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

1. Thomas Malthus In the 19th century and Paul Ehrlich in the 1960s expressed the view that

a. renewable resources should be used rather than non-renewable resources

b. farm land is the most valuable resource and should not be converted to urban use

c. population growth is the only way to avoid problems of caring for the elderly

d. none of the above

2. 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

3. Which of the following is an accurate statement:

a. colonization by empires appears to be the primary reason for very low income countries

b. as incomes have grown in wealthy countries, populations and incomes have shrunk in poor countries

c. countries in colder climates tend to have lower incomes

d. none of the above

4. The St. Louis Fed article on income distribution in the U.S. focused on income mobility. Which of the following is drawn from that article?

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 percentagle of lowest income households move up into higher groups

5. Which of the following is a basic fact of income-wealth equality/inequality?

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

b. differences within the U.S. and Europe are much smaller than within a country like Brazil

c. the poorest nations in the world are catching up to the rest of the world

d. only the already wealthy nations are getting wealthier

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

a. substance abuse b. family problems

c. low IQ/skills d. all of the above

7. 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 “Samaritan’s Dilemma” b. the “Prisoner’s Dilemma”

c. the “Giver’s Paradox” d. the “Hostage’s Dilemma”

8. Nobel Winner Kenneth Arrow’s “Impossibility Theorem” address the problem of

a. adding up views of what is good and fair across large numbers of people

b. the existence of extreme poverty in the world

c. the large income differences within some countries as well as between countries

d. none of the above

9. Which of the following statements is accurate?

a. within the U.S. $500 billion to $1 trillion per year is transferred to assist low income individuals

b. income differences within the U.S. are much larger than those for countries like Brazil

c. the poor in the U.S. are very similar in income to poor in the rest of the world

d. none of the above

10. Which of the following countries has the largest within country differences in wealth/income?

a. U.S. b. Japan

c. France d. Brazil

11. A microeconomic 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

12. In dealing with natural resource and sustainability issues where unowned/unpriced resources exist,

a. imposing limits on use is always the best or first solution

b. selecting specific technologies that must be used is usually the best solution

c. society gets to use resources at no cost and, therefore, gains

d. solutions can be complex but using incentives rather than limits is preferable

13. Evidence from the last 200 years on population and incomes suggest who had the correct view?

a. Thomas Malthus/Paul Ehrlich

b. Jean Say/Julian Simon

c. John Keynes/Paul Krugman

d. Karl Marx/Lenin

14. From a macroeconomic standpoint, the topic of “sustainability” in its current common use adopts which of the following viewpoints:

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

b. changes in prices will respond to resource depletion and create conservation by consumers

c. human innovation and creativity is the best means of sustaining economic growth and population

d. none of the above

15. 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. Robert Barro and Jeffrey Sachs d. Kevin Murphy and Steve Levitt

16. A table in the CEE reading on Natural Resources indicates that

a. the reserves of several important metals have been depleted in recent years by high production rates

b. the reserves of several important metals have been increasing becasue of less usage

c. the reserves of several important metals have been increasing in spite of high production rates

d. none of the above

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

a. the innovative abilities of humans b. untapped potential of solar power

c. the power of nuclear fission

18. Economist Kenneth Boulding used the term “spaceship earth” to describe

a. the problem of food production growing slowly

b. the problem of fixed and limited resources

c. the problem of unpriced/unowned resources

d. none of the above

19. 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

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

a. lack of widespread protections for life, property, contracts

b. IMF/World Bank activities

c. meddling by the CIA

d. none of the above

21. Put “A” for your answer

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