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

1. The St. Louis Fed article presents a graphic showing that the size of the U.S. Public Debt held by the public (not including what is held by the government) is what percentage of GDP currently?

a. 25% b. 50%

c. 100% d. 200%

2. According to the St. Louis Fed article the “demographic time bomb” is

a. the increase in birth rates that is currently taking

b. the increase in immigration over the past 25 years

c. the increasing percentage of elderly in coming years due to the “baby boom” generation

d. none of the above

3. The “dependency ratio” refers to

a. the number of children relative to adults

b. the number of workers relative to retirees receiving government payments

c. the number of workers relative to the number of children

d. none of the above

4. 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

5. Which of the following would help resolve or diminish the Social Security & Medicare problems:

a. increases in life expectancy

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

c. increases in the share of national income going toward government spending

d. all of the above

6. The fiscal problems facing the U.S. over the next 10 years

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

b. reflect projected deficits of $500B to $1T per year

c. will be eliminated by raising income tax rates by about 5% per household

d. will likely result in an “inflation tax”

7. The federal “budget deficits” 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. In our class discussion of rising medical care prices and share of income devoted to medical care, we discussed several influences. One of these influences was

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

b. advances in quality of care

c. slow income growth

d. none of the above

9. The Minneapolis Fed article on medical care entitled “Life is Good” summarizes the results of research on U.S. medical care. On general conclusion from this research is

a. general practice care is cost efficient but not specialty care such as surgery

b. about half of the surgeries performed do not pass a cost-benefit test

c. the quality-adjusted price of care has actually fallen

d. treatment of individuals aged sixty and over is less cost efficient than treatment of younger people

10. 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 lower in countries with lower infant mortality rates

d. all of the above

11. 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. lower rates of heart disease

c. lower rates of obesity d. all of the above

12. Which of the following is accurate:

a. the term “third party payments” refers to payments by public or private insurance

b. increasing percentages of third party payments tends to increase use of medical care

c. restriction on entry into medical practice or treatment tends to increase prices

d. all of the above cases where a

13. The evidence on how medical expenditures differ across countries with large income differences and over long time spans indicates that

a. medical care is a “luxury” good

b. medical care is unlike any other good because the service rendered is “fuzzy”

c. medical care is higher quality where the share paid by government is higher

d. all of the above

14. Mexico’s GDP per capita is close to

a. Canada b. U.S.

c. Russia d. Nigeria

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. reliance on markets

d. none of the above

16. The basic economics of the drug-related violence can be described as

a. high demand, restricted supply, high prices, and competition for high profits

b. low demand, high supply, and competition for profits among violent groups

c. high levels of poverty, few natural resources, and few employment alternatives

d. negative effects of the NAFTA agreement of the early 1990s

17. From a macroeconomic perspective, the extreme violence of Mexican 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. The state-owned oil company in Mexico is

a. MEXOIL b. Banamex

c. CITGO d. none of the above

19. In part, the difference in U.S. and Mexican living standards stems from

a. differences in colonization practices of England and Spain

b. the ethnic similarities in Mexico but not in the U.S.

c. differences in the amount of coastline

d. none of the above

20. Both our class discussion and the video on the “Narco War” in Mexico highlighted the violence in which Mexican city?

a. Monterey b. Mexico City

c. Juarez d. Tamaulipas 21. Put A for your answer

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