

Spring 2019 semester

# 2/25: Economics warm up #1 (test grade)

Imagine you are traveling on a boat across the world with all of your possessions. Suddenly your boat is about to sink. You can only bring 10 items with you on a life boat to a deserted island. What 10 items will you bring to the island?

1.

5.

9.

2.

6.

10.

3.

7.

4.

8.

## 2/26, warm up question #2 (test grade)

Which of the following statements BEST defines scarcity?

- a) A condition that exists when tax revenue exceeds government expenditures
- b) A shortage of money to purchase goods and services
- c) A condition when marginal costs outweigh marginal benefits
- d) A basic condition that exists when unlimited wants exceed limited resources

## 2/28 warm up #3 (test grade)

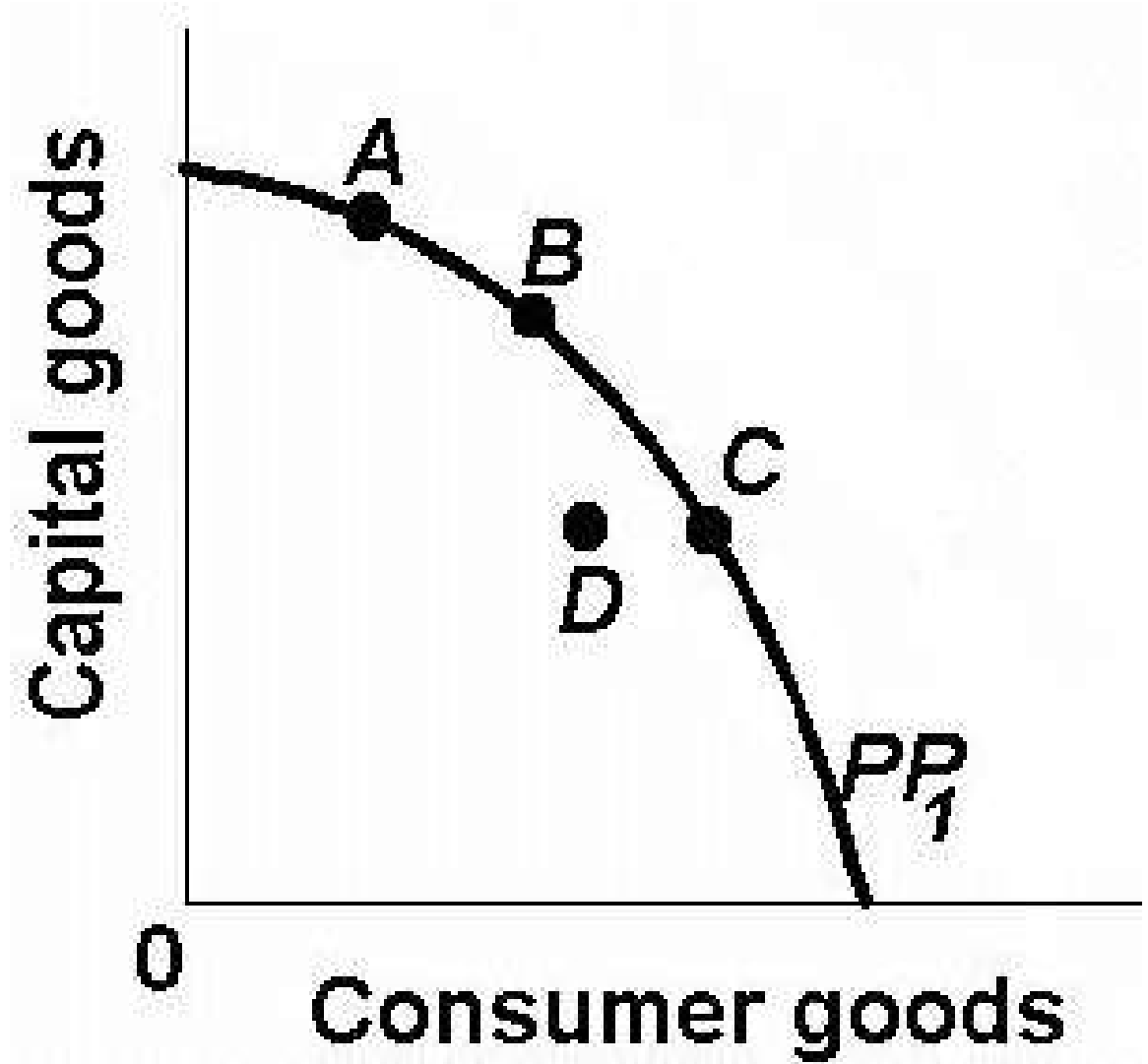
When making a rational decision, the

- a) Marginal benefits have to be less than the marginal costs
- b) Marginal costs have to be greater than the marginal benefits
- c) Marginal benefits have to be greater than the marginal costs
- d) Marginal costs have to be equal to the opportunity costs

## 3/1, warm up question #4 (draw and label graph)

What is the opportunity cost when going from point A to point C?

- a) capital goods
- b) consumer goods
- c) both capital and consumer goods
- d) none of the above



3/5/19

## warm up #5

Sarah has a cookie and Tom has an apple for a snack in their respective lunch bags. Sarah and Tom trade snacks. This is an example of voluntary exchange because

- a) Both parties benefitted
- b) They willingly traded for the item
- c) The teacher forced them to trade snacks at lunch
- d) Both of them felt they gained an item of greater value at the time
- e) Both A and B
- f) Both B and C
- g) A, B, and D
- h) A, B, C

## 3/7 warm up question #6 (test grade)

What is the relationship between specialization and voluntary exchange?

- a) Voluntary Exchange negates the need for specialization
- b) Voluntary Exchange causes specialization
- c) Specialization leads to a need for voluntary exchange
- d) Specialization exists because of voluntary exchange

## Warm up #7

(test grade)

Government agencies inspect restaurants on a regular basis to ensure the restaurants are obeying health and food safety regulations. What economic effect does this have on the restaurants?

- a) Restaurants make more profits because the government takes fewer taxes when they meet regulations
- b) More food is produced because the regulations make the restaurant more productive and efficient.
- c) They charge higher prices to cover the costs of the time and resources used in meeting the regulations



# Warm up question #8, 3/14

**When should this business stop hiring workers? A. 2 B. 3 C. 4**

# of workers	Marginal Cost (pay workers)	Marginal Benefit (profit earned from them)
1	\$500	-\$50
2	\$500	\$200
3	\$500	\$100
4	\$500	-\$50

3/15

warm up #9

Why do people save and invest their money?

- a) Pay off credit card debt
- b) Save money to extend their credit limit
- c) Retirement and future purchases
- d) Be prepared for high tax rates
- e) Be able to afford variable interest rates

3/15

warm up #10

How do banks earn profits?

- a) Have low interest charged on loans, pay high interest on customer deposits
- b) Have high interest charged on loans, pay low interest on customer deposits
- c) Charge simple interest on a loan
- d) Borrow money from the government to grow their balance sheet

## 3/19 warm up #11

Susan deposits money into her savings account, earning .5%. Later that week, she decides to take out a loan from her bank. Her interest rate on her loan will be \_\_\_\_\_ than .5%.

- a) Lower
- b) Higher
- c) The same

3/19 warm up #12

Who benefits from unanticipated inflation?

- a) Lenders
- b) Borrowers
- c) People on fixed incomes
- d) Low income earners

## Warm up question #13, 3/21/19

*-Have collateral*

*-Punctual payments*

*-Have steady income*

These factors will MOST LIKELY get you a

a) Low credit score, below 700

b) High credit score, above 700

c) High credit score, below 300

d) Low credit score, about 600

## Warm up question #14

Most insurance companies include a stipulated amount of money that the insured must pay when a claim is filed with the insurance company, which is called \_\_\_\_\_.

- a) Shared liability
- b) Deductible
- c) Premium
- d) Asset protection

3/25

warm up #15

Kelvin makes \$50K per year and Kirby makes \$30K per year. Kelvin pays a higher average tax rate on his income than Kirby. This infers that the income taxes are

- a) Regressive
- b) Proportional
- c) Progressive
- d) Marginal



3/25

## warm up #16

Bank 1	7.5% APR	\$40 annual fee
Bank 2	19% APR	\$0 annual fee
Bank 3	22% APR	\$20 annual fee
Bank 4	0% APR	\$100 annual fee

Assuming you pay off your credit card each month, which credit card would you sign up for?

A. Bank 1

B. Bank 2

C. Bank 3

D. Bank 4

3/25

warm up #17

Typically, as risk of losing money on an investment increases

- a) The chance of getting a greater return decreases
- b) People put more money in that investment
- c) There is less incentive to put money in that investment
- d) The chance of getting a greater return increases

## Warm up #18, 3/26/19

When you buy insurance you have a trade off between your deductible and premium. If you have a \_\_\_\_\_ deductible, the insurance company makes you pay for the risk with a \_\_\_\_\_ premium.

- a) High; low
- b) Low; high
- c) High; high
- d) Low; low

warm up question #19

In the \_\_\_\_\_ market, businesses purchase factors of production. In the \_\_\_\_\_ market, households purchase finished goods and services.

- a) Product; Factor
- b) Government; Product
- c) Factor; Product
- d) Factor; Government

## 3/29/19 warm up question #20

The market clearing price, or equilibrium price, is the point at which supply equals demand. If the government sets a price above the equilibrium, it creates a \_\_\_\_\_. If the price is set below the equilibrium, it creates a \_\_\_\_\_.

- a) Surplus; shortage
- b) Shortage; surplus
- c) Surplus; surplus
- d) Shortage; shortage

warm up #21 (23 days until the EOC)

A market structure that has little control over price and requires a lot of advertising because there are many firms that sell a similar products (like clothing stores) is

- a) Monopolistic competition
- b) An Oligopoly
- c) A Monopoly
- d) Perfect Competition

4/12 warm up #22 (20 days left until the EOC)

The RELIANCE on one another to provide the goods/services that people need:

- a) Factor market
- b) Economic interdependence
- c) Businesses
- d) Law of Demand

## Warm up #23

If there is an increase in the number of sellers in a market, we would expect

- a) Supply to decrease
- b) Supply to increase
- c) Supply to remain unchanged
- d) Supply could increase or decrease



## Warm up #24

When buyers and sellers interact in the market, what is the result?

- a) Fewer goods are produced because buyers own all that they want
- b) Equilibrium quantities are determined, but prices are set by the government
- c) Usually a market clearing price is determined

## 4/15 warm up #25

Which of the following is TRUE about GDP?

- a) It measures inflation; it includes consumer spending, government spending, and net imports
- b) It measures economic growth; it includes consumer spending, government spending, capital investments, and net imports
- c) It measures economic growth, it includes consumer spending, government spending, capital investments, and net exports

## Warm up question #26, 4/17/19

Which of the following would economists consider a healthy economy?

- a) 2% inflation, 10% unemployment, 3% GDP growth
- b) 5% inflation, 5% unemployment, 2% GDP growth
- c) 2% inflation, 4% unemployment, 80% GDP growth
- d) 2% inflation, 4% unemployment, 3% GDP growth

## Warm up #27

What impact does expansionary fiscal policy have on GDP, Aggregate Demand, Unemployment, and CPI?

- a) GDP goes up, AD goes up, Unemployment goes down, CPI goes up
- b) GDP goes up, AD goes up, Unemployment goes up, CPI goes down

**If the economy is experiencing a long recession or trough, which action might the Federal Reserve take?**

- a) Expansionary monetary policy- increase the money supply, which raises interest rates and boosts spending**
- b) Expansionary monetary policy- increase the money supply, which lowers interest rates and boosts spending**
- c) Contractionary monetary policy- lower the money supply, which lowers interest rates and boosts spending**

Warm up #29 (7 days left until the EOC!!!)

The Federal Reserve impacts \_\_\_\_\_ . If they go up, it is \_\_\_\_\_ to borrow money from banks.

- a) Savings accounts; less expensive
- b) Interest rates; more expensive
- c) Interest rates, less expensive

## Warm up #30 (last warm up, turn in for test grade)

Which of the following scenarios BEST describes a positive incentive?

- a) The FED raises interest rates in order to boost consumer borrowing and spending
- b) Congress and the President raises corporate taxes so more workers can be hired
- c) Businesses lower prices to try and boost consumer demand
- d) The U.S. raises tariffs on Chinese imports to allow for more products to reach American households