

MGMT 704: Economics for Managers
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Third Quiz

Name: _____

This is a true-false and why examination with each question worth five points. There is one point for the correct response and four points for the correct reason(s). Be brief, but not vague. Feel free to illustrate your answer with a graph. However, each answer should include a sentence. **Include a definition of all the underlined economic terms in your answers.** If you find any of these questions confusing or ambiguous, do not hesitate to ask me for clarification.

T F 2. Most competitive firms could be monopolists if they just tried harder.

T F 2. In the long run, monopolistically competitive firms are no more profitable than competitive firms.

T F 3. Transfer payments are an important part of the government component of gross domestic product.

T F 4. The inflation rate tends to have an effect on market (nominal) rates of interest.

T F 5. An investment tax credit would be expected to increase the interest rate and the quantity of loanable funds available in the loanable funds market.