1. I am taking ____________ of the exam.
   A. Version A

2. Between 1959 and 2016, the poverty rate in the United States has ranged between a
   C. minimum of 11.1% in 1973 and a maximum of 22.4% in 1959.

3. Evan’s income is higher than Sam’s income. Two of the notable differences between their jobs are
   that Sam gets to work in a climate controlled office building year-round and Evan runs a greater
   risk of being severely injured on the job. Based upon this information, it would seem reasonable
   to infer that at least part of the difference in incomes between the workers is due to
   B. Compensating Differentials.

4. A group of teachers at an elementary school is trying to decide where to take their students on a
   field trip. They are considering three options: an art gallery, an amusement park, and a zoo. When
   voting between only the art gallery and the amusement park, the art gallery receives more votes.
   When voting between only the zoo and the art gallery, the zoo receives more votes. When voting
   between only the amusement park and the zoo, the amusement park receives more votes. These
   outcomes illustrate the
   D. Condorcet Paradox.

5. Which of the following statements about a Lorenz Curve must always be true?
   D. More than one (perhaps all) of the above answers is correct. [A & C are both correct.]

6. The city of Mos Eisley has a governmental agency that randomly inspects cantinas to make sure
   that they are serving drinks in compliance with local health codes. The agency assigns each cantina
   a numeric score/grade which must be displayed for potential customers to see. This government
   intervention in this market is most likely justified as a way to reduce a deadweight loss associated
   with a market failure due to
   C. lack of information by market participants.

7. “Good Y” is non-rival in consumption and non-excludable. As a result, if “Good Y” were simply
   sold in the marketplace, we should expect
   A. less than the efficient amount of the good to be produced/consumed.

8. The “Distribution Function of Government” refers to
   C. government policies aimed at altering the final levels of consumption of goods/services
   across consumers/households, usually with the intention of realizing a “fairer”
   apportionment of consumption/income/wealth.

9. The value of the Gini Coefficient in “Country X” is ______.
   B. .28

10. The value of the Stroup Coefficient is __________ and would be __________.
    B. .09 ÷ .36 = .25 under “Tax Code A”; .20 ÷ .36 ≈ .5556 under “Tax Code B.”

11. When discussing government failure resulting from costs of complying with government
    bureaucracy, it was noted that in order to start a new business in __________ it is necessary to
    follow only 1 procedure, a process which can take as little as half a day, and costs 0.3% of annual
    per capita income in the country.
    B. New Zealand
12. Which of the following was discussed in lecture to illustrate how something akin to the “Coasian Solution to Externalities” has been implemented in practice?
A. How the “Defenders of Wildlife” established the “Bailey Wildlife Wolf Compensation Trust” in order to facilitate the re-introduction of the gray wolf into the wild in the western United States (by compensating ranchers who suffered livestock losses).

13. It appears that the income tax in Country A is a __________ tax, the income tax in Country B is a __________ tax, and the income tax in County C is a __________.
A. progressive; proportional; progressive.

14. On April 29, 2017, former heavyweight boxing champion Wladimir Klitschko fought Anthony Joshua at Wembley Stadium in London, England in an unsuccessful attempt to regain the IBF, IBO, and WBA Super Heavyweight Championships of the world. This fight was available in the U.S. on “Pay Per View TV.” The broadcast of this bout on “Pay Per View TV” was non-rival in consumption and excludable. Thus, the broadcast was a
A. Club Good.

15. Based upon this graph, it appears as if production and consumption of this good generates
D. both a positive externality and a negative externality.

16. The free market level of trade is ________; the efficient level of trade is ________.
B. 169 units; 212 units.

17. At the free market outcome there would be a Deadweight-Loss equal to
A. “area a.”

18. Regulatory Capture refers to a situation in which
A. firms in a regulated industry influence a regulatory agency to the point where the agency makes decisions which are in the best interest of the firms (even if the decisions are not in the best interest of the public).

19. Based upon a poverty threshold of $1.90 per day, between 1981 and 2015 the percentage of people living in poverty for the world as a whole
B. decreased dramatically from 44.3% to 9.6%.

20. The country of Freedonia imposes an income tax which reduces the value of its Gini Coefficient from .50 to .44. This implies that the value of the Pechman-Okner Coefficient for this tax is _____.
B. .12

21. First suppose that each proposal is considered separately, with representatives voting for/against each based upon surplus realized by constituents of his/her own district. Under this procedure, “Proposal I” would be ________ and “Proposal II” would be ________.
A. defeated; defeated.

22. Now suppose that the representatives from District 1 and District 7 agree to “trade votes” – the representative from District 1 votes in favor of “Proposal I” in exchange for the representative from District 7 voting in favor of “Proposal II.” Continue to suppose that the other representatives vote truthfully (i.e., in the best interest of their own constituents) and that there is a separate vote on each proposal. When the representatives from Districts 1 and 7 trade votes in this manner,
B. both proposals are approved and the realized value of total social surplus is increased (i.e., realized total social surplus is larger than it would be if no vote trading took place).
23. In 2015, the “Top 1%” of income earners in the U.S. earned ________________ in the country and
paid ________________ under the U.S. Federal Income Tax.
D. 20.65% of all income earned; 39.04% of all tax dollars paid.

24. With five different candidates to pick from, the maximum possible number of distinct orderings of
the candidates that voters could conceivable have is (i.e., the maximum possible different types of
voters) is ________.
D. $1 \times 2 \times 3 \times 4 \times 5 = 120$

25. If there were a three way election between only Vernon, Xavier, and Zack, which voter types would
vote for Xavier?
B. Only types [iii], [iv], [v], and [vi].

26. In an election between all five candidates, __________ would receive the most votes.
D. Zack

27. Suppose that the position were filled by first having a vote over all five candidates, followed by a
head-to-head runoff between the two highest vote getters. The person chosen as the eventual
winner from this process would be __________.
B. Wendy

28. For the United States, the value of the Gini-Coefficient ________ between 1976 and 1996 and
then ________ between 1996 and 2016.
B. increased from .398 to .455; increased further from .455 to .481.

29. ________________ wrote *Anarchy, State, and Utopia* (1974), in which many of the Libertarian
Justice arguments against coercive income redistribution were articulated.
B. Robert Nozick

30. Imposing a per unit tax of $3.00 on sellers in this market would
B. create a Deadweight-loss equal to “areas $c+d$.”

31. Consider the following two proposed taxes: “Tax A” is a $1.30 per unit tax imposed on sellers;
“Tax B” is a $1.70 per unit tax imposed on buyers. We can infer that
B. producers would prefer “Tax A” over “Tax B.”

32. If “Company X” was able to choose its plant size without having to account for the external cost to
nearby residents whatsoever, they would choose
B. kind of small plant.

33. Suppose that property rights can be clearly defined, individuals must pay compensation if they
infringe upon the property rights of others, and the impacted parties can negotiate with one another.
If “Company X” is initially given the property right to choose whatever plant size they want, we
would expect that ultimately
D. “Company X” would choose to build “no plant” with the homeowners paying “Company
X” some amount between $850,000 and $1,150,000.