1. I am taking _________ of the exam.
   B. Version B

2. Which of the following could NOT result in a “Change in Demand” for “Good X”?
   C. A change in the price of Good X.

3. The essay ______________ illustrates the importance of spontaneous order in a market system.
   A. “I, Pencil” by Leonard Read

4. The present day economic system of Norway is best described as ____________.
   D. a Mixed Economy

5. ____________ observed that the government or the state differs from other decision making entities in that it alone has established “the monopoly of the legitimate use of physical force within a given territory.”
   D. Max Weber

6. The Preliminary Circular Flow Diagram illustrates
   D. the movement of economic resources (i.e., factors of production and finished goods/services) between households and firms.

7. Alec Nove described ____________ as “when the state uses influence, subsidies, grants, [and] taxes [to influence economic decisions], but does not compel.”
   B. Indicative Planning

8. Chipotle is Danny’s favorite restaurant. After recently joining their frequent diner club for free, he got a coupon by e-mail which can be redeemed for either a free side order of guacamole or a free fountain drink. When he went to Chipotle for dinner last night, he used the coupon to get a free fountain drink. His Opportunity Cost of the fountain drink was
   B. the value he places on a side order of guacamole.

9. Which of the following economic institutions is NOT a decision-maker”?
   A. Markets.

10. Consider the level of “economic freedom” in the three countries of India, Singapore, and the United States. According to the results of the “Economic Freedom of the World” study, of these three countries, the amount of economic freedom is
    C. greatest in Singapore and least in India.

11. ____________ has an Absolute Advantage in the production of coconuts, and ____________ has an Absolute Advantage in the production of shrubberries.
    B. Bedevere; Bedevere.

12. Bedevere’s Opportunity Cost for producing one unit of coconuts is _______ units of shrubberries.
    B. 2
13. ____________ has a Comparative Advantage in the production of coconuts, and ____________ has a Comparative Advantage in the production of shrubberies.
D. Bedevere; Arthur.

14. The ________________ states that: (i) if the marginal benefit of an activity increases, then a rational person will engage in more of the activity, whereas (ii) if the marginal cost of an activity increases, then a rational person will engage in less of the activity.
B. Incentive Principle.

15. Consider the following two statements. Statement 1: “Tariffs and import quotas always increase the general welfare of society.” Statement 2: “A minimum wage increases unemployment among young and unskilled workers.” As discussed in lecture and the textbook, most economists would C. disagree with Statement 1, but agree with Statement 2.

16. In this market there would be ________________ at a price of $25.00.
B. “excess supply”

17. In equilibrium, _______ units would be traded each at a price of _______.
B. 810; $23.25.

18. Focusing on the “585th unit,” the Buyer’s Reservation Price for this unit _______ and the Seller’s Reservation Price for this unit _______.
B. is $32.75; is $18.75.

19. Feudalism is defined as an economic system in which
A. land ownership is restricted to an aristocratic nobility.

20. Which of the following would be considered a “Natural Asset”?
C. The Mississippi River.

21. “New Soviet Man” refers to a person that
B. is motivated primarily by selfless benevolence.

22. Total Economic Surplus is maximized at
C. Q₃ (the level where Marginal Benefits are equal to Marginal Costs).

23. If the decision maker increased the amount which she was engaging in the activity from Q₂ to Q₃, then
C. Total Costs, Total Benefits, and Total Economic Surplus would all increase.

24. Which of the following two statements is a “normative statement”?
A. “Super Bowl LIV was the most exciting Super Bowl ever played.”

25. Output combination “A” (i.e., 90 Guns and 110 Roses) is
B. attainable but characterized by productive inefficiency.

26. If each worker produced only Roses, __________ could produce the most in a single day.
C. Izzy

27. __________ has the highest Opportunity Cost for producing a Gun.
A. Slash
28. Ken is concerned that his nine year old daughter is not performing up to her full potential in school. In order to give her an additional reason to bring up her grades, he offers to pay his daughter $25 for every “A” that she gets on her next report card. Ken is trying to alter his daughter’s behavior by way of
D. a material reward.

29. Consider the market for corn. Green beans are a substitute for corn. Corn is a normal good. Potassium is typically used as a fertilizer when growing corn. If consumer income in this market were to increase, then the market equilibrium price of corn would __________ and the market equilibrium quantity of corn would __________.
A. increase; increase.

30. Alpha Industries is a privately owned firm which produces “Good A” in order to earn a profit. In 2019 when the price of “Good A” was $479, James chose to buy the good. In 2020 when Alpha Industries increased the price to $549, James chose to not buy the good. These choices by James to buy the good in 2019 but not buy the good in 2020 provide an example of James exercising his consumer sovereignty.
B.

31. Caden recently spent $480 at the KSU bookstore on textbooks for his spring semester classes. He was able to use the money to acquire these books since money serves as a/an
A. medium of exchange.

32. Chris recently went on a skiing trip with his friends to Colorado. His Total Benefits from this trip were $3,250, while his Total Costs were $2,750. From this information, it follows that his Economic Surplus from this trip was
B. $3,250 – $2,750 = $500.

33. Which of the following illustrates the “Law of Supply” in the market for pizza?
B. Beth chooses to produce/sell more pizza at a price of $3.00 per slice than she chooses to produce/sell at a price of $2.50 per slice.