**Ch18 Public Economy**

**Multiple Choice Questions**

**1.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are numerically small, but well organized groups that are able to exert a disproportionate effect on political outcomes.

A. Bipartisan reform organizations

B. Special interest groups

C. Social scientists organizations

D. Bipartisan campaign reformers

Answer: B Reference:

Explanation:

Type: Multiple Choice

**2.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a particular type of spending that mainly benefits a single political district.

A. Logrolling

B. Special interest spending

C. Pork-barrel spending

D. An appropriate spending program

Answer: C Reference:

Explanation:

Type: Multiple Choice

**3.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ occurs when a group of legislators all agree to vote for a package of otherwise unrelated laws that they individually favor.

A. Pork-barrel spending

B. Logrolling

C. Competitive spending

D. Politically conservative spending

Answer: B Reference:

Explanation:

Type: Multiple Choice

**4.** The absence of which of the following best explains why government agencies are slower to correct mistakes than private firms.

A. imperfect information

B. discrimination in wealth distribution

C. monopoly over the economy

D. competition or a threat of new entry

Answer: D Reference:

Explanation:

Type: Multiple Choice

**5.** In presidential elections over the last few decades, about \_\_\_\_\_\_\_\_\_\_\_\_ of voting-age citizens actually turned out to cast their votes.

A. 55–65%

B. 45-50%

C. 30-45%

D. 70-75%

Answer: A Reference:

Explanation:

Type: Multiple Choice

**6.** In \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, when there is no president race, the voter turnout is typically \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. Senate elections; more than half of eligible voters

B. Congressional elections; more than half of eligible voters

C. Congressional elections; less than half of the eligible voters

D. Senate elections; less than half of eligible voters

Answer: C Reference:

Explanation:

Type: Multiple Choice

**7.** The theory of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ holds that people won’t bother incurring the costs of becoming informed and voting, because they know that their vote \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. rational ignorance; won’t be decisive in the election

B. imperfect competition; has little impact on election outcomes

C. inequality of incomes; won't be decisive in the election

D. democracy by majority rule; won't impact election outcomes

Answer: A Reference:

Explanation:

Type: Multiple Choice

**8.** Which of the following is not one of the proposals that have been offered to encourage greater voter turnout?

A. making it easier to register to vote

B. keeping the polls open for more hours

C. moving election day to a weekend

D. tax incentives for active voters

Answer: D Reference:

Explanation:

Type: Multiple Choice

**9.** The problem of special interests in politics can be related to an economic policy problem called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. pork-barrel spending

B. regulatory capture

C. logrolling

D. imperfect competition

Answer: B Reference:

Explanation:

Type: Multiple Choice

**10.** U.S. voting statistics show that elderly citizens donate both money and time to political campaigns. In the 2012 presidential election, \_\_\_\_\_\_\_\_\_\_\_ of those over age 65 voted, while just \_\_\_\_\_\_\_\_\_\_\_ of the remainder of the voting age population cast a ballot.

A. 75%; 68%

B. 44%; 20%

C. 70%; 49%

D. 50%; 30%

Answer: C Reference:

Explanation:

Type: Multiple Choice

**11.** Legislators who focus on local spending projects for their own district typically show a lack of sufficient concern for

A. meeting the demands of special interest groups.

B. spending in the interest of the nation as a whole.

C. law and non-market based economics.

D. the prevalence of voting cycles.

Answer: B Reference:

Explanation:

Type: Multiple Choice

**12.** In some instances where voters have more than two choices in a democratic election, the principle that the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ will decide the outcome may no longer make logical sense.

A. majority of voters

B. under-educated voters

C. economically challenged

D. eligible voters

Answer: A Reference:

Explanation:

Type: Multiple Choice

**13.** In Canada, voters typically choose between three or more candidates in an election, which can lead to situations where

A. actors in the political system are presumed to follow their own self-interest.

B. there will be a disproportionately large impact on conservative politicians.

C. there will be a disproportionately large impact on liberal politicians.

D. it becomes impossible for the majority to decide who it prefers.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**14.** U.S. presidential elections over the last few decades have typically involved \_\_\_\_\_\_\_\_\_\_\_\_\_ of voting-age citizens actually participating by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to vote.

A. 75-80%; joining a political party

B. 65-75%; registering

C. 55–65%; exercising their right

D. 40-55%; getting out

Answer: C Reference:

Explanation:

Type: Multiple Choice

**15.** The political systems in most Latin American nations differ from the political system in the United States because most Latin American nations

A. have laws that require voting.

B. have laws requiring voters to cast informed votes.

C. are not recognized as democracies ruled by electoral majorities.

D. are ruled by dictatorships.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**16.** Since the 1980s, national elections in Germany, Spain and France have all recorded \_\_\_\_\_\_\_\_\_\_\_\_\_\_ than was recorded for presidential elections in the United States.

A. lower voter participation

B. higher voter participation

C. a 50% higher number of votes cast

D. a 50% lower number of votes cast

Answer: B Reference:

Explanation:

Type: Multiple Choice

**17.** At the time the United States was formed, mandatory voting was required in each of the following states with one exception. Which one is it?

A. Virginia

B. Maryland

C. Alabama

D. Delaware

Answer: C Reference:

Explanation:

Type: Multiple Choice

**18.** What American economist wrote "An Economic Theory of Democracy" in which it is stated: "It seems probable that for a great many citizens in a democracy, rational behavior excludes any investment whatever in political information per se."

A. B.F. Skinner

B. Adam Smith

C. F. Scott Fitzgerald

D. Anthony Downs

Answer: D Reference:

Explanation:

Type: Multiple Choice

**19.** In a 1948 novel titled "Walden II", one of the characters states: "The chance that one man’s vote will decide the issue in a national election...is less than the chance that he will be killed on his way to the polls." This statement addresses

A. why laws against pork-barrelling and logrolling cannot be legislated.

B. why the United States spends too much money on elections.

C. why the margin of victory in elections is measured in hundreds, thousands, and millions of votes.

D. why a utility-maximizing person may rationally decide not to vote or become informed about elections.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**20.** Pork-barrel spending can be thought of as another case where democracy is challenged by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. specials interest groups; disconnected voters

B. concentrated benefits; widely dispersed costs

C. conventional wisdom; lawyers and judges

D. higher income earners; low-educated individuals

Answer: B Reference:

Explanation:

Type: Multiple Choice

**21.** Research on voting behavior in the U.S. has shown that, on average, people who are more \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ tend to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. involved with a political party; vote more frequently

B. connected to society; vote more frequently

C. conservative; vote less frequently

D. liberal; vote less frequently

Answer: B Reference:

Explanation:

Type: Multiple Choice

**22.** In the United States, which of the following would be most likely to participate in an election by informing themselves and casting their vote?

A. single people

B. newcomers

C. the employed

D. the socially isolated

Answer: C Reference:

Explanation:

Type: Multiple Choice

**23.** Why are politicians more likely to focus their political actions on individuals with higher incomes and higher levels of education?

A. research shows this group has greater informed voter participation

B. research shows this group has a higher percentage of conservatives

C. research shows this group has a higher percentage of liberals

D. research shows members of this group have employment concerns

Answer: A Reference:

Explanation:

Type: Multiple Choice

**24.** In the U.S., why is figuring out a way of strengthening people’s feeling of connectedness to society still an issue of importance?

A. it will make it easier for people to register to vote

B. keeping the polls open longer will create more jobs

C. other proposals offered have failed to substantially increase voter turnout

D. those who vote tend to be more supportive of quality public education

Answer: C Reference:

Explanation:

Type: Multiple Choice

**25.** A problem may arise when politicians are elected by the votes of 60% or less of the population, because these politicians may not enact

A. legislation that is focused on numerically small special interest groups.

B. economic policy in the best interests of 100% of the population.

C. public policies that fail to benefit social surplus.

D. pork-barrel legislation using logrolling.

Answer: B Reference:

Explanation:

Type: Multiple Choice

**26.** When the U.S. Congress begins to draft laws and regulations that attempt to reduce the harmful effects of environmental pollution, industry lobbyists will

A. study every word and comma.

B. suggest alternate wording.

C. often contribute to campaigns of legislators on key committees.

D. do all of the above in order to influence legislation in their favour.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**27.** The government has decided to impose a pollution tax on coal burning power plants in an attempt to reduce harmful emissions. The new tax will cost the 20 largest industrial carbon emitters $6 million annually. In terms of reduced emissions, the annual tax benefits are valued at $20 per person. 100 million people are directly affected by emissions from these plants. The total annual cost of this tax is \_\_\_\_\_\_\_\_\_\_\_, while the total annual benefit to society is \_\_\_\_\_\_\_\_\_\_\_\_.

A. $60 million, $2 trillion

B. $60 million, $1 trillion

C. $120 million, $1 trillion

D. $120 million, $2 trillion

Answer: D Reference:

Explanation:

Type: Multiple Choice

**28.** The government is imposing an industrial pollution tax in an attempt to reduce carbon emissions. The cost of the tax to five major companies in the oil refining industry will be $50 million annually. In terms of reduced emissions, the annual benefits of the tax are valued at $10 per person. There are 125 million people directly affected by emissions from oil refineries owned by these companies. The total annual cost of this tax is \_\_\_\_\_\_\_\_\_\_\_ while the total annual benefit to society is \_\_\_\_\_\_\_\_\_\_\_.

A. $250 million; $1.25 trillion

B. $500 million; 1.5 trillion

C. $250 million; $1.5 trillion

D. $500 million; $1.25 trillion

Answer: A Reference:

Explanation:

Type: Multiple Choice

**29.** The government wants to enact tax legislation aimed at reducing increasing discharge levels of toxins into municipal waste water systems. The annual cost of the tax to the 100 worst industrial polluters will be $5 million each. The annual benefits of the tax, in terms of reduced toxin levels in water systems, are valued at $25 per person. There are 300 million people directly affected by the 100 worst industrial polluters. The total cost of this tax is \_\_\_\_\_\_\_\_\_\_\_ while the total benefit to society is \_\_\_\_\_\_\_\_\_\_\_.

A. $125 million; $1.5 trillion

B. $125 million; $7.5 trillion

C. $500 million; $7.5 trillion

D. $500 million; $1.5 trillion

Answer: C Reference:

Explanation:

Type: Multiple Choice

**30.** Political institutions play a role in allocating the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and economists have played an active role along with other social scientists in analyzing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. scarce resources of society; how such political institutions work

B. single political district spending; the impossibility of the majority deciding what it prefers

C. resources to pork barrel projects; the impossibility of deciding on spending limits

D. funding to 51 tuition-free colleges and universities; disadvantages of price controls

Answer: A Reference:

Explanation:

Type: Multiple Choice

**31.** Australian law may require people to vote, but mandatory voting laws are unlikely to mean that each vote cast in an election \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. will matter less than it does in a free society

B. is worth the loss of freedom not to vote

C. will be an informed or a thoughtful vote

D. was cast by voters who don't care who wins

Answer: C Reference:

Explanation:

Type: Multiple Choice

**32.** The $5.8 billion spent on political campaigns in the United States in 2012 represents roughly \_\_\_\_\_\_\_\_\_\_\_\_\_ of the nation's overall economy.

A. 1/10 of 1%

B. 1/15 of 1%

C. 1/20 of 1%

D. 1/25 of 1%

Answer: D Reference:

Explanation:

Type: Multiple Choice

**33.** In 2009, total federal and state government spending was about $5.1 trillion and the cost of choosing politicians to determine how this money would be spent amounted to roughly \_\_\_\_\_\_\_\_\_\_\_\_\_ of government spending.

A. 1/10 of 1%

B. 1/10 of 2%

C. 1/25 of 1%

D. 1/25 0f 2%

Answer: A Reference:

Explanation:

Type: Multiple Choice

**34.** Which of the following is a reason the Supreme Court was asked to rule on various provisions and interpretations of the Bipartisan Campaign Reform Act of 2002?

A. legalized political advertising for the year leading up to an election

B. conflicts with the free speech provisions of the U.S. Constitution

C. allowed individuals to make unlimited political donations

D. allowed foreign corporations to make unlimited political donations

Answer: B Reference:

Explanation:

Type: Multiple Choice

**35.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are more likely to arise from a group that is easily identifiable, rather than from a group where some of those who suffered may not even recognize that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. Connected peoples; specific tax breaks exist for them

B. Socially isolated people; government intervention is needed

C. Special interests; they are bearing the costs

D. Beneficiaries; rent controls are in effect

Answer: C Reference:

Explanation:

Type: Multiple Choice

**36.** Which of the following is an oversimplified term that is sometimes used to describe the meaning of democracy?

A. voting cycles

B. majority opinion

C. majority rule

D. majority vote

Answer: C Reference:

Explanation:

Type: Multiple Choice

**37.** When \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ occurs, the result will be determined by the order in which choices are presented and voted on, not by\_\_\_\_\_\_\_\_\_\_\_\_\_, because every choice is both preferred to some alternative and also not preferred to another alternative.

A. vote splitting; special interests

B. a voting cycle; majority rule

C. vote splitting; a runoff round

D. a voting cycle; a reduction in candidates

Answer: B Reference:

Explanation:

Type: Multiple Choice

**38.** Who of the following is credited with having once written: "No one pretends that democracy is perfect or all-wise"?

A. Abraham Lincoln

B. Adam Smith

C. F. Scott Fitzgerald

D. Sir Winston Churchill

Answer: D Reference:

Explanation:

Type: Multiple Choice

**39.** Economists readily admit that in settings that involve a monopoly or negative externalities, a potential role exists for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. scare resources

B. economically wise programs

C. government intervention

D. economically wise projects

Answer: C Reference:

Explanation:

Type: Multiple Choice

**40.** In the U.S. political arena, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ may tend to emphasize the virtues of markets and the limitations of government, while \_\_\_\_\_\_\_\_\_\_\_\_\_ may tend to emphasize the shortcomings of markets and the need for government programs.

A. conservatives; liberals

B. politicians; economists

C. economists; politicians

D. liberals; conservatives

Answer: A Reference:

Explanation:

Type: Multiple Choice

**41.** A practical approach to microeconomic policy will need to take a realistic view of the specific strengths and weaknesses of markets and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. rational ignorance that encourages a preference for uninformed voting

B. the difficulties that arise when electors have three or more ballet choices.

C. lobbying efforts that encourage pork-barrel spending

D. the specific strengths and weaknesses of government

Answer: D Reference:

Explanation:

Type: Multiple Choice

**42.** Which of the following characteristics differentiates the private economy from government?

A. public policy with appropriate incentives

B. self-correcting mechanism

C. spending programs and unwanted results

D. moderate future behaviour

Answer: B Reference:

Explanation:

Type: Multiple Choice

**Essay Questions**

**1.** Briefly describe the theory of rational ignorance.

Reference:

Explanation: The theory of rational ignorance holds that rational people won’t bother incurring the costs of becoming informed and voting because they know that their vote won’t be decisive in the election.

Type: Essay

**2.** Briefly explain what is meant by the term "pork-barrelling."

Reference:

Explanation: Legislators who worry about support from voters of their district may focus on local spending projects for their own district, without sufficient concern for whether this spending is in the interest of the nation as a whole.

Type: Essay

**3.** Briefly explain why the principle that the majority of voters should decide an election outcome may not always make logical sense.

Reference:

Explanation: When more than two choices exist, the principle that the majority of voters should decide may not always make logical sense because situations can arise where it becomes literally impossible to decide what the “majority” prefers.

Type: Essay

**4.** Name four countries that currently have laws that have made voting mandatory.

Reference:

Explanation: Australia, Belgium, Italy, Greece, Turkey, Singapore, and most Latin American nations

Type: Essay

**5.** List the three main reasons why people in the U.S. don't vote.

Reference:

Explanation: People in the U.S. often don't vote because 1) they don’t much care who wins, or 2) they are uninformed about who is running, or 3) they don’t believe that their vote will matter.

Type: Essay

**6.** Briefly discuss the controversial and noncontroversial portions of the 2002 Bipartisan Campaign Reform Act that Congress passed and President George W. Bush signed into law.

Reference:

Explanation: The controversial portions of the act limit the ability of individuals and groups to make certain kinds of political donations and ban certain kinds of advertising in the months leading up to an election. The relatively noncontroversial portions of the act strengthen the rules requiring full and speedy disclosure of who contributes money to campaigns.

Type: Essay

**7.** Identify and briefly discuss what research has shown regarding the voting behavior of people living in a democracy to vote.

Reference:

Explanation: Research on voting behavior has shown that people who, on average, are more settled or more “connected” to society tend to vote more frequently. For example, married people vote more than single people. Those with a job vote more than the unemployed. Those who have lived longer in a neighborhood are more likely to vote than newcomers. Those who report that they know their neighbors and talk to them are more likely to vote than more socially isolated people. Those with a higher income and level of education are also more likely to vote.

Type: Essay

**8.** Identify where political actions in the US are more likely to focus and provide an example.

Reference:

Explanation: Political actions are likely to focus more on the interests of married, employed, well-educated people with at least a middle-class level of income than of other groups. For example, those who vote may tend to be more supportive of financial assistance for the two-year and four-year colleges that they expect their children to attend than they are of medical care or public school education aimed at families of the poor and unemployed.

Type: Essay

**9.** List three proposals that have been offered to encourage greater voter turnout in the United States.

Reference:

Explanation: A number of proposals have been offered to encourage greater voter turnout in the US including; making it easier to register to vote, keeping the polls open for more hours, or even moving election day to a weekend when more people don’t need to worry about jobs or school commitments.

Type: Essay

**10.** Provide one example to how a democratic political system probably has a bias toward those members of the society who are identifiable.

Reference:

Explanation: Policies that impose price controls—like rent control—may look as if they benefit renters and only impose costs on landlords. But when landlords decide to contract or not to expand the number of rental units available, then a number of people who would have liked to rent an apartment end up living somewhere else, because when they looked for rental apartments, none were available.

or

Similarly, policies that block imports will benefit the firms that would have competed with those imports—and workers at those firms—who are likely to be quite visible. On the other hand, consumers who would have preferred to purchase the imported products, and thus who bear some costs of the protectionist policy, are much less visible.

or

Specific tax breaks or spending programs can also fit this pattern of identifiable winners, with the costs of paying for these policies imposed on those who are hard to identify. Special interests are more likely to form from a group that is easily identifiable, rather than from a group where some of those who suffered may not even recognize that they are bearing costs.

Type: Essay