

### Some Questions for the Final Exam

A. Two of the following six questions will be selected randomly for the final exam.

- 1) Pick a particular labor market, for example a particular occupation or profession. For your example, do you think that it operates competitively? Do you think that this labor market has the “right” level of wages and number of workers? Why or why not?
- 2) The U.S. used to have a draft that was phased out in the early 1970s in favor of an all-volunteer armed forces; other countries still have compulsory service, often for all young people (or all young men). Discuss the pros and cons of having a draft vs. having universal compulsory service vs. having an all-volunteer armed forces, using economic reasoning.
- 3) You serve as an economic policy advisor to President Obama. He asks your advice as to how to reduce the federal government deficit. What is your advice, and why?
- 4) In what ways are natural disasters bad for a country? Are there ways in which natural disasters can actually be good in the longer run for a country? What do you think will happen to Japan’s GDP this year relative to what it would have been if the earthquake and tsunami had not happened? What do you think its GDP will be in ten year’s time relative to what it would have been if the earthquake and tsunami had not happened?
- 5) Does your country (the US, or another country you are more familiar with), in your view, have an appropriate income distribution? If no, what do you think should be done, and why? If yes, why do you think it is appropriate?
- 6) Discuss some of the ways in which a country can intervene in international trade and in the market for its currency. When, if ever, is it justified for countries to intervene in these ways? Why does China intervene in the market for its currency?

B. One of the following three questions will be selected randomly for the final exam. In all cases, having original answers (as opposed to the same answers that everyone else might give) is desirable.

- 1) For each of the following cases, give an example and explain why it is a good example of the category: first-degree price discrimination; second-degree price discrimination; third-degree price discrimination.
- 2) For each of the following cases, give an example and explain why it is a good example of the category: a perfectly competitive industry; a monopolistically competitive industry; an oligopolistic industry.
- 3) For each of the following cases, give an example and explain why it is a good example of the category: a private good; a club good; a common good; a public good.