Econ 416/516 Quiz 5 Fall 2004 - 6 Points Possible

Multiple Choice - 6 Questions worth 1 point each.
1. Identify the letter of the choice that best completes the statement or answers the question.
2. Mark the correct space on your scantron.
3. Hand in your scantron and your test. Make sure your name is on both items.
4. Good Luck and Leave, Gary Pinkel.

1. Sports teams generate external benefits which of the following is not an external benefit generated by a sports team?
   a. beer sales at the local bar across the street from the team's arena
   b. the commonality that local residents feel about their team
   c. the enjoyment that fans who go to the game get from watching the game
   d. the salaries of local newspaper sports columnists, such as Sid Hartman of the Minneapolis Star Tribune

2. Suppose the Twins build a new stadium and suppose that the city of Minneapolis agrees to improve the roads around the stadium site to improve traffic flow to and from games. This type of subsidy is a
   a. operating subsidy
   b. infrastructure subsidy
   c. tax subsidy
   d. deductible subsidy

3. How do local governments pass the burden of subsidizing the construction of a sports stadium onto federal taxpayers?
   a. through operating subsidies
   b. by decreasing subsidies to local daycare operations
   c. by taking out loans from banks
   d. through issuing bonds with interest payments that are exempt from federal income taxes

4. Linas plays college basketball and is currently a junior who is studying to become a pharmacist. He has one season of eligibility left, but he is considering declaring himself eligible for the NBA draft. Based on the theory of individual labor supply, which of the following will impact his decision to turn pro?
   a. the chance that he'll get drafted.
   b. the salary he could earn as a pharmacist
   c. the salary cap in the NBA
   d. all of the above are correct

5. Torii gets "consumption value" from playing Major League Baseball. Which of the following is an example of consumption value associated with playing Major League Baseball?
   a. The thrill Torii receives from competing on the field
   b. The wages he can earn from playing baseball
   c. The cars he can buy with wages that he can earn from playing baseball
   d. all of the above are examples of consumption value
Narrative 2.

Paul, Shirley, and Jacque attended Vikings training camp. Each of them bought a ticket for $20 to see the Vike scrimmage against the Chiefs. Paul is a Mankato resident. Shirley is from St. Paul and came to Mankato to visit her sister. Instead of going out to eat, she decided to buy a ticket to the scrimmage. Jacque is a Chiefs fan from La Crosse who only made the trip to Mankato to see the scrimmage.

6. Refer to Narrative 2 above. Saleheen is working on a project in which he'll estimate the impact of the Vikings training camp on the Mankato economy. Which of the following statements is true?
   a. Paul's spending represents new spending to the Mankato economy.
   b. Shirley's spending represents new spending to the Mankato economy.
   c. Jacque's spending represents new spending to the Mankato economy.
   d. Paul and Jacque's spending represents rearranged spending to the Mankato economy.
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Answer Section

MULTIPLE CHOICE

1. C
2. B
3. D
4. D
5. A
6. C