

Name _____

Current Events Quiz 2

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) According to SmartMoney 1) _____
A) Banks will no longer allow you to take out cash
B) Banks will start making all debit accounts free
C) Banks will begin charging extra for debit card use
D) Banks will start selling gas in the teller lines
- 2) New research on utilitarianism at Cornell is being done by asking research subjects 2) _____
A) If they gain more utility from eating burgers or pizzas
B) If they equate their marginal utilities with relative price ratios
C) If they gain utility from the Obama administration
D) If they would be willing to kill one person in order to save five
- 3) According to The Economist when democracy increases, gender inequality _____ Which shows 3) _____
these two have a _____ relationship
A) decreases, negative
B) increases, negative
C) decreases, positive
D) increases, positive
- 4) Since the recession, average income has decreased for many Americans. Using the chart below 4) _____
what can you say about the income elasticity of demand for branded label cleaning products



- A) It is positive implying that they are inferior goods
B) It is positive implying that they are normal goods
C) It is negative implying that they are inferior goods
D) It is negative implying that they are normal goods

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 5) In the "Beer Recession" article, the author points out that less people drink at bars now that their income is lower. Hence, drinking at bars must be an inferior good. 5) _____
- 6) Recent talks in Washington are leaning toward trade sanctions against China because they are keeping their currency artificially low. 6) _____
- 7) According to the signs outside Chinese schools tobacco helps you become talented. 7) _____
- 8) Bonus Question: According to the Planet Money podcast Henry Ford drew his final push to build cars from Thomas Edison at a dinner. 8) _____

SHORT ANSWER/GRAPHING. Write your answer in the space provided.

- 9) According to the Wall Street Journal household disposable income has been falling. At the same time though, the amount of TV sets per household has risen. What can you say about TV consumption?
hint: normal/inferior, substitutes/compliments

- 10) The price of castles has fallen dramatically. Assuming that the supply of castles is inelastic use a supply and demand graph to show this.

- 11) Which article or podcast since the last CE quiz has been your favorite and why?