Name ____________________

CWID ____________________

Credit Card # and expiration date ________________________________

*Answer questions 1-38 on an orange scantron.*

*Answer questions 39-40 on the last page of this exam booklet.*

*Make sure you turn in your cheat sheet, with your name clearly legible on the back of it.*

There are forty questions on this exam, each worth one point.

Make sure you indicated your full, proper name on the orange scantron—the same name OSU has on records for you. Make sure you indicate with a bubble the empty spaces between your names.

But most of all, make sure your CWID is perfectly accurate. Five percentage points off if you get your CWID wrong.
(1) [From (1) Welcome to agricultural economics] How did the ancient Greeks respond when their population increased faster than their food supply?
   a. Human sacrifices to the pagan gods
   b. Selling many of their slaves to the Persians
   c. Recruiting / forcing some Greeks to leave and establish Greek colonies
   d. Government prohibitions on families from raising more than one daughter
   e. All of the above

(2) [From (1) Welcome to agricultural economics] Which of the following American products are legal to consume in North Korea, to help them deal with food shortages?
   a. Grits
   b. Gone With The Wind (movie and book)
   c. E-cigarettes
   d. The Civil War, a documentary by Ken Burns
   e. All of the above

(3) [From (1.a) What is economics? and/or Homework 2] Economics is largely the study of how people interact with _______________ to create wealth.
   a. Strangers and acquaintances
   b. Family and friends
   c. Other nationalities
   d. Machines and computers
   e. Aliens

(4) [From (1.a) What is economics? and/or Homework 2] Economics is particularly interested in making what is in the individuals' self-interest also in the interest of _______________.
   a. family and friends
   b. future generations
   c. their future self
   d. society
   e. aliens

(5) [From (1.a) What is economics? and/or Homework 2] Virtually all of the famines occurring in the last 200 years were caused by
   a. Drought
   b. Bad government
   c. Enormous pest infestations
   d. Flooding
   e. Aliens
(6) **[From (1.a) What is economics? and/or Homework 2]** As the world population has risen dramatically in the last century, the price of agricultural products like cattle and wheat have
   a. Fallen
   b. Risen
   c. Remained about the same
   d. Risen for the first 90 years, but fallen in the last 10-20 years
   e. Aliens

(7) **[From (1.a) What is economics? and/or Homework 2]** Which of the following (according to economists) best describes human desires
   a. We always want more; there is never enough
   b. We always want more stuff, but we want to work for it (to earn it)
   c. We not only want consumer goods but human connections and a meaning to life
   d. Of the options a, b, and c, two are correct but one is incorrect
   e. Of the options a, b, and c, all are correct

(8) **[From (1.a) What is economics? and/or Homework 2]** Modern agriculture is industrial, formed by combining the Agricultural Revolution occurring around _______ and the Industrial Revolution of the 18\textsuperscript{th} and 19\textsuperscript{th} centuries.
   a. 15,000 BC
   b. 12,000 BC
   c. 9,000 BC
   d. 60,000 BC
   e. 3,000 BC

(9) **[From (1.b) Harmonizing individual and social interests? and/or Homework 3]** Who became the father of modern economics when he published his 1776 book *The Wealth of Nations*?
   a. Adam Smith
   b. David Hume
   c. Frederick Bastiat
   d. Generiat Ricardo
   e. None of the above

(10) **[From (1.b) Harmonizing individual and social interests? and/or Homework 3]** Why did the American buffalo almost become extinct whereas cattle populations have always remained healthy?
   a. Cattle, being domesticated animals, are more immune to various diseases
   b. Cattle did not have to search for new grasslands, whereas buffalo must travel great distances to find new foodstuffs.
   c. Cattle producers occasionally bring in new breeding stock, thereby providing more genetic diversity in their herds; this did not occur with buffalo.
   d. Starting in the 19\textsuperscript{th} century, demand for beef skyrocketed whereas demand for buffalo hides plummeted.
   e. None of the above.
(11) [From (1.b) Harmonizing individual and social interests? and/or Homework 3] When former Venezuelan president and strongman Hugo Chavez nationalized private farms, what happened to agricultural production?
   a. It fell, as people were no longer rewarded for producing more food, so they elected not to work as hard.
   b. It rose, as former farmers were forced to work as laborers on the farm and forced to work very long hours.
   c. Agricultural production remained about the same, as the farms were only nationalized officially; in reality the farmer still had control over the farm and all its profits.

(12) [From (1.b) Harmonizing individual and social interests? and/or Homework 3] In the 1980s in Uzbekistan, natural gas (like, for cooking on stoves) was free but matches were rationed and scarce. How did this effect consumption of natural gas?
   a. Consumption fell, as people often had no matches (or any other device) to light the stove.
   b. Consumption rose, as people decided to just leave their stoves burning all the time, fearful they would not have matches when they need to cook.
   c. Consumption remained the same, as they found many other ways to light a stove other than matches.

(13) [From (1.b) Harmonizing individual and social interests? and/or Homework 3] If the government allowed student debt to be forgiven when a person goes bankrupt, how did we say in class this can harm students?
   a. It encourages students to go bankrupt rather than work hard to pay off their loans.
   b. It discourages people from lending students money to attend college.
   c. It prevents college graduates from using student loans as collateral when taking out a loan.
   d. It increases the demand for student loans, which pushes down interest rates.
   e. All of the above.

(14) [From (1.b) Harmonizing individual and social interests? and/or Homework 3] Is this Adam Smith (see below)?
   a. Yes
   b. No
(15) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] This curve depicts the various combinations of goods a nation can produce.
   a. Trade Isoquant Possibility Curve
   b. Maximum Frontier Production
   c. Isoquant Production Contour
   d. Production Possibilities Frontier
   e. None of these

(16) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] The curve depicting the various combinations of goods a group can produce is $grain = 20 - 2(salmon)$. What is the opportunity cost of grain production?
   a. 2 salmon
   b. 1/2 salmon
   c. 1 grain
   d. -1 salmon
   e. -2 grain

(17) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] The curve depicting the various combinations of goods a group can produce is $grain = 100 - 1/5(salmon)$. What is the opportunity cost of salmon production?
   a. 1/5 grain
   b. 5 grain
   c. 2 salmon
   d. -5 salmon
   e. 3 grain

(18) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] A clan can either fish for salmon or farm for grain. For every hour spent fishing it can catch 10 salmon, and for every hour spent farming it can produce 5 grain. What is the opportunity cost of grain production?
   a. 10 salmon
b. 1/10 salmon
c. 2 salmon
d. 2 grain
e. 20 salmon

(19) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] The opportunity cost of meat production is 10 veggies for the U.S. and 5 veggies for the EU. If the U.S. and EU engage in trade, how much meat will the U.S. produce?
   a. The maximum amount it can possibly produce.
b. Some meat, but not the maximum amount.
c. No meat, it will produce only veggies.
d. Twice the amount of veggies it produces.
e. None of these.

(20) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] A group that can produce a good at the lowest opportunity cost has a(n) ____________ advantage in that good.
   a. comparative
   b. absolute
   c. relative
   d. economic
e. None of these.

(21) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] Suppose that, initially, the US and EU do not engage in trade. In autarky, the U.S. produces and consumes 2,000 Meat and 4,000 Veggies, while the EU produces and consumes 3,000 Meat and 4,000 Veggies. Once they engage in trade, the US produces 9,000 Veggies and no Meat, while the EU produces no Veggies and 6,000 Meat. If the U.S. and EU traded 4,000 Veggies for 2,000 Meat, are both countries are made unambiguously better off?
   a. Yes
   b. No
   c. They are neither better off nor worse off
   d. Impossible to tell

(22) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] Why do anti-globalization protestors oppose liberalizing trade between countries?
   a. Because they believe PPF curves are not linear
   b. Because they do not believe in the concept of comparative advantage
   c. Because they believe PPF curves are nearly identical in all countries
   d. Because they believe trade negotiations create political tensions that may lead to war.
   e. None of these.

(23) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4] Trade between countries is a blessing, in that it allows both countries to consume more goods than they ever could in isolation.
   a. True
b. False

(24) [From (2.b.i) The Bounty of Trade and/or Homework 5] Which of the following are reasons why countries engage in trade?
   a. To acquire certain goods the countries could never produce in isolation.
   b. To acquire more goods through comparative advantage.
   c. To acquire more goods through division-of-labor and economies-of-scale.
   d. a and b
   e. a, b, and c

(25) [From (2.b.i) The Bounty of Trade and/or Homework 5] Studies have shown that a large brewery can produce a single beer at half the cost of a smaller brewer. That larger brewery displays
   a. Scale-extensive networks
   b. Economies-of-scale
   c. Division-of-accounting
   d. Division-of-scale manifestations
   e. All of the above

(26) [From (2.b.i) The Bounty of Trade and/or Homework 5] If there are 100 goats to milk and Robinson and Friday split the goats in half, each performing all the tasks necessary to acquire milk from 50 goats, that is an example of division-of-labor.
   a. True
   b. False

(27) [From (2.b.i) The Bounty of Trade and/or Homework 5] Becoming a big cotton farmer can sometimes reduce the per bale cost of cotton production partly because a big farmer can better afford expensive machines and new technology.
   a. True
   b. False

(28) [From (2.b.i) The Bounty of Trade and/or Homework 5] Trade with another country gives a company a larger potential base of customers, allowing it to increase production and thereby reduce its average cost of production.
   a. True
   b. False

(29) [From (2.b.i) The Bounty of Trade and/or Homework 5] The French economist Bastiat described the benefits of division-of-labor when he asked, “And will you have a work better done when the workman has many occupations, or when he has only one?
   a. True
   b. False

(30) [From (2.b.i) The Bounty of Trade and/or Homework 5] The northeastern colonies of the present-day U.S. attempted to produce and export rum, but they failed because their climate and natural resources did not give them a comparative advantage in rum production.
   a. True
   b. False
(31) [From (2.b.i) The Bounty of Trade and/or Homework 5] The economist Bastiat once said, “Human life is constituted by the harmonious exchange of benefits, and is held fast in a pact of mutual assistance not by fear but by mutual affection.”
   a. True
   b. False

(32) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] A region should always try to export more than it imports.
   a. True
   b. False

(33) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] When a region exports food it causes currency to flow ______ the region, and when they import food it causes currency to flow ______ the region.
   a. out of; out of
   b. into; into
   c. out of; into
   d. into; out of
   e. None of these

(34) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] If a region attempts to export but not import, currency will flow out of the region and a surplus of goods will accumulate. This causes prices within the region to fall.
   a. True
   b. False

(35) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] Locavores like John English argue that buying local food stimulates the local economy because the dollar spent on food is passed from one person to the next, creating a multiplier effect.
   a. True
   b. False

(36) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] Mr. English’s multiplier argument is invalid because it doesn’t account for the fact that
   a. Some people in the local economy will decide to save—not spend—the dollar they receive.
   b. Local expenditures are typically taxed at a higher rate than commerce between regions.
   c. Reducing imports into a local economy will also reduce exports out of the local economy.
   d. The multiplier argument only works when the local economy has a comparative advantage over adjacent economies.
   e. a and d

(37) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] The local foods movement could have some benefits if
   a. Citizens swear they will never import anything, regardless of how prices differ between the local and non-local community.
b. The price of environmental pollution was accounted for within the price of non-local foods.
c. Local food purchases don’t just happen for foods a region can produce well, but also those goods it cannot produce well.
d. The movement causes a cultural change where people think more about the foods they eat, and in the process eat better.
e. All of the above.

(38) [From (2.b.ii) David Hume meets a locavore and/or Homework 6] This is what David Hume looks like.
   a. True
   b. False
(39) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4]
What is the formula for the U.S. curve below?

Beer = ________ + _________(Sugar)

(40) [From (2.a) Comparative Advantage and Gains From Trade and/or Homework 4]
What is the formula for the Texas curve below?

Beer = ________ + _________(Sugar)