

⚠ Correct answers are hidden.

Score for this quiz: **45** out of 45

Submitted Mar 20 at 11:35am

This attempt took 5 minutes.

Question 1

1 / 1 pts

A rise in expected inflation causes

- a movement downward along the SP curve.
- a movement upward along the SP curve.
- the SP curve to shift downward.
- the SP curve to shift upward.

Question 2

1 / 1 pts

Given an adverse supply shock, an "accommodating policy" will

- raise the inflation rate and the output ratio.
- lower the inflation rate and the output ratio.
- maintain the output ratio but allow inflation to increase.
- maintain the inflation rate and the output ratio.

Question 3

1 / 1 pts

Government price controls act as _____ supply shock, shifting SP _____.

- a beneficial, downward
- an adverse, downward
- a beneficial, upward
- an adverse, upward

Question 4

1 / 1 pts

At every current AD/SAS equilibrium point to the left of the LAS curve, the price level is _____ than that expected on average and figured into the wage contracts in force, and thus there is pressure on the SAS curve to shift _____ with wage renegotiations.

- less, upward
- greater, downward
- greater, upward
- less, downward

Question 5

1 / 1 pts

Continuous inflation in the long run requires repeated _____ shifts of the AD curve caused by a continuous increase in the _____.

- rightward; nominal money supply

- None of the above, inflation is primarily a supply side phenomenon.
- inward; nominal money supply
- leftward; government expenditures

Question 6**1 / 1 pts**

The invention of the internal combustion engine is considered part of the

- 2nd industrial revolution
- 4th industrial revolution
- 1st industrial revolution
- 3rd industrial revolution

Question 7**1 / 1 pts**

The article “The Cost of Innovation Has Risen” asserts that

- productivity growth has declined and the number of research workers has increased by a factor of 23
- productivity growth has increased and the number of research workers has increased by a factor of 23

- productivity growth has declined and the number of research workers has increased by a factor of 5
- productivity growth has increased and the number of research workers has increased by a factor of 5

Question 8**1 / 1 pts**

The expected real interest rate is equal to

- the nominal interest rate plus the expected rate of inflation.
- the nominal interest rate minus the actual rate of inflation.
- the nominal interest rate plus the actual rate of inflation.
- the nominal interest rate minus the expected rate of inflation.

Question 9**1 / 1 pts**

The government budget constraint tells us that to the extent that government expenditures are NOT financed by tax collection, the public ends up holding _____ government bonds and _____ money.

- fewer, more
- more, more
- more, less

- fewer, less

Question 10**1 / 1 pts**

The article “Why India Trails China” highlights specific areas where China has outperformed India. Which is NOT one of those areas?

- education
- health care
- capital investment
- life expectancy

Question 11**1 / 1 pts**

The article “Economists Understand Little About the Causes of Growth” concludes that the answer to the secrets of growth can be found in

- development of knowledge
- growth accounting
- history and politics
- capital investment

Question 12**1 / 1 pts**

If an increase in expected inflation equally raises the nominal interest rate, the expected real interest rate _____ and thus investment demand _____.

- rises, decreases
- falls, decreases
- rises, increases
- falls, increases
- is unchanged, is unchanged

Question 13

1 / 1 pts

When Okun's "misery index" is used to judge macroeconomic conditions, inflation is being considered

- a more serious macroeconomic problem than unemployment.
- not to be a macroeconomic problem at all.
- just as serious a macroeconomic problem as unemployment.
- a less serious macroeconomic problem than unemployment.

Question 14

1 / 1 pts

The article on jobless benefits in Europe states that the following are advantages of the European system EXCEPT

- faster recovery from recessions
- medical insurance does not depend on employment status
- more generous unemployment benefits
- less reliance on layoffs

Question 15**1 / 1 pts**

Comparing the 1981-82 recession with the 2007-09 recession, which was NOT a distinguishing feature of the more recent recession?

- slower growth rate of real GDP
- greater percentage of long-term unemployed
- slower decline in the unemployment rate
- higher peak unemployment rate

Question 16**1 / 1 pts**

"Given the long run implication of Solow's growth model with respect to the rate of savings, the low savings rate in the United States is not a problem." This statement overlooks that over time it appears that

- total factor productivity and the difference between the growth rates of capital per capita and population are not related and λ and n are not related.

- savings rates and per capita growth rates are inversely related.
- total factor productivity and the growth rate of capital per person are inversely related.
- total factor productivity and the growth rate of capital per person are positively related.

Question 17**1 / 1 pts**

Which of the following is NOT a real world factual conflict with the neoclassical growth model?

- Poor countries' income levels have not converged to the income levels of rich countries.
- Immigrant labor from poor countries experiences very small increases in income when it moves to rich countries.
- Income per capita varies greatly across countries.
- Poor countries do not have a higher rate of return on capital.

Question 18**1 / 1 pts**

In graphing the Solow growth model, the per-person production function is used to derive the _____ per-person line, with the vertical distance

between them being _____ per person.

- national saving, consumption
- steady-state investment, national saving
- steady-state investment, capital
- steady-state investment, depreciation
- national saving, investment

Question 19

1 / 1 pts

During which year did the nominal price of oil reach the highest point since 1970?

- 1975
- 1999
- 2008
- 1980

Question 20

1 / 1 pts

Over the past year the number of workers who are involuntarily working part-time instead of full time is _____ the number of long-term unemployed

- less than

- greater than
- not comparable to
- equal to

Question 21**1 / 1 pts**

In Chapter 11, depreciation is assumed to be

- a fixed proportion of real GDP.
- zero.
- a fixed absolute amount.
- a fixed proportion of the capital-labor ratio.
- a fixed proportion of the capital stock.

Question 22**1 / 1 pts**

The most plausible way to produce a continuous increase in the standard of living within the Solow growth model is to assume

- continuous growth in the capital stock.
- continuous increases in the national saving rate.
- continuous technological improvement.
- a positive rate of population growth.

- a zero rate of depreciation.

Question 23**1 / 1 pts**

Which of the following is NOT a cause of declining U.S. manufacturing employment over the past 40 years?

- imports from China
- automation (more machines)
- lower overall employment, nothing special about manufacturing
- surplus of skilled workers

Question 24**1 / 1 pts**

If $1 - b = WN/PY$ where W is the nominal wage rate, N is the quantity of labor input, and PY is total income in nominal terms, then labor's share of national income shrinks if

- $(w - n) > (y - p)$.
- $(w - p) < (y - n)$.
- $(w - n) < (y - p)$.
- $(w - p) > (y - n)$.

Question 25**1 / 1 pts**

Which of the following is the growth rate of the standard of living?

$y - a$

$y - b$

$y - g$

$y - n$

Question 26**1 / 1 pts**

The article "The Path the Economic Development is Growing More Treacherous" shows that convergence to the US level of per-capita income is happening in _____ and not happening in _____

Latin America; Africa

Asia; Africa

Latin America; Asia

Africa; Europe

Question 27**1 / 1 pts**

If the growth rate of multifactor productivity is 2.5, and $b = 0.25$, $k = 4$, $n = 2$, and $y = 5$, then the growth rate of labor productivity is

2.5 2.0 8.0 3.0**Question 28****1 / 1 pts**

In the formula for calculating the growth rate of multifactor productivity, the growth rate of labor productivity is represented by

 $y-n$. bk/n . $b - n$. $b(k - n)$.**Question 29****1 / 1 pts**

What type of economic conditions are summarized by the variable a ?

 investment immigration conditions other than changes in capital and labor that change productivity

- urbanization

Question 30**1 / 1 pts**

Which of the following countries has the lowest labor force participation rate of “prime-age” (aged 25-54) males?

- Japan
- U.S.
- Germany
- France

Question 31**1 / 1 pts**

An increase in tax revenues _____ government saving and _____ national saving.

- raises, lowers
- lowers, lowers
- lowers, raises
- raises, raises

Question 32**1 / 1 pts**

The economic policy response to the 2001 recession consisted of

- a rapid change in fiscal policy and a sluggish change in monetary policy.
- a rapid change in fiscal policy and monetary policy.
- a sluggish change in fiscal policy and monetary policy.
- a sluggish change in fiscal policy and a rapid change in monetary policy.

Question 33

1 / 1 pts

Borrowing to fund investment projects until the marginal rate of return falls to _____ is optimizing investment strategy for _____.

- the borrowing rate, businesses and governments
- zero, governments but not businesses
- the borrowing rate, governments but not businesses
- zero, businesses and governments
- the borrowing rate, businesses but not governments

Question 34

1 / 1 pts

TIPS bonds

- are adjusted for inflation so have a constant real interest rate
- increase the principal in proportion to the real interest rate
- increase the principal in proportion to the Consumer Price Index
- increase the principal in proportion to the nominal interest rate

Question 35**1 / 1 pts**

A nation running a current account deficit must either be _____ its indebtedness to foreigners in the private sector or _____ its indebtedness to foreign governments.

- decreasing, increasing
- increasing, increasing
- decreasing, decreasing
- increasing, decreasing

Question 36**1 / 1 pts**

On a foreign exchange market diagram with dollars on the horizontal axis and the yen price of the dollar on the vertical axis, a rise in the U.S. interest rate relative to the Japanese interest rate shifts the _____ curve of dollars to the _____.

- demand, right
- supply, right

supply, left

demand, left

Question 37

1 / 1 pts

The article "Who Killed Inflation" cites as causes all of the following EXCEPT

deunionization

monetary policy

automation

globalization

Question 38

1 / 1 pts

On a foreign exchange market diagram with dollars on the horizontal axis and the yen price of the dollar on the vertical axis, the shape of the demand curve depends on the _____ and capital _____.

Japanese demand for U.S. goods, inflows to the United States

U.S. demand for Japanese goods, outflows to Japan

Japanese demand for U.S. goods, outflows to Japan

U.S. demand for Japanese goods, inflows to the United States

Question 39**1 / 1 pts**

When the nominal wage rate rises by x percent we

- shift SAS upward by x percent.
- shift SAS downward by x percent.
- move downward along the SAS curve by x percent.
- move upward along the SAS curve by x percent.

Question 40**1 / 1 pts**

When the price firms receive for their output rises, the resulting _____ in the real wage rate leads firms to profitably employ _____ labor than before, thus _____ the amount of output willingly supplied.

- fall, less, raising
- fall, more, raising
- rise, more, raising
- rise, less, lower

Question 41**1 / 1 pts**

During the Great Depression

- there was a major shift in aggregate demand.
- there is good evidence that the LM curve was horizontal.
- there was almost perfect price flexibility.
- wages fell continuously.

Question 42**1 / 1 pts**

If the corona virus outbreak causes China's GDP to decline more than GDP in the rest of the world, we would expect all EXCEPT the following

- increase in Chinese holdings of U.S. dollars
- decrease in Chinese net exports
- increase in Chinese net exports
- increase in U.S. international indebtedness position

Question 43**1 / 1 pts**

The fiscal-policy multiplier will be greater

- the smaller is the interest responsiveness of autonomous expenditures.
- the greater is the interest responsiveness of the demand for money.
- All of the answers tend to make the fiscal-policy multiplier greater.

- the smaller is the income responsiveness of the demand for money.

Question 44**1 / 1 pts**

A flat IS curve implies that

- changes in money supply will have large multiplier effects on output.
- a decrease in taxes will change output by a relatively large amount.
- an increase in money supply will change output by the exact same amount.
- an increase in money supply will change output by a relatively small amount.

Question 45**1 / 1 pts**

The typical cyclically unemployed person includes

- Diana, who has quit her job and is now looking for another.
- Charles, who was laid off from his factory job but expects to be recalled in a few weeks.
- Barbara, who is re-entering the labor market after a divorce.



Andrew, a teenager who has just entered the labor market looking for his first part-time job.

Quiz Score: **45** out of 45