

MEcon Master of Economics Practice Test Questions and Answers

1. A Giffen good is one for which:

- A) Demand rises as quality improves
- B) Demand increases as price rises, violating the law of demand
- C) Supply decreases as price rises
- D) Elasticity is exactly -1

2. The 'terms of trade' refers to:

- A) The legal terms in bilateral trade agreements
- B) The ratio of a country's export prices to its import prices
- C) The average tariff rate applied to trade partners
- D) The volume of goods exchanged in bilateral trade

3. Currency 'contagion' refers to:

- A) Central banks deliberately spreading inflation
- B) A financial crisis in one country spreading to others via exchange rate pressures
- C) Trade disputes escalating to currency wars
- D) Hyperinflation caused by printing money

4. A natural monopoly arises when:

- A) The government grants exclusive rights to one firm
- B) A single firm can supply the entire market at lower average cost than multiple firms
- C) One firm has superior technology that cannot be copied
- D) Network effects make smaller firms unviable

Answers: 1-B 2-B 3-B 4-B

For More MEcon Master of Economics Questions and Answers FREE, MEcon Master of Economics Online Prep Training,

MEcon Master of Economics Exam, MEcon Master of Economics Study Guide, MEcon Master of Economics Flashcards, MEcon Master of Economics Quizzes visit:

MEcon Master of Economics Practice Test