Feedback — Week Three Quiz

Help

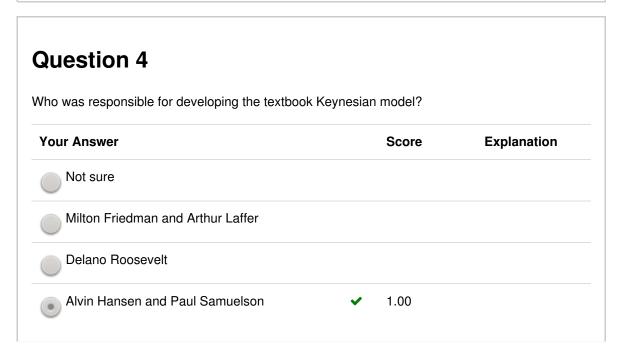
You submitted this quiz on **Sun 2 Feb 2014 2:57 PM PST**. You got a score of **39.00** out of **39.00**.

Question 1		
Fiscal policy:		
Your Answer	Score	Explanation
Not sure		
Uses changes in the size of the trade deficit to stimulate or contract the economy.		
Uses changes in the money supply to stimulate or contract the economy		
Uses changes in government expenditures and taxes to stimulate the economy	✔ 1.00	
Total	1.00 / 1.00	

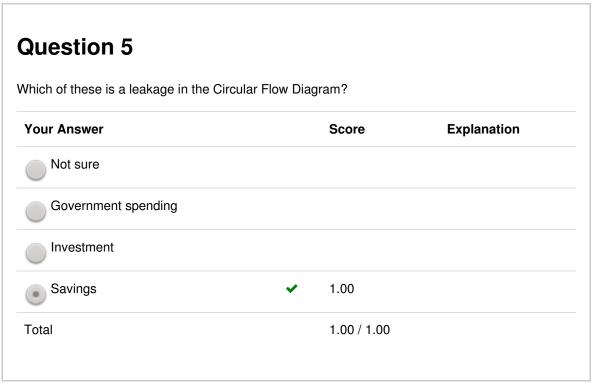
Question 2		
Stagflation:		
Your Answer	Score	Explanation
Not sure		
Validated the use of Keynesian economics		

Validated the use of Monetarism		
Showed that Keynesian solutions didn't always work	•	1.00
Total		1.00 / 1.00

Question 3 The fixed price assumption is valid in the Intermediate range of the economy because: Your Answer Score Explanation Not sure Prices are fixed Prices vary a lot with output ✓ 1.00 Total 1.00 / 1.00

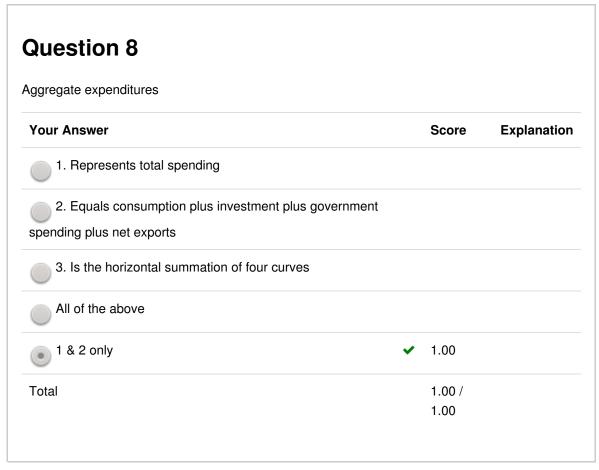


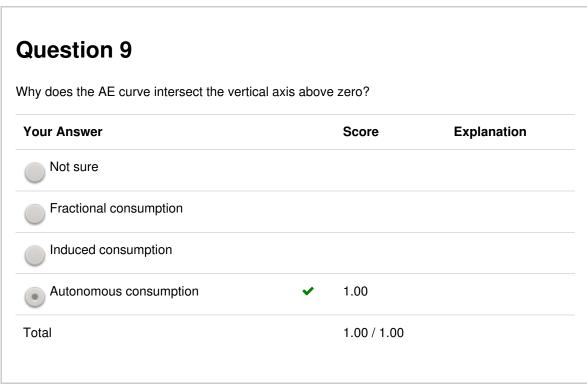
Total 1.00 / 1.00



hich of these is an injection?			
our Answer		Score	Explanation
Not sure			
Taxes			
Imports			
Exports	~	1.00	
Fotal		1.00 / 1.00	

Aggregate production					
	Score	Explanation			
~	1.00				
	1.00 /				
	1.00				
	✓	✓ 1.00 /			





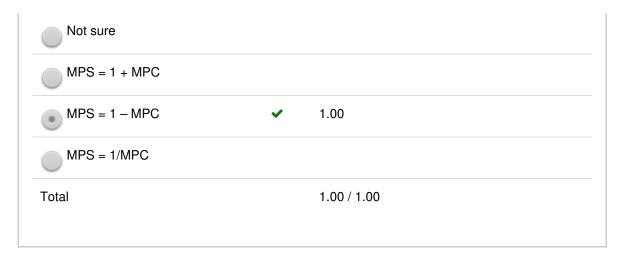
Question 10 Which is the largest component of Aggregate Expenditures? Your Answer Score Explanation Net Exports Investment Government spending Consumption ✓ 1.00 Total 1.00 / 1.00

Question 11 In the Keynesian consumption function, total consumption equals: Your Answer Score Explanation Not sure Autonomous consumption minus induced consumption Autonomous consumption divided by induced consumption ✓ 1.00 Autonomous consumption plus induced consumption ✓ 1.00 Total 1.00 / 1.00

Question 12

Question 13 The extra amount people consume when they receive an extra dollar of disposable income is referred to as the: Your Answer Score Explanation Not sure MPI MPS MPC ✓ 1.00 Total 1.00 / 1.00





Question 15

Suppose people spend 60 cents of every dollar of their disposable income and save 40 cents. What is the MPC?

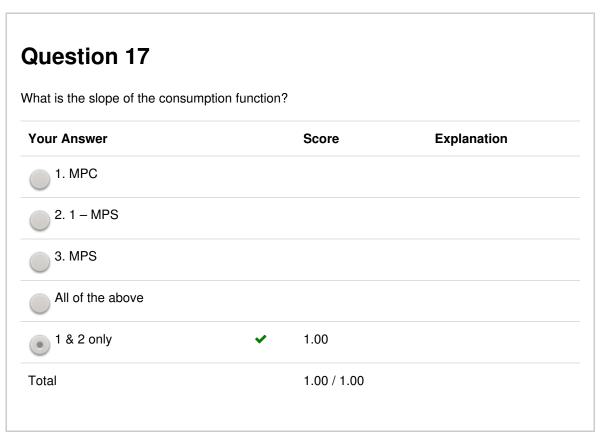
Your Answer		Score	Explanation
.80			
.40			
.20			
.60	~	1.00	
- otal		1.00 / 1.00	

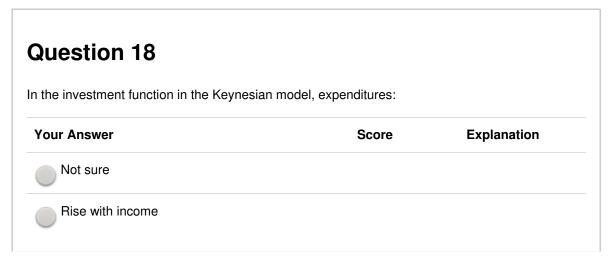
Question 16

The aggregate expenditures curve is flatter than the 45 degree line in the Keynesian model because the MPC is:

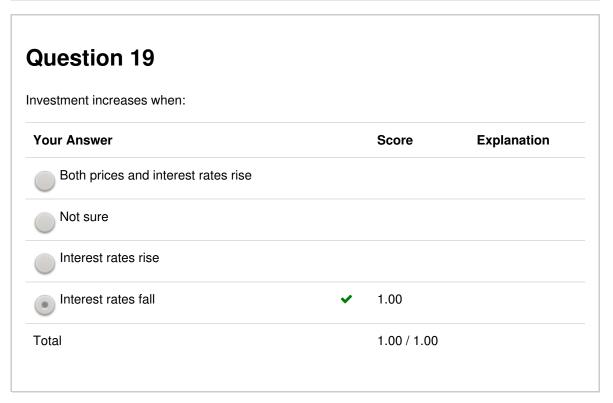
Your Answer	Score	Explanation
Not sure		

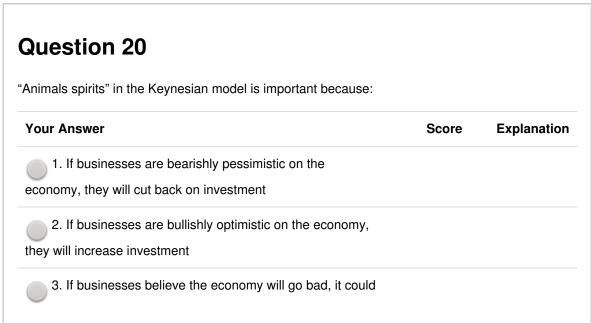
Equal to one		
Greater than one		
Less than one	~	1.00
Total		1.00 / 1.00

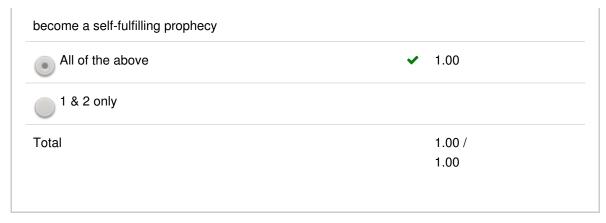




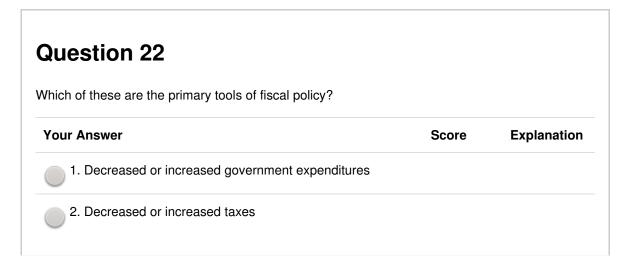
Fall with income		
Are independent of income	~	1.00
Total		1.00 / 1.00

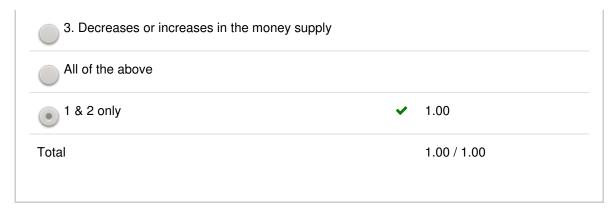


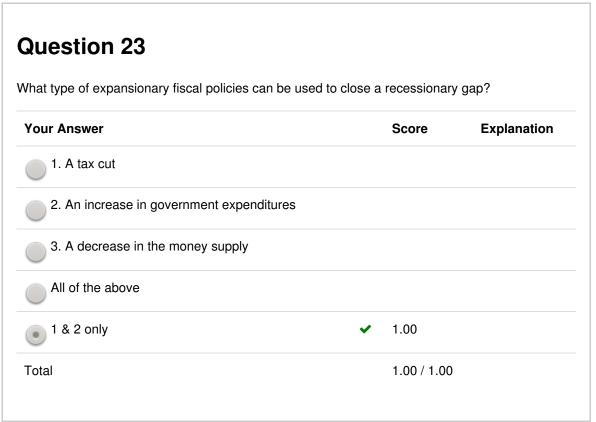


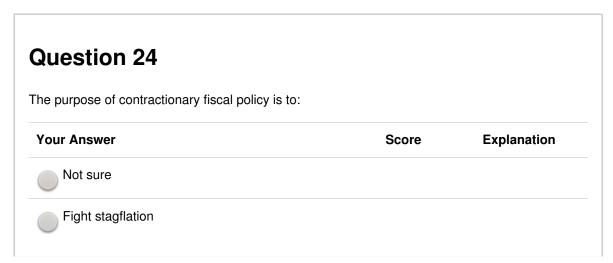


Question 21 Which of these components of the aggregate expenditure function is not represented by a horizontal line? Your Answer Score Explanation Not sure Investment function Government function ✓ 1.00 Total 1.00 / 1.00



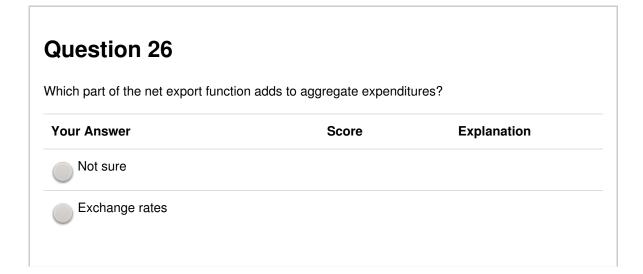




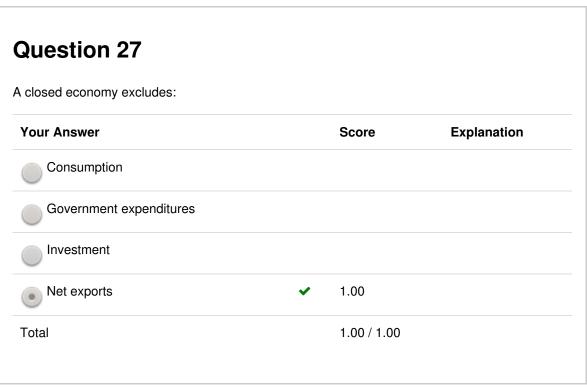


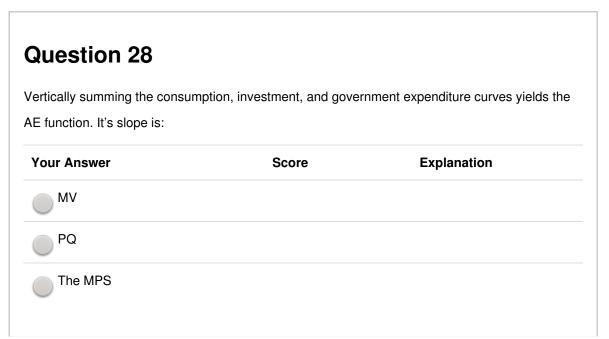
Close a recessionary gap		
Cool down an overheated economy	~	1.00
Total		1.00 / 1.00

Question 25 Transfer payments like unemployment compensation and welfare payments act as automatic stabilizers because: Your Answer Score Explanation Not sure They contract the economy They stimulate the economy ✓ 1.00 They automatically rise during recessions and fall during expansions. ✓ 1.00 Total 1.00 / 1.00

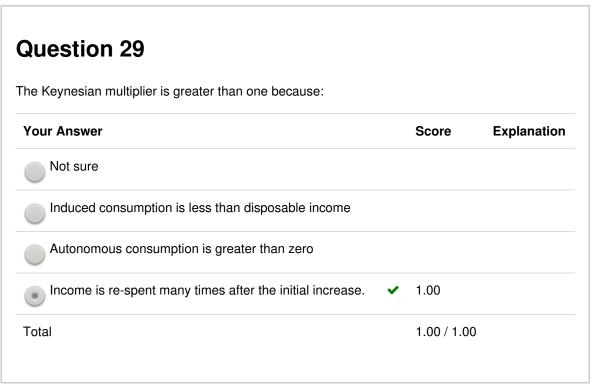










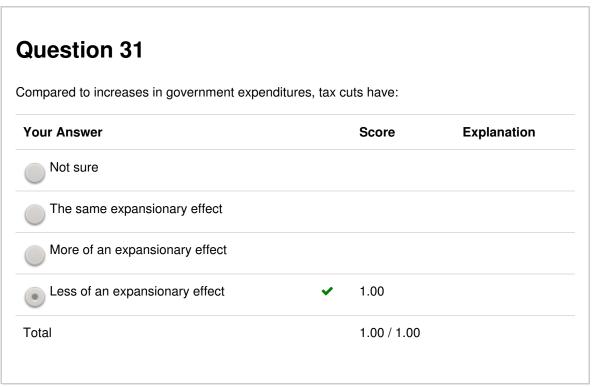


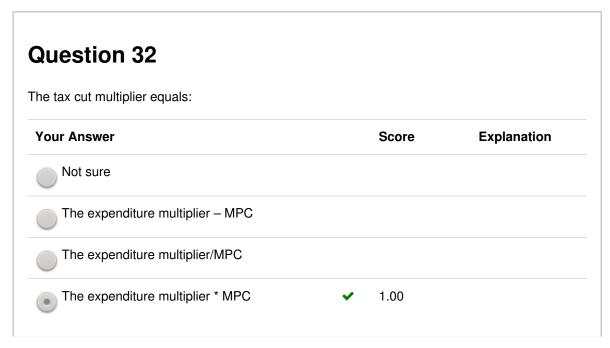
Question 30

Suppose the U.S. permanently decreases defense spending by \$100 billion after troops pull out of Afghanistan. How much will GDP be reduced assuming an MPC of 0.75?

Your Answer	Score	Explanation
\$200 billion		
\$300 billion		
\$100 billion		







Total 1.00 / 1.00

Assume a recessionary gap of \$180 billion and an MPS of .25. How much should taxes be cut to close the gap? Your Answer \$80 billion \$20 billion \$40 billion Total 1.00 / 1.00

Question 34

Suppose you want to close an inflationary gap of \$100 billion and the MPC is .5. What fiscal policy options are available?

Your Answer		Score	Explanation
Raise taxes by \$50 billion or cut G by \$100 billion			
Cut taxes by \$50 billion or raise G by \$100 billion			
Cut taxes by \$100 billion or raise G by \$50 billion			
Raise taxes by \$100 billion or cut G by \$50 billion	~	1.00	
Total		1.00 / 1.00	
Total		1.00 / 1.00	

Question 35

Is it better to cut taxes or increase government expenditures to close a recessionary gap?

Your Answer	Score	Explanation
Not sure		
Increase government expenditures		
Cut taxes		
It depends on whether you are a conservative or a liberal	1.00	
Total	1.00 / 1.	00

Question 36

Your Answer		Score	Explanation
People try to save more during a recession but wind up	~	1.00	
saving less because their incomes fall			
Not sure			
People try to save less during a recession but wind up			
saving more because their incomes fall			
Total		1.00 /	
		1.00	

Question 37

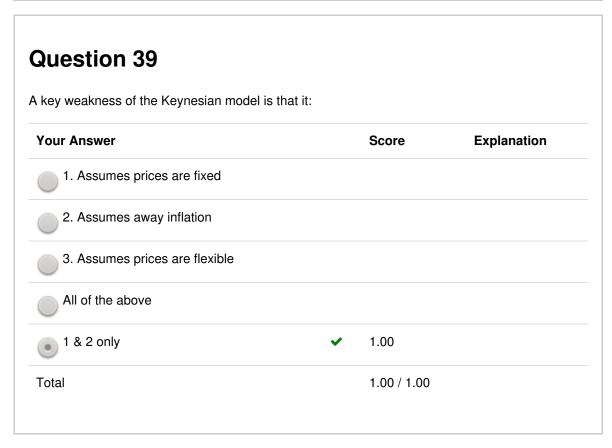
When the government increases its expenditures to close a recessionary gap and finances those expenditures through increased borrowing, this can:

Your Answer		Score	Explanation
Drive up interest rates and investment			
Drive down interest rates and drive up investment			
Drive down interest rates and investment			
Drive up interest rates and drive down investment	~	1.00	
Total		1.00 / 1.00	

Question 38

Crowding out means that:

Your Answer	Score	Explanation
Not sure		
The net effect of a fiscal policy stimulus is unaffected		
The net effect of a fiscal policy stimulus may be more than intended		
The net effect of a fiscal policy stimulus may be less than intended	1.00	
Total	1.00 /	
	1.00	



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