

## Quiz 5

1. One of the key arguments for tax cut is that reducing tax rates may actually increase total tax revenues. This argument requires the following statement to be true:

- A) Cutting taxes would make a smaller government.
- B) Cutting taxes would increase market competition.
- C) People are willing to work more with a higher after-tax wage.
- D) Cutting taxes would reduce welfare payment.

Answer C

2. Unionized workers typically are paid more because:

- A) They are more educated than non-unionized workers.
- B) They work harder than non-unionized workers.
- C) Unions often bargain for higher wages at the expense of less workers being hired.
- D) They are more efficient than non-unionized workers.

Answer C

3. In the efficiency wage models:

- A) Workers enjoy working.
- B) Workers cannot find jobs outside of the firms.
- C) Workers are paid higher wages than equilibrium wages to encourage them working harder.
- D) Firms would not hire lazy workers.

Answer C