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

1. Select the accurate statement below:

a. Mexico’s GDP per capita is close to Canada’s but below the U.S.

b. Mexico’s economic growth was long limited by government ownership of many firms

c. Mexico’s standard of living is severely limited by its lack of natural resources

d. none of the above

2. Which of the following is a paradox from strong anti-drug policies?

a. restricted supply but high prices and violent competition for high profits among distributors

b. diminished demand but violent competition for drugs among users

c. violent reaction from distributors but low levels of corruption of law enforcement

d. none of the above

3. The current problems experienced in Mexico are very similar to problems in the 1980s and 1990s in what country?

a. Columbia b. Costa Rica

c. Chile d. none of the above

4. Mexican drug violence is worst in which of the following locations?

a. southern cities close to production sites

b. coastal cities close to distribution ports

c. northern cities close to the U.S.

d. nearly the same in all of these locations

5. Mexico’s living standards stems in part from its colonization by Spain. When did Mexico gain independence from Spain?

a. early 1700s b. early 1800s

c. early 1900s d. late 1900s

6. The size of the U.S. Public Debt (gross total) is approximately what percentage of GDP currently?

a. 30% b. 60%

c. 90% d. 150%

7. The U.S. Public Debt refers to

a. the total amount of loans to the U.S. government

b. the total amount of money the Fed creates

c. the difference in government spending and revenues in a given year

d. none of the above

8. The “dependency ratio” has shifted from 1940 when Social Security initiated to levels projected for the 2020s. The ratios below that reflect these shifts are (apx)

a. 30:1 to 4:1 b. 10:1 to 2:1

c. 50:1 to 15:1 d. 3:1 to 1:1

9. Which describes the Social Security and Medicare systems in the US?  
a. personal accounts accrue over time out of which payments are made to workers who paid in to them

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

c. funding is in bad shape for the next 10 years but better over the years after that

d. all of the above

10. The fiscal issues projected for several U.S. states

a. are, in large part, due to defined benefit plans very similar to Social Security’s problems

b. are, in large part, due to tax rates that are much lower than other states not in such trouble

c. are, in large part, due to lack of ability to forecast the impact of a boom in birth rates

d. are, in large part, due to the ability of large states to capture most economic beneifts from small states

11. The problems facing the U.S. federal government over the next 10 years

a. the reflect the unwillingness to deal with Social Security and Medicare

b. reflect federal guarantees to states that are experiencing severe budget deficits

c. reflect the large size of projected federal deficits

d. reflect impact of baby boomers on federal government spending

12. It is often said that medical care markets just don’t work like other markets. Which of the following policies is part of the reason this is true?

a. restrictions on the new supply of physicians

b. tax laws that promote indirect payments for care

c. very large up-front costs for drug development and research

d. all of the above

13. The Gapminder graphics showed that health care spending as a percentage of GDP

a. tends to be higher in countries with larger populations

b. tends to be higher in countries with higher GDP per capita

c. tends to be higher in countries with higher infant mortality rates

d. all of the above

14. Relative to Canada, the U.S. has

a. many more doctors per capita b. many more MRI machines per capita

c. longer sugery waits d. all of the above

15. One piece of evidence of the higher quality of care received by populations of countries where spending on health care per capita is higher is

a. lower infant mortality rates b. longer life expectancy

c. availability of medical equipment d. all of the above

16. Insurance payments for medical care

a. are a good equivalent for access to care

b. accounted for only about one-third of payments 50 years ago

c. have increased in usage since 1940 in spite of tax treatment that benefits non-insurance payments

d. none of the above

17. Which of the following is accurate concering the impact of improvements in the quality of care and changes in life expectancy for men?

a. it has increased by about 2 years in the last 50 years

b. it has increased by about 5 years in the last 50 years

c. it has increased by about 9 years in the last 50 years

d. it has increased by about 15 years in the last 50 years

18. The term “third party payments” refers to payments

a. only when made directly to a doctor or hospital by a patient

b. only when made by an employer-directed insurance plan

c. only when made by a public insurance plan like Medicare

d. none of the above

19. One of the innovations in medical care that we discussed in the class PPT presentation was

a. diagnostic imaging replacing exploratory surgery

b. cancer drugs replacing radiation treatments

c. robotic artifical limbs replacing wooden ones

d. none of the above

20. The fact that medical care is actually a “luxury” (highly responsive to income) good is seen by

a. the size of expenditures as a percent of GDP in Mexico v. Russia

b. the size of expenditures as a percent of GDP in Greece v. Germany

c. the size of expenditures as a percent of GDP in the UK v. France

d. all of the above

21. Put A for your answer

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