

1. According to Freakonomics, parents are often scared of the wrong things. Why is that?
 - a) Separating facts from rumors is frequently hard work.
 - b) White noise generated by experts is overwhelming.
 - c) Facts are often varnished or taken out of context to serve specific agendas.
 - d) All of the above.
2. According to the data, which activity is more risky: driving or flying?
 - a) Driving.
 - b) Flying.
 - c) The per hour death rates are equal, i.e., they are equally risky.
 - d) There are no per hour death rate statistics for either activity.
3. Assume we discover that education and income are positively correlated? Based on this information, what can we say, with certainty, about the relationship between these two variables?
 - a) An increase in income causes an increase in education.
 - b) An increase in education causes an increase in income.
 - c) When one variable increases, so does the other variable.
 - d) When one variable increases, the other variable decreases.
4. Usually a boy with a “white” name will tend to earn more money in his life than a boy with a “black” name. This is because:
 - a) the world is still overcoming race issues.
 - b) most people with white names get into better schools.
 - c) his name is an indicator, not a cause, of his outcome.
 - d) the boy with the black name will not grow up as confident as the boy with the white name.
5. Which of the following girls is most likely to be successful when they grow up?
 - a) A white girl named Molly whose mother was single and poorly educated.
 - b) A black girl named Ebony whose mother was highly educated and successful.
 - c) A white girl named Misty whose mother had a high school education.
 - d) A black girl named Claire whose mother had a high school education.
6. All of the following are examples of “correlation but not causation” except:
 - a) Children whose parents are better educated and earn higher incomes tend to experience greater economic success than children whose parents are poorly educated and earn less income.
 - b) Boys with “white” names tend to earn more money than boys with “black” names.
 - c) The misdeeds of Loser Lane, Temptress, and Amcher landed them all in court.
 - d) Ice cream sales and death by drowning tend to increase during the hot summer months.
7. Compared to prostitutes working in the same area 100 years ago, the wage premium earned by women currently working as prostitutes in Chicago is:
 - a) much higher.
 - b) higher.
 - c) about the same.
 - d) lower.
8. Which of the following statements best explains the observed “pimpact,” i.e., the increased compensation earned by prostitutes who work with pimps?
 - a) Pimps seek out clientele who have a higher willingness to pay than the average customer.
 - b) Pimps work to restrict the supply of prostitutes, which in turn increases market price.
 - c) Pimps force the women they represent to work more hours, which results in increased revenues.
 - d) Pimps are able to charge higher prices because they threaten clients with violence if they don't pay a wage premium.
9. Based on a study of M.B.A.s from the University of Chicago, which of the following is not considered to be a primary factor that accounts for the wage gap between men and women?
 - a) Gender discrimination.
 - b) Women tend to take fewer finance courses than their male counterparts
 - c) During the earlier stages of their careers, women tend to work fewer hours than their male counterparts.
 - d) Women take more career interruptions than men.

10. The impact of a specific terrorist act that makes it so effective is the:
 - a) direct costs it imposes on the immediate victims of the attack.
 - b) indirect costs imposed on everyone in society.
 - c) number of lives lost as a result of the attack.
 - d) economic cost of the resources spent recovering from the attack.
11. Based on the empirical evidence, which of the following factors does not appear to influence the quality of a doctor?
 - a) The amount of money the doctor spends on various health care procedures, e.g., tests.
 - b) The quality of the medical school the doctor attended.
 - c) The doctor's years of experience.
 - d) The doctor's gender.
12. Which of the following is the most effective means a terrorist could use to throw the authorities off his trail?
 - a) Rent his home.
 - b) Buy life insurance.
 - c) Get married.
 - d) Live far away from a mosque.