**Econ 203/Test 6 (Put name on scantron)**

1. The U.S. Social Security system began

a. in the 1790s b. in the 1870s

c. in the 1930s d. in the 1980s

2. Which describes the Social Security system in the US?  
a. workers pay into accounts out of which their retirement benefits are paid at a later date

b. current workers payments are used to pay current retiree benefits

c. retirement benefits reflect the sum of payments into the sum, adjusted for interest

d. all of the above

3. What is the estimated size of the 75-year sum of Social Security and Medicare shortfall of revenues versus expenses expressed as a lump-sum, present value?

a. about $1 trillion b. about $10 trillion

c. about $20 trillion d. about $70 trillion

4. Which of the following contributed to the current financial situation for Social Security and Medicare? a. generous increases benefits for retirees

b. reduction in birth rates after the post World War II increase

c. a reduction in the number of workers per retiree

d. all of the above

5. Which of the following would is a means of resolving or, at least, dealing with the social security & medicare problems:

a. reducing benefits to all or some retirees

b increasing in the share of government spending going toward social security and medicare

c. increasing the share of national income going toward government spending

d. all of the above

6. The size of U.S. Public Debt (total: both held by the public and by government) is about

a. $1T b. $5T

c. $13T d. $27T

7. According to the table presented in the St. Louis Fed article, foreign countries or individuals within foreign countries own about what percentage of U.S. debt (that is not held by the U.S. government itself):

a. 50% b. 25%

c. 10% d. 5%

8. What role does debt play from a sound economic/financial standpoint:

a. permitting the creation of more resources through issuing debt certificates

b. permitting the smoothing of consumption or spending when income or tax revenues are uneven

c. permitting the expansion of the government budget constraint

d. none of the above

9. In our class discussion of rising medical care prices, we discussed several influences. The most important of these, from my perspective,

a. rapid growth in the overall number of physicians per person

b. restrictions on the entry of new suppliers

c. growing incomes and resulting higher demand for better health

d. none of the above

10. Medical insurance

a. tends to increase use of medical services because of reduced costs to users at point of service

b. lowers overall costs of medical services because the price is lower to users at point of service

c. has covered most all medical expenses since about 1900 in the U.S.

d. none of the above

11. The Minneapolis Fed article on health care emphasized which of the following points:

a. increases in health care expenditures reflect increased reliance on third party payments

b. increases in health care expenditures reflect increased Medicare fraud and physician liability

c. increases in health care expenditures reflect increased quality of care, including longer lives

d. none of the above

12. Which of the following accurately describes a relationship between GDP and medical care spending?

a. The percentage of GDP taken up by medical care in the U.S. is currently about 10%

b. The percentage of GDP used on medical care tends to be higher in countries with higher incomes

c. The U.S. spent about the same percentage of GDP on medical care in 1980 as today

d. none of the above

13. Placing a cap on the percentage of GDP devoted to medical care

a. lowers the cost of medical care by eliminating costly competition

b. essentially makes medical resources free to society as a whole

c. can only be effective if the use of medical resources is actually limited significantly

d. all of the above

14. On a worldwide basis, Mexico is among

a. very high income nations b. average income nations

c. below average income nations d. the lowest income nations

15. For much of the 20th century, which of the following limited Mexican economic growth:

a. lack of natural resources

b. trade with the United States

c. national planning and ownership of many economic businesses and industries

d. all of the above

16. Attempts by the U.S. to limit the flow of drugs produced in or distributed from Mexico has

a. increased their prices and attracted many violent suppliers

b. hardly impacted the flow of illicit substances to U.S. users

c. created huge profits that have been used to corrupt police, military, and other officials

d. all of the above

17. From a macroeconomic perspective, the extreme violence of M drug-related criminal organizations in Mexico threatens long run economic growth by

a. destroying large amounts of Mexican natural resources

b. large reductions in the size of the labor force

c. increases in the amount of trade with the United States

d. lack of protection for life/property rights

18. PEMEX is

a. the Mexican state-owned telecommunications company

b. the Mexican state-owned petroleum company

c. the Mexican state-owned electrical company

d. none of the above

19. How many Mexican mayors have been killed in 2010?

a. 3 b. 7

c. 14 d. 29

20. According to the video on the Mexican drug market, the state in Mexico that has been the center (at least historically) of the most powerful drug organizations is

a. Quintana Roo b. Sinaloa

c. Baja California d. Jalisco

21. Put A for your answer

Correct Answers: 1c, 2b, 3d, 4d, 5d, 6c, 7a, 8b, 9c, 10a, 11c, 12b, 13c, 14b, 15c, 16d, 17d, 18b, 19c, 20b, 21a