

My rough guideline is 1 point a minute. On the midterm, I will give you some choice of questions. The practice quiz should take you about 2 hours. The real one will be about an hour so there will be fewer questions.

I. Answer the following questions True, False or Uncertain and *briefly explain*. If it is true, explain why it is true. If it is false, explain why it is false. If it is true under some circumstances and false in others, explain what it is that makes this the case. (6 points each)

1. If an investment costs \$100 today and the benefit one period into the future is \$110, then it is an investment worth making.
2. Pareto efficiency means that production costs are low.
3. The area under a marginal cost curve is the average cost.
4. Consumer surplus means that producers are asking too little.
5. Moral relativism means that you absolutely treat your family well.
6. Jeremy Bentham is the name of a rock musician who said, "Every man for himself."
7. Economics is the "dismal science" because it is so hard.
8. Adam Smith's "invisible hand" means that people need to be guided by someone so as to help others.
9. A public good is a good anyone can buy.
10. Government intervention in markets makes them more efficient.

II. Short answers. Each question is worth 20 points.

1. If everyone is treated equally, that is fair.
2. Rawls argues that society will choose to maximize the well-being of the poorest person. Explain. Do you agree?
3. Businessmen should be socially responsible. Discuss.