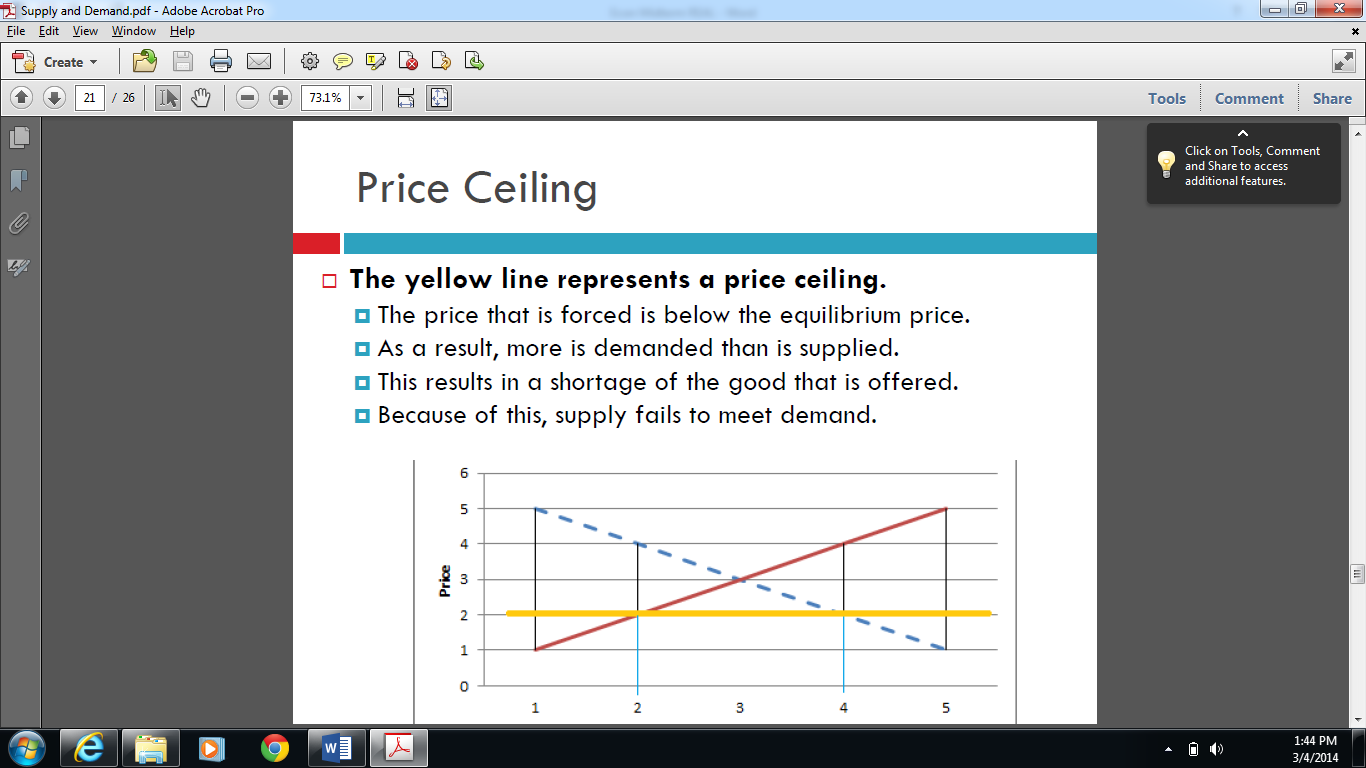
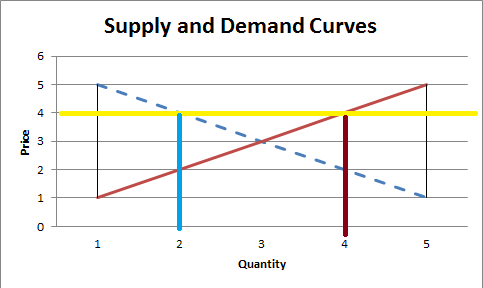
Economics Midterm Exam by C. Kohn, Agricultural Sciences - Waterford WI

Name: Hour Date: Score: /135

1. Economics is the study of
   1. Cash b. Money c. Decision Making d. Business practices
2. You decide to get a job to earn some cash. What would be the opportunity cost?
   1. The extra income you receive.
   2. The improved likelihood you’ll get a better job.
   3. The title of the job.
   4. The time you lose and the cost of the gas to get to your job.
3. The cash you earn from a job would be the of that decision.
   1. Benefit b. Opportunity Cost c. Intrinsic Value d. Scarcity
4. What determines if a choice was rational?
   1. If the opportunity cost outweighs the benefits.
   2. If you get a benefit from the decision.
   3. If it makes sense.
   4. If the benefits are greater than the opportunity cost.
   5. All of the above.
5. This is the definition of Benefit.
   1. What is given up when a decision is made.
   2. The limitations of any supply or good.
   3. What is gained by a decision.
   4. The value determined by scarcity and competition.
   5. The value determined through an analysis of the product’s qualities.
6. This is the definition of Opportunity Costs.
   1. What is given up when a decision is made.
   2. The limitations of any supply or good.
   3. What is gained by a decision.
   4. The value determined by scarcity and competition.
   5. The value determined through an analysis of the product’s qualities.
7. This is the definition of Intrinsic Value.
   1. What is given up when a decision is made.
   2. The limitations of any supply or good.
   3. What is gained by a decision.
   4. The value determined by scarcity and competition.
   5. The value determined through an analysis of the product’s qualities.
8. This is the definition of Scarcity.
   1. What is given up when a decision is made.
   2. The limitations of any supply or good.
   3. What is gained by a decision.
   4. The value determined by scarcity and competition.
   5. The value determined through an analysis of the product’s qualities.
9. This is the definition of Economic Value.
   1. What is given up when a decision is made.
   2. The limitations of any supply or good.
   3. What is gained by a decision.
   4. The value determined by scarcity and competition.
   5. The value determined through an analysis of the product’s qualities.
10. Why does a pro-quarterback make more money than a firefighter?
    1. Their skills are more intrinsically valuable
    2. The supply of firefighters is greater than the supply of quarterbacks.
    3. A firefighter does not affect as many people.
    4. A quarterback has a wider variety of skills than a firefighter.
    5. All of the above.
11. Why is money more valuable than bartering?
    1. Money cannot be used to exchange goods unless only one person wants money.
    2. Only one of the people bartering can be in need of a good.
    3. Bartering cannot be used for valuable goods.
    4. Bartering requires a ‘double coincidence’ to work.
    5. All of the above are reasons why bartering does not work as well as money.
12. What is the Tragedy of the Commons?
    1. When cows overgraze a pasture, causing them to produce more milk and more money.
    2. Without private ownership, people do not take care of property as well.
    3. When you gain more benefits because property is owned by and care for by more people.
    4. All of the above.
    5. None of the above.
13. How does private property eliminate the problem of tragedy of the commons?
    1. It forces people to pay taxes which are used to improve the property.
    2. The less you care for a property, the more you gain from it.
    3. Through private ownership, people experience the impact of carelessness and the benefits of responsibility.
    4. All of the above.
    5. None of the above.
14. What is a corporation?
    1. A business where the owners have only as much liability as their investment.
    2. A business run by a different group of people than who own it.
    3. A business that is its own entity.
    4. All of the above.
    5. None of the above.
15. What is the benefit of creating a corporation?
    1. If the company goes bankrupt or fails, you only lose the money you invested.
    2. Corporations allow a business to exist without depending on one or a couple people, allowing it to grow more effectively.
    3. Investment provides more money for a business to invest and compete with.
    4. All of the above.
    5. None of the above.
16. Money enabled the creation of banks. Why was this important?
    1. You could keep your money in a safe place and not worry about losing everything to a catastrophe.
    2. You could obtain credit and gain a large sum of money in advance.
    3. More investments can occur due to a wider availability of money.
    4. All of the above.
17. This shows all of the prices that various sellers would be willing to sell their product at.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
18. This shows all the prices at which various sellers would be willing to purchase that product.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
19. This is the term for the fact that the quantity of a good bought will increase as the price it is sold at decreases.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
20. This more than anything determines the price of a good.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
21. This describes when the amount of a good for sale increases as its price increases.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
22. This is the point at which the levels of demand are equal to the levels of supply.
    1. Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
23. Which of the following is an example of a Demand Curve Shifter?
    1. A store has a sale to increase the number of individuals who buy their products.
    2. A farmer plants more wheat because he purchased a new tractor and planter.
    3. A farmer plants more corn because the price of corn has increased.
    4. A recession decreases the income of the average American.
    5. Sales of apples increase due to a price decrease from a huge harvest of apples this year.
24. Which of the following is an example of a Supply Curve Shifter?
    1. A customer drinks more milk because she saw an athlete doing it on an ad.
    2. A factory reduces its production of computer chips due to a price decrease.
    3. A dairy farmer sells some of his cows because the price of milk decreased.
    4. A decrease in the price of corn encourages a farmer to plant more soybeans.
    5. Betty White has a stiff hip and has to shuffle her feet through the Apple Store.
25. Shoe laces are ­ to shoes.
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
26. Most people buy the same amount of gas per week even if the prices changes; this is an example of…
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
27. An improvement to technology related to producing a product would be a…
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
28. Use of good advertising is an example of…
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
29. Pepsi is a \_\_\_\_\_\_\_\_\_\_\_ to Coke.
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
30. An eye-catching new package for a product would be a for that product if its effective.
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
31. A decrease in the price of planting corn would be a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for producers of soybeans.
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
32. Hot dogs are a to hamburgers for consumers of those products.
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
33. The constant demand for insulin shots by diabetes patients means that this product is/has a
    1. Demand Curve Shifter
    2. Supply Curve Shifter
    3. Substitute Good
    4. Complementary Good
    5. Inelastic Demand
34. This is when the price of a good cannot be increased above a certain level.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
35. This is when the price of a good is kept above a certain level.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
36. This causes demand to exceed supply (and often reduces the quality of what is supplied).
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
37. This causes supply to exceed demand, causing surpluses and reducing income from sales of that good.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
38. This is generally accepted as a good economic policy.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
39. Rent control is an example of this.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
40. Some agricultural subsidies are an example of this.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
41. This increases the amount of money a supplier makes on a good.
    1. Price Ceiling b. Price Floor c. All of the above d. None of the above.
42. This is shown at the right.
    1. Price Ceiling b. Price Floor   
       c. All of the above d. None of the above.
43. Which describes MILC?
    1. A dairy subsidy that pays farmers anytime they lose money for the amount of money they lost.
    2. A dairy subsidy that keeps the price of milk above an established minimum.
    3. A dairy subsidy that only kicks in if the price of milk falls below the profit margin and is a partial subsidy.
    4. A dairy subsidy that makes sure the price of milk is always profitable for a farmer.
    5. A beverage that is white, comes from mammals, and is great with Lucky Charms.
44. Does MILC work economically?
    1. No – all subsidies establish a price floor that increases levels of supply above levels of demand.
    2. No – farmers are still dirt poor anyway so what good does it do?
    3. Yes – farmers need the extra money because farming cannot be profitable on its own.
    4. Yes – because it only makes up a portion of losses and only kicks in if losses exist, it does not encourage over-production but it does prevent irreversible economic harm to the industry.
    5. Who knows. I’ve made it this far and realized I don’t get any of this.
45. Which of the following best applies to the graph above?
    1. Because of a price ceiling, the amount demanded is twice as high as the amount supplied.
    2. Because of a price floor, the amount demanded is half as high as the amount supplied.
    3. Because of a price ceiling, this product is now more affordable and available to a consumer.
    4. Because of a price floor, a supplier is more willing to offer a supply that meets the demand.
    5. All of the above are accurate descriptions.
46. You are an elected member of Congress representing a district in Wisconsin. Your constituents include a lot of livestock farmers who are complaining that the price of corn is too high and the price of beef is too low. Which of the following will help your beef farmer constituents the most?
    1. Create legislation that forces the price of beef to be twice as high.
    2. Create legislation that forces the price of corn to stay below a certain maximum.
    3. Sponsor legislation that will improve the perception of beef by the American public.
    4. All of the above would help beef farmers.
    5. None of the above would help beef farmers.
47. This is the study of all factors that pertain to a nation’s economic output.
    1. Microeconomics b. Macroeconomics c. Aggregate Supply d. Aggregate Demand.
48. This is the term for all of the collective demand of a nation.
    1. Microeconomics b. Macroeconomics c. Aggregate Supply d. Aggregate Demand.
49. This is the study of decisions made by individuals.
    1. Microeconomics b. Macroeconomics c. Aggregate Supply d. Aggregate Demand.
50. This is the term for all of the collective supply of a nation.
    1. Microeconomics b. Macroeconomics c. Aggregate Supply d. Aggregate Demand.
51. This is the economic system in which the public owns all private resources and there is no private ownership.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
52. This is the economic system in which the government has complete control, but property is owned by individuals and success depends on support for the people who control the government.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
53. This is the economic system in which the value of a good is not determined by market forces but instead is determined by the number of hours required to produce that product.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
54. This is the economic system in which the government has complete control over the economy with no input from the citizenry.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
55. This is the economic system in which individuals own the resources and have the right to use their time and resources in any way they choose.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
56. *Competition* and *individual benefit* are the driving forces of
    1. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
57. In this economic system, your outcome is the same whether you work hard or not, support the government or not, etc.
    1. Capitalism b. Socialism/Communism c. Fascism d. Marxism
58. The United States has this kind of economic system.
    1. Capitalism b. Socialism c. Communism d. Fascism e. Mixed Economy
59. The idea that supply and demand should determine prices (and not governments) is an example of…
    1. The Invisible Hand b. Classical Economics c. Laissez-faire Economics d. All of the above
60. What was Smith’s belief about the role of governments in economics?
    1. Governments should determine price maximums and minimums but otherwise not interfere with economics.
    2. All governments and private ownership should be abolished in order to maximize economic output.
    3. Governments are needed to establish minimum wages, worker safety, and prevent child labor.
    4. Less government interference = maximized economic output.
    5. All of the above.
61. Which of the following is NOT a reason the US became an economic superpower?
    1. Little or no government intervention.
    2. Prevention of business failure.
    3. Freedom of choice.
    4. Profit incentives.
    5. Competition.
62. What is Gross Domestic Product?
    1. The measure of the total cost to produce the goods and services in a nation’s economy.
    2. The measure of the total value of the goods and services produced by a nation’s economy.
    3. The measure of the total loss of unsold goods and services in a nation’s economy.
    4. The value of the goods and services purchased from other nation’s economies.
63. This is a recession.
    1. When GDP *decreases* for two or more quarters by less than 10%.
    2. When GDP **increases** for two or more quarters by more than 10%.
    3. When GDP **increases** for two or more quarters by less than 10%.
    4. When GDP *decreases* for two or more quarters by more than 10%.
64. This is a depression.
    1. When GDP *decreases* for two or more quarters by less than 10%.
    2. When GDP **increases** for two or more quarters by more than 10%.
    3. When GDP **increases** for two or more quarters by less than 10%.
    4. When GDP *decreases* for two or more quarters by more than 10%.
65. Which of the following is the formula for unemployment?
    1. No. of people looking for a job ÷ No. of people who have a job.
    2. No. of people who have a job ÷ No. of people looking for a job.
    3. No. of people without a job ÷ No. of people who have a job.
    4. No. of people who have a job. ÷ No. of people without a job
66. This is how Hitler fixed Germany’s economy.
    1. Government interference was minimized to more-closely meet Adam Smith’s ideas.
    2. Tanks were purchased and armies were built for world domination.
    3. Jobs were created by the government that weren’t necessarily needed.
    4. All of the above.
    5. None of the above.
67. This is how FDR fixed America’s economy.
    1. Government interference was minimized to more-closely meet Adam Smith’s ideas.
    2. Tanks were purchased and armies were built for world domination.
    3. Jobs were created by the government that weren’t necessarily needed.
    4. All of the above.
    5. None of the above.
68. Which most closely matches Keynes’ ideas about how to fix a depression?
    1. Decrease taxes and minimize government spending to reduce the federal deficit.
    2. Maximize the value of the dollar so that Americans have more spending power.
    3. Have governments spend money they don’t have to create jobs and repay the debt when the economy improves through reduced government spending and increased taxes.
    4. Al of the above.
    5. None of the above.
69. This is why the US would want a weak dollar.
    1. It means more money enters the US and more goods are sold overseas.
    2. It means more foreign products can be purchased by Americans at a lower price and more US money is sent to other countries.
    3. It means that the US government will have lower bills.
    4. All of the above.
    5. None of the above.
70. This is why the US would want a strong dollar.
    1. It means more money enters the US and more goods are sold overseas.
    2. It means more foreign products can be purchased by Americans at a lower price and more US money is sent to other countries.
    3. It means that the US government will have lower bills.
    4. All of the above.
    5. None of the above.
71. In 1914 the US left the Gold Standard, followed by other countries. How did this eventually worsen the Great Depression?
    1. Without the backing of gold, all currency is essentially worthless and unable to allow an economy to function.
    2. Each country kept trying to devalue their currency to increase the sales of their goods to other countries, causing rampant currency devaluation and a worsened depression.
    3. Without a stable, unchanging currency, a government cannot regulate its economy.
    4. If the value of money can change, it prevents businesses from predicting its value, causing economic disruption due to uncertainty.
72. Given the lessons of the Great Depression, should the US return to the Gold Standard?
    1. Yes. If the value of money can change, it prevents businesses from predicting its value, causing economic disruption due to uncertainty.
    2. No. The ability to change the value of currency is a powerful tool for preventing recessions, depressions, and excess inflation.
    3. Yes. Without the backing of gold, all currency is essentially worthless and unable to allow an economy to function.
    4. No. Changing currency values has yet to have an impact on international macroeconomics.
73. This was an outcome of the Bretton Woods Conference.
    1. Establishment of the International Monetary Fund, which now regulates international currency values to prevent another depression.
    2. Establishment of the US Dollar as the basis by which all other currencies are valued.
    3. Elimination of a system in which countries can change their currency’s value without regulation.
    4. All of the above.
    5. None of the above.
74. This is inflation.
    1. When the price of goods increases without an increase in demand.
    2. When the demand of goods increases without a decrease in price.
    3. When supply is reduced due to excessively low prices.
    4. When the value of currency increases compared to other currencies.
75. This is the macroeconomic tool in which interest rates are adjusted to change how much money is locked away in savings and investments.
    1. Fiscal Policy b. Monetary Policy c. Exchange Rate Policy
76. This is the macroeconomic tool in which the value of the US dollar is changed to change how much foreign money enters the US and how many goods are sold overseas.
    1. Fiscal Policy b. Monetary Policy c. Exchange Rate Policy
77. This is the macroeconomic tool in which the tax rates and rates of public spending are changed to decease or increase how much money Americans have.
    1. Fiscal Policy b. Monetary Policy c. Exchange Rate Policy
78. This is an accurate description of The Fed.
    1. A bank for banks.
    2. The US tool for setting interest rates.
    3. All of the above.
    4. None of the above.
79. This is any centralized market for trading contracts for raw materials.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
80. This is an agreement to buy or sell a raw material at a specific price.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
81. This is someone who increases their risk by trading contracts for raw materials in the hopes of making money.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
82. This is someone who reduces their risk by entering into a contract for trading raw materials.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
83. This is the term for a raw material needed for producing a good.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
84. This is the kind of trader that doesn’t actually buy or sell a raw material; they only buy or sell contracts.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
85. This is the kind of trader that actually buys or sells raw materials on the market.
    1. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
86. Which of the following is TRUE about the Chicago Board of Trade?
    1. It wasn’t initially very popular, and as a result it allowed any kind of contract to be sold so it would become more popular.
    2. It initially only traded corn and wheat but today is used to trade ownership of major companies.
    3. It was extremely popular from its very beginning, and had to make every contract exactly the same in terms of quantity, quality, and delivery.
    4. All of the above.
    5. None of the above.
87. Which of the following are negotiable in a futures contract?
    1. Price/Volume b. Quality c. Month/Terms of Delivery d. Quantity e. All of the above
88. How does a futures market enable prices to be determined?
    1. The Board of Trade establishes minimum prices for commodities to ensure that farmers can make a profit.
    2. The market requires sellers to buy at a certain minimum price, but any contract afterwards can be bought at any price they negotiate.
    3. Prices become standardized due to the large volume of trading in a public forum.
    4. Prices are determined exclusively by consumers, who post prices to attract farmers who want to sell.
89. If you are a farmer, this is why you would want to use the futures market.
    1. It allows you to trade large volumes of goods for a fraction of the price without actually buying or selling the commodity in order to hopefully make a large sum of money.
    2. It allows you to reduce your risk by ensuring you will get a specific price for your goods.
    3. It allows you to reduce your risk by ensuring that you will be able to purchase a good for a specific price.
90. If you are a purchaser of commodities, this is why you would want to use the futures market.
    1. It allows you to trade large volumes of goods for a fraction of the price without actually buying or selling the commodity in order to hopefully make a large sum of money.
    2. It allows you to reduce your risk by ensuring you will get a specific price for your goods.
    3. It allows you to reduce your risk by ensuring that you will be able to purchase a good for a specific price.
91. If you are a speculator, this is why you would want to use the futures market.
    1. It allows you to trade large volumes of goods for a fraction of the price without actually buying or selling the commodity in order to hopefully make a large sum of money.
    2. It allows you to reduce your risk by ensuring you will get a specific price for your goods.
    3. It allows you to reduce your risk by ensuring that you will be able to purchase a good for a specific price.
92. This is going long.
    1. Buying a contract now at a high price in order to hopefully sell it later at a lower price.
    2. Selling a contract now at a higher price in order to hopefully buy it back later at a lower price.
    3. Buying a contract now at a low price in order to hopefully sell it later at a higher price.
    4. Selling a contract now at a lower price in order to hopefully buy it back later at a higher price.
93. This is going short.
    1. Buying a contract now at a high price in order to hopefully sell it later at a lower price.
    2. Selling a contract now at a higher price in order to hopefully buy it back later at a lower price.
    3. Buying a contract now at a low price in order to hopefully sell it later at a higher price.
    4. Selling a contract now at a lower price in order to hopefully buy it back later at a higher price.
94. This is a physical contract.
    1. A contract in which there is no intent to buy or sell a commodity, only contracts for commodities.
    2. A contract in which a commodity is bought but a contract is sold.
    3. A contract in which a commodity is either bought or sold.
    4. A contract in which a commodity is sold but a contract is bought.
95. This is a cash-settlement contract.
    1. A contract in which there is no intent to buy or sell a commodity, only contracts for commodities.
    2. A contract in which a commodity is bought but a contract is sold.
    3. A contract in which a commodity is either bought or sold.
    4. A contract in which a commodity is sold but a contract is bought.
96. Why would a company choose a cash-settlement contract instead of exchanging the commodity?
    1. This prevents them from having to pay the costs associated with buying or selling an actual commodity.
    2. If a company just intended to re-sell or re-buy the commodity, it makes more sense just to exchange the money.
    3. If they lose money trading contracts, it actually results in less financial loss if they just pay the other company instead of buying or purchasing the commodity.
    4. All of the above.
    5. None of the above.
97. This is the money a speculator must first deposit into their account before placing an order to buy or sell futures.
    1. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
98. This is the request to add money to an account to meet the minimum needed to trade.
    1. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
99. This is the measure of how much a contract will produce in gains or losses for a given investment.
    1. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
100. This is the minimum needed in an account to keep trading futures contracts. If your account falls below this minimum, you will not be able to trade until more money is added.
     1. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
101. The greater this is, the greater the gain or loss from trading that contract.
     1. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
102. If the housing market begins to slow down, you’d want to do this for lumber futures.
     1. Go long b. Go Short
103. If China has a drought that reduces soybean production and aggregate supplies of soybeans decrease, you’d want to do this for soybean futures.
     1. Go long b. Go Short
104. If a shortage of BGH (the hormone used to increase milk production) occurs, you’d want to do this for milk futures.
     1. Go long b. Go Short
105. If a major oil-producing country stops selling to the US, you’d want to do this for oil futures.
     1. Go long b. Go Short
106. For this option, an account manager has the legal right to make trades for you.
     1. Open your own account. b. Have someone manage your account. c. Trading Advisor d. Commodity Pool.
107. For this option, your money is combined with all other participants and your money is traded as one account.
     1. Open your own account. b. Have someone manage your account. c. Trading Advisor d. Commodity Pool.
108. For this option, you open your own account with a brokerage firm and make all trading decisions for yourself.
     1. Open your own account. b. Have someone manage your account. c. Trading Advisor d. Commodity Pool.
109. What is true about macroeconomics in the US today?
     1. In compliance with the ideas of Adam Smith, almost no regulation occurs of the economy in order to maximize the nation’s economic productivity.
     2. The US economy today is regulated by a widespread array of regulatory tools among many agencies
     3. Due to the Great Depression, capitalism has all but been completely replaced with a planned economy.
     4. All of the above.
     5. None of the above.
110. This tool of the Fed involves large-scale purchases of government securities.
     1. Federal Discount Rate b. Reserve Ratio Requirement c. Open Market Operations d. Federal Funds Rate
111. This tool of the fed involves the interest rate the Fed charges private banks.
     1. Federal Discount Rate b. Reserve Ratio Requirement c. Open Market Operations d. Federal Funds Rate
112. This tool of the Fed involves the amount the Fed requires banks to keep on hand from deposits.
     1. Federal Discount Rate b. Reserve Ratio Requirement c. Open Market Operations d. Federal Funds Rate
113. This is not actually controlled by the government but is the target the government uses in order to adjust its policies related to increasing or decreasing the money supply.
     1. Federal Discount Rate b. Reserve Ratio Requirement c. Open Market Operations d. Federal Funds Rate
114. Quantitative Easing is a part of this tool of the Fed.
     1. Federal Discount Rate b. Reserve Ratio Requirement c. Open Market Operations d. Federal Funds Rate
115. Which of the following best describes Quantitative Easing?
     1. The policy in which the value of the dollar is lowered to stimulate the purchase of American goods by foreign consumers.
     2. The policy in which interest rates by the Fed are lowered to almost 0 to encourage banks to loan money.
     3. The policy in which the Fed purchased large amounts of federal securities in order to encourage banks to lend money to people and business instead of the government.
     4. All of the above.
     5. None of the above.
116. This kind of tax results in tax rates being higher for people have *lower* incomes.
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
117. This kind of tax results in tax rates being proportionally the same for all levels of income (e.g. 10%).
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
118. A sales tax is an example of this kind of tax.
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
119. US income tax is this kind of tax due to its use of tax brackets.
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
120. This kind of tax results in tax rates being higher for people have higher incomes.
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
121. Due to the fact that the payroll tax in the US is capped, it fits this kind of tax.
     1. Proportional Tax b. Progressive Tax c. Regressive Tax d. All of the above e. None of the above
122. Antitrust laws have been established to prevent…
     1. Wages below minimum wage. b. Monopolies c. Consumer abuse d. Patents. e. All of the above.
123. Agencies like the EPA, FDA, and the FCC exist to prevent…
     1. Wages below minimum wage. b. Monopolies c. Consumer abuse d. Patents. e. All of the above.
124. The Fair Labor Standards Act in 1938 was created to prevent…
     1. Wages below minimum wage. b. Monopolies c. Consumer abuse d. Patents. e. All of the above.
125. Patents are a but are beneficial because they stimulate
     1. Form of government-stimulated competition; monopolies.
     2. Form of government-sponsored monopolies; competition.
     3. Form of government-sponsored monopolies; innovation.
     4. Form of government-stimulated competition; innovation.
126. International trade allows for…
     1. Larger markets for US goods and services.
     2. Cheaper products for purchase by Americans.
     3. Stimulated economic activity.
     4. All of the above.
     5. None of the above.
127. For international trade to be beneficial and sustainable, this is necessary.
     1. Tariffs to protect domestic producers of goods.
     2. A trade deficit.
     3. A trade surplus
     4. Exports that equal imports in size and value.
     5. All of the above.
128. The benefits of international trade depend partially on there being an **absolute advantage**, which refers to…
     1. The fact that a country that can produce all of its own goods will have the most economic gain.
     2. Whether an individual, group, or country can make Product X or Product Y more efficiently.
     3. The country that needs the product the most being controlled by the country that has that product.
     4. The ability of an individual or group to carry out a particular economic activity more efficiently than another individual or group.
129. The benefits of international trade depend partially on there being an **comparative advantage**, which refers to…
     1. The fact that a country that can produce all of its own goods will have the most economic gain.
     2. Whether an individual, group, or country can make Product X or Product Y more efficiently.
     3. The country that needs the product the most being controlled by the country that has that product.
     4. The ability of an individual or group to carry out a particular economic activity more efficiently than another individual or group.
130. This is used to ensure that the cost of goods produced outside a country is greater than domestic products.
     1. NAFTA b. Tariff c. Trade Deficit d. Trade Surplus
131. This is the agreement that established free trade and eliminated barriers between the US, Mexico, and Canada.
     1. NAFTA b. Tariff c. Trade Deficit d. Trade Surplus
132. This is when exports exceed imports for a country.
     1. NAFTA b. Tariff c. Trade Deficit d. Trade Surplus
133. This is when imports exceed exports for a country.
     1. NAFTA b. Tariff c. Trade Deficit d. Trade Surplus
134. This best summarizes the views of Keynes.
     1. The economy works best when there is absolutely no government interference.
     2. Depressions are caused by too little spending, which can be countered and reversed by government spending.
     3. It is better to focus on eliminating barriers to trade created by tariffs and other forms of protectionism and increase the exchange of goods by reducing regulation.
     4. A planned economy is the most effective economy.
135. This best summarizes the views of Hayek.
     1. The economy works best when there is absolutely no government interference.
     2. Depressions are caused by too little spending, which can be countered and reversed by government spending.
     3. It is better to focus on eliminating barriers to trade created by tariffs and other forms of protectionism and increase the exchange of goods by reducing regulation.
     4. A planned economy is the most effective economy.



Congrats – you’re done!