# Econ 203 Quiz 3 (Make sure to put your name on your scantron)

1. The graphic showing income groups and percentages of total country income for each group across four countries exhibits which of these points:

a. across-country differences account for a larger share than within-country differences

b. differences within advanced economies are much greater than differences in developing economies

c. developing nations in the world have the least income inequality

d. none of the above

2. The graphic showing income groups and percentages of total country income for each group across countries depicted which of the following countries

a. Germany and Democratic Republic of Congo b. U.S. and Bangladesh

c. India and Brazil d. Turkey and Indonesia

3. The problem that officials in low income countries know aid will likely be given even if they don’t meet conditions of aid is known as

a. the “Hostage’s Dilemma” b. the “Prisoner’s Dilemma”

c. the “Giver’s Paradox” d. none of the above

4. Which of the following countries suggests that colonization, in itself, is not a very useful explanation for low income in a country?

a. New Zealand b. Nigeria

c. Cameroon d. France

5. Which of the following statements is accurate?

a. within the U.S. less than $100 billion is transferred to assist low income individuals

b. income differences within the U.S. are much less than in Europe

c. there is substantial income mobility in the U.S. but stickiness at the bottom

d. none of the above

6. An economic view of sustainability focuses on

a. the distinction between renewable and non-renewable resources

b. the imposition large scale restrictions on usage

c. the importance of prices as built-in incentives to consumers/producers

d. all of the above

7. From an economic viewpoint, which of the following creates the most problems with regard to natural resource and sustainability issues:

a. presence of unowned and unpriced resources

b. the fact that resources are limited

c. the demand for goods and resources by consumers

d. none of the above

8. Over the past 200 years, various writers such as Malthus and Say or Erhlich and Simon have debated issues related to sustainability. Which of the following expresses views more in line with Say/Simon?

a. resources are limited, therefore, must be conserved through active planning

b. the earth is like a spaceship and more current use implies less use later

c. population growth will eventually exceed production capabilities

d. none of the above

9. The Business week article regarding the conversation with Bono about poor country problems includes these two Harvard economists

a. Greg Mankiw and Larry Summers b. Martin Feldstein and Michael Jensen

c. Kevin Murphy and Steve Levitt d. none of the above

10. A table in the CEE reading on Natural Resources indicates that for resources like tin, copper, lead, and zinc between 1950 and 2000

a. the reserves were depleted because of high use

b. the reserves increased in spite of high usage

c. production shifted to substitutes for these resources

d. none of the above

11. Economist Julian Simon used the term “ultimate resource” to describe

a. the importance of trade b. untapped potential of solar power

c. the power of nuclear fission d. none of the above

12. Economist Kenneth Boulding made this analogy to refer to earth’s limited resources:

a. Sahara Desert b. Mars

c. Spaceship d. none of the above

13. The phrase “rule of law” described by Bentham as “the triumph of humanity over itself” refers to

a. the importance of lawyers to the functioning of an economic system

b. the existence of extensive court systems

c. widespread protections of life, property, and contract

d. none of the above

14. Data on income mobility in the U.S. indicates that

a. over a 20 year period, almost all households in the highest income group remain in it

b. the share of total income going to each fifth of the population is about the same

c. over a 30 year period, most households stay in the same income group

d. over a 10 year period, a substantial percentage of lowest income households move up into higher groups

15. Which of the following is a contributor to chronic poverty in the U.S.?

a. substance abuse b. assistance dollars not reaching the poor

c. family background d. all of the above

16. Besides life expectancy, we used Gapminder to view how low incomes in countries also influence

a. the environment b. corruption

c. infant mortality d. all of the above

17. Which theorem is a offers an important formal proof of the difficulty of adding up views of fairness across large numbers of people:

a. Arrow’s Impossibility Theorem b. Ricardo’s Equivalence Theorem

c. Coase’s Cost Theorem d. none of the above

18. Which of the following is a major influence on the huge income differences within some countries?

a. lack of property rights b. IMF/World Bank activities

c. meddling by the CIA d. none of the above

19. Which of the following is the most important way of examining poverty data:

a. differences in income within a country at one point in time

b. differences of the same person or family over time

c. incomes with regard to international levels of poverty

d. no one way of examining poverty is always best

20. In our discussion about African economic problems, and particularly Nigeria, which of the following seems a common occurrence?

a. corrupt officials using funds for their own purposes

b. World Bank and IMF funding that carries conditions but the conditions are not enforced well

c. lack of protection for lives, property, and contracts

d. all of the above

21. Put “A” for your answer

Correct Answers:1a, 2c, 3d, 4a, 5c, 6c, 7a, 8d, 9d, 10b, 11d, 12c, 13c, 14d, 15d, 16c, 17a, 18a, 19d, 20d