

# Midterm exam persuasive essay



**ASSIGN  
BUSTER**

What went wrong with Saturn? Answer Saturn sold cars below the prices of Honda or Toyota, earning a low 3% rate of return. Saturn sold cars below the prices of Honda or Toyota, earning a low 3% rate of return. Question 3 Economic profit is defined as the difference between revenue and . Answer total economic cost Question 4 The primary objective of a for-profit firm is to maximize shareholder value Which of the following will increase (VOW), the shareholder wealth minimization model of the firm:  $VOW(\text{shares outstanding}) = \sum_{t=1}^n \frac{C_t}{(1+k)^t} + \text{Real Option Value}$ .

Answer Decrease the required rate of return ( $k$ ). Question 6 0 out of 4 points The moral hazard in team production arises from lack of proper assignment of individual tasks a conflict between tactically best interest and one's duty Question 7 will be projects with Answer high risk Question 8 The approximate probability of a value occurring that is greater than one standard deviation from the mean is approximately (assuming a normal distribution) Answer 15. 7% Question 9 coefficient of variation; standard deviation; expected value Correct Answer: efficient of variation; standard deviation; expected value Question 10 The level of an economic activity should be increased to the point where the zero.

Answer net marginal benefit Question 11 is A change in the level of an economic activity is desirable and should be undertaken as long as the marginal benefits exceed the marginal costs Question 12 The standard deviation is appropriate to compare the risk between two investments only if Answer the expected returns from the investments are approximately equal Correct Answer: the expected returns from the investments are approximately equal

Question 13 Songwriters and composers pressure music companies to lower the price for music downloads because Answer songwriter royalties are a percentage of sales revenue Question 14 The factor(s) which cause(s) a movement along the demand curve include(s): Answer decrease in price of the good demanded Question 15 Those goods having a calculated income elasticity that is negative are called: Answer inferior goods An increase in each of the following factors would normally provide a subsequent increase in quantity demanded, except: Answer level of competitor advertising

Question 17 Which of the following would tend to make demand INELASTIC? No one really wants the product at all the proportion of the budget spent on the item is very small When demand is a percentage change in is exactly offset by the same percentage change in demanded, the net result being a constant total consumer expenditure.

Answer unit elastic; price; quantity Question 19 Auto dealers slash prices at the end of the model year in response to deficient demand/excess inventory but restaurants facing the same problem slash production because Answer rice elasticity of supply in autos is smaller than the absolute value of price elasticity of demand but the reverse is true for restaurants Correct Answer: of demand but the reverse is true for restaurants In regression analysis, the existence of a significant pattern in successive values of the error term constitutes: Answer autocorrelation Question 21 In regression analysis, the existence of a high degree of intercalation among some or all of the explanatory variables in the regression equation constitutes.