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| **Multiple Choice** |

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| 1. Which of the following is considered a microeconomic topic?   |  |  |  | | --- | --- | --- | |  | a. | unemployment | |  | b. | inflation | |  | c. | gross domestic product | |  | d. | the telecommunications industry |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 2. Which of the following is a microeconomic policy?   |  |  |  | | --- | --- | --- | |  | a. | fiscal policy | |  | b. | monetary policy | |  | c. | rent control | |  | d. | tariffs imposed on all importing nations |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 3. Which of the following is NOT a microeconomic topic?   |  |  |  | | --- | --- | --- | |  | a. | a tax on tobacco | |  | b. | expansionary monetary policy | |  | c. | a subsidy for solar power | |  | d. | a quota on taxicabs |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 4. To learn the intricacies of theories and models, economists use:   |  |  |  | | --- | --- | --- | |  | a. | graphs and mathematics. | |  | b. | their best guess. | |  | c. | Wikipedia. | |  | d. | only the stock market. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 5. Examples of using theories and models include:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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

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| 7. On the demand side of the market, you would examine:   |  |  |  | | --- | --- | --- | |  | a. | the prices of inputs. | |  | b. | the preferences of consumers. | |  | c. | cost of production data. | |  | d. | the number of firms. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 8. On the supply side of the market, you would examine:   |  |  |  | | --- | --- | --- | |  | a. | the decisions of firms. | |  | b. | the preference of consumers. | |  | c. | income of consumers. | |  | d. | the number of consumers. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 9. Each of the following will impact the consumption decision EXCEPT the:   |  |  |  | | --- | --- | --- | |  | a. | price of the good. | |  | b. | income of the consumer. | |  | c. | price of a substitute good. | |  | d. | fixed cost of production. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 10. Each of the following would impact the production decision EXCEPT the:   |  |  |  | | --- | --- | --- | |  | a. | price of the good. | |  | b. | income of consumers. | |  | c. | price of capital. | |  | d. | technology available for production. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 11. In a perfectly competitive market, firms:   |  |  |  | | --- | --- | --- | |  | a. | determine the number of consumers. | |  | b. | create barriers to entry. | |  | c. | take the market price as given. | |  | d. | have market power. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 12. Oligopolies exist when:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 13. If there is a single firm in the market, then the market is considered:   |  |  |  | | --- | --- | --- | |  | a. | monopolistically competitive. | |  | b. | perfectly competitive. | |  | c. | a monopoly. | |  | d. | an oligopoly. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 14. When comparing a monopoly outcome to a perfectly competitive outcome, the monopolist produces \_\_\_\_\_ and charges a \_\_\_\_\_ price.   |  |  |  | | --- | --- | --- | |  | a. | more; higher | |  | b. | less; higher | |  | c. | less; lower | |  | d. | more; lower |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 15. All of the following are examples of spillover effects EXCEPT:   |  |  |  | | --- | --- | --- | |  | a. | second-hand smoke. | |  | b. | pollution. | |  | c. | price gouging. | |  | d. | road congestion |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 16. Behavioral economics is considered an intersection of:   |  |  |  | | --- | --- | --- | |  | a. | psychology and economics. | |  | b. | physics and economics. | |  | c. | law and economics. | |  | d. | supply and demand. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 17. The combined role of risk, uncertainty, and time is prominent in:   |  |  |  | | --- | --- | --- | |  | a. | the decision of which movie to watch. | |  | b. | restaurant decisions. | |  | c. | grocery store shopping decisions. | |  | d. | investment decisions. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 18. Empirical disciplines:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 19. Microeconomic tools:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 20. A major factor in the evolution of empirical analysis in microeconomics is the:   |  |  |  | | --- | --- | --- | |  | a. | influence of John Maynard Keynes. | |  | b. | computer revolution. | |  | c. | influence of Friedrich Hayek. | |  | d. | work of Adam Smith. |  |  |  | | --- | --- | | *ANSWER:* | b | |