the equilibrium wage:
   A) the quantity demanded of workers will equal the quantity supplied.
   B) the quantity demanded of workers will be less than the quantity supplied.
   C) the quantity demanded of workers will be greater than the quantity supplied.
   D) wages will rise and total employment will rise.

35) According to the U.S. government, a poor family is one:
   A) who works for less than minimum wage.
   B) whose debts exceed the value of their assets.
   C) who has four or more dependents and only one working family member.
   D) whose total income is less than the amount required to satisfy the family’s “minimum needs.”

36) Which of the following groups has the lowest poverty rate in the United States?
   A) those with no high-school diploma  B) blacks
   C) college graduates                 D) female-headed households

37) Which of the following groups has the highest poverty rate in the United States?
   A) female-headed households          B) Hispanics
   C) those with no high-school diploma  D) blacks

38) Recent changes in production technology have:
   A) lowered demand for low-skilled workers and reduced their wages.
   B) lowered demand for high-skilled workers and reduced their wages.
   C) increased demand for low-skilled workers and reduced their wages.
   D) increased supply of high-skilled workers and raised their wages.

39) About three-fourths of the homeless in the United States are:

40) What is the current minimum age for eligibility to receive any retirement benefits under Social Security?
   A) 50                                B) 55          C) 62                          D) 65
MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) D
2) A
3) D
4) C
5) C
6) B
7) A
8) D
9) C
10) B
11) D
12) B
13) C
14) B
15) B
16) C
17) B
18) A
19) A
20) B
21) A
22) A
23) D
24) A
25) C
26) C
27) D
28) C
29) B
30) C
31) A
32) C
33) C
34) A
35) D
36) C
37) A
38) A
39) A
40) C