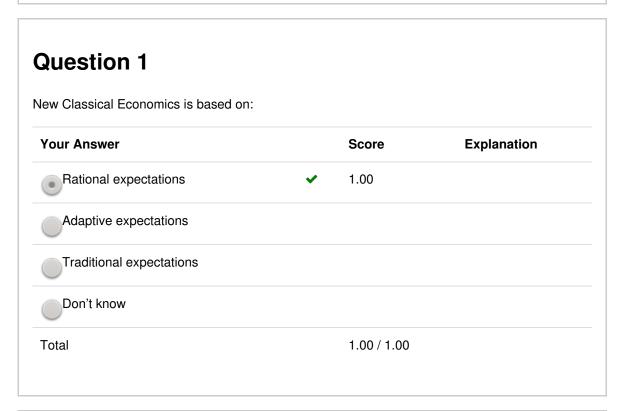
Feedback — Week Six Quiz

Help

You submitted this quiz on **Sun 23 Feb 2014 1:39 PM PST**. You got a score of **40.00** out of **40.00**.



Question 2 If the inflation rate was 5% last year, rational expectations would predict that inflation next year will be: Your Answer Score Explanation Cannot be determined from the information ✓ 1.00



Question 3 Your Answer Score Explanation Keynesian policies work in the short run but not the long run ✓ 1.00 Keynesian policies work in the long run but not the short run Keynesian policies work in the short run and the long run Don't know Total 1.00 / 1.00 1.00 / 1.00

Question 4 Based on the theory of rational expectations, a Classical Economics advisor to the president would: Your Answer Score Explanation Not recommend Keynesian policies ✓ 1.00 Recommend Keynesian policies in a recession Recommend Keynesian policies to fight inflation



Question 5 Under the theory of rational expectations, if the Federal Reserve expands the money supply to close a recessionary gap: **Your Answer** Score **Explanation** 1. Businesses will immediately raise prices 2. Workers will demand higher wages 3. The attempted expansionary monetary stimulus will be completely offset by inflation's contractionary effects All of the above 1.00 1 and 2 only Don't know 1.00 / Total 1.00

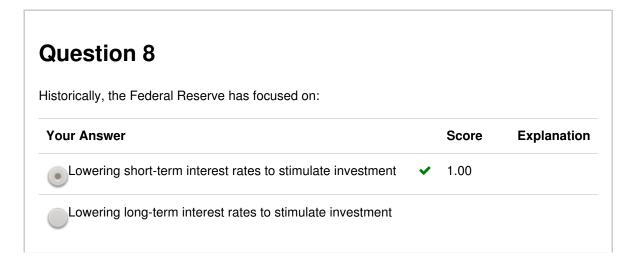
Question 6

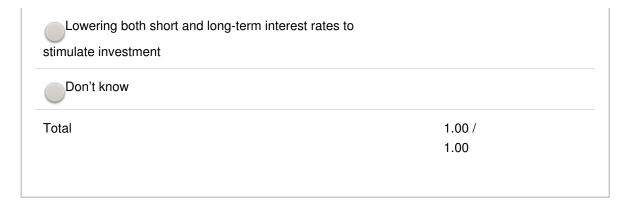
From 1947 to 2000, real GDP grew annually by 3.5%. However, over the next decade, GDP growth would fall by nearly 2%. How many jobs does the economy of the United States fail to create when GDP growth slows by 1% in a given year?

Your Answer	Score	Explanation

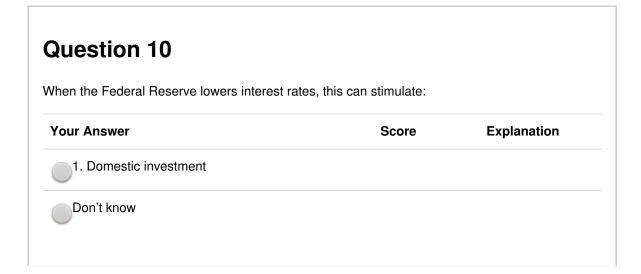


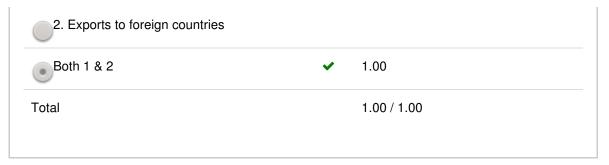
Question 7 During the 2000s, average median household income was roughly equal to: Your Answer Score Explanation 0% over the decade 1.00 5% over the decade 10% over the decade Don't know Total 1.00 / 1.00

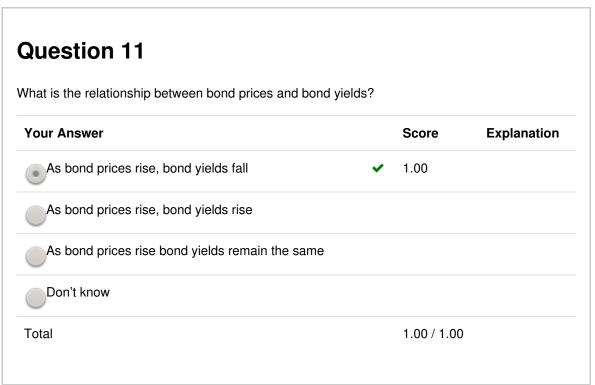


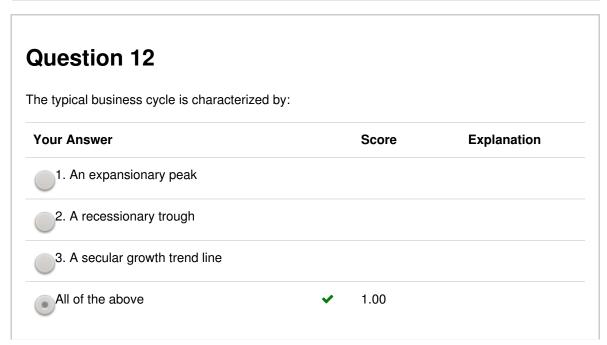


Question 9 The Federal Reserve's policy of "quantitative easing" that was ushered in in the late 2000s had what objective: Your Answer Score Explanation Lower long-term interest rates ✓ 1.00 Lower short-term interest rates Lower both short and long-term interest rates Don't know Total 1.00 / 1.00

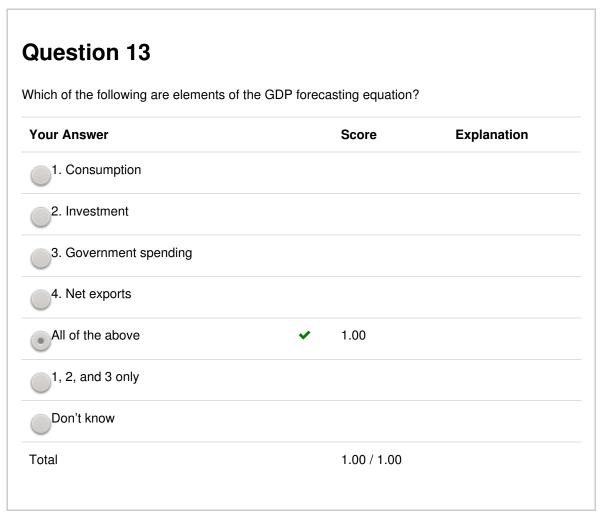


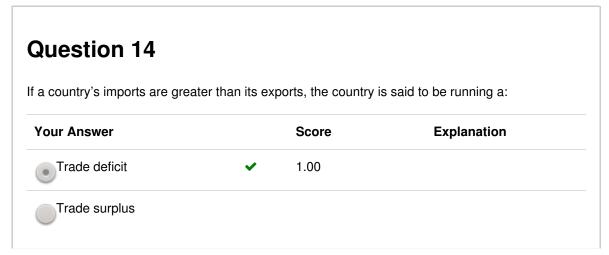




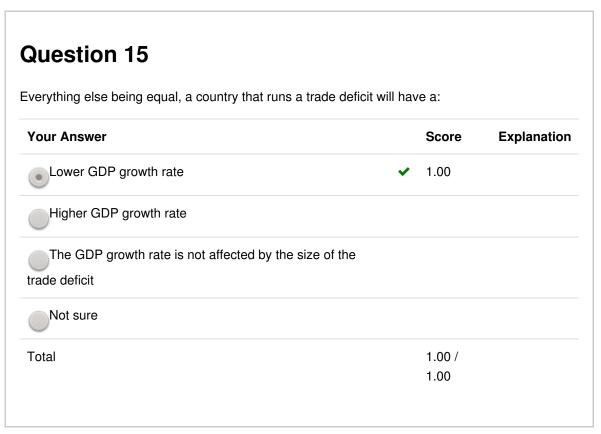


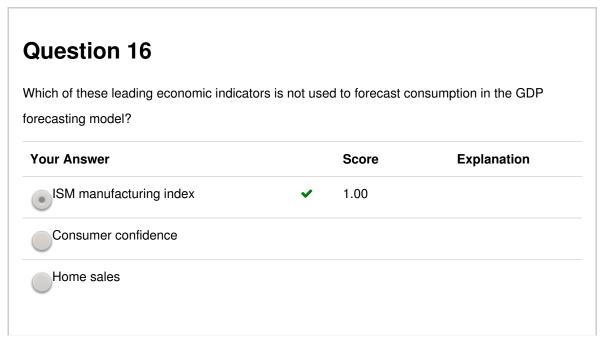


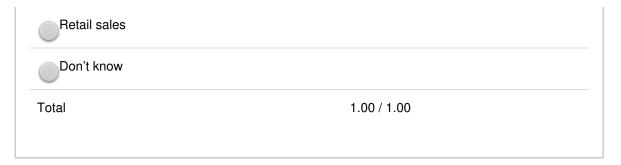












Question 17 Why do economic forecasters pay very close attention to inflation measures? **Your Answer Score Explanation** If inflation begins to rise, the Federal Reserve may raise 1.00 interest rates to slow GDP growth If inflation begins to rise, the Federal Reserve may lower interest rates to slow GDP growth If inflation begins to rise, the Federal Reserve may raise taxes to slow GDP growth Not sure Total 1.00 / 1.00

Question 18			
The offshoring of American jobs:			
Your Answer		Score	Explanation
Decreases the American GDP growth rate indirectly by reducing domestic investment	~	1.00	

Decreases the American GDP growth rate indirectly by reducing domestic consumption	
Decreases the American GDP growth rate indirectly by reducing government spending	
Not sure	
Total	1.00 /
	1.00

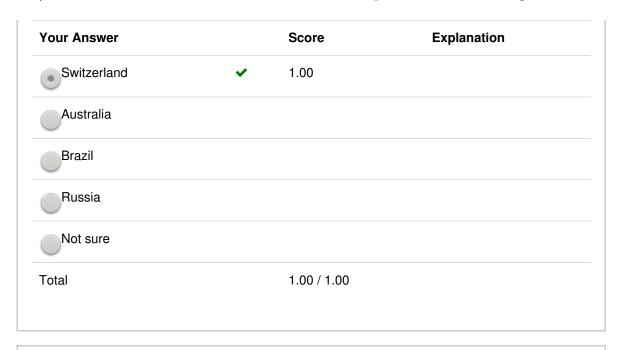
Question 19

The structural problem of a global trade imbalance includes:

Your Answer		Score	Explanation
An export-dependent China, and import-dependent	~	1.00	
Europe, and an import-dependent America			
An export-dependent China, an export-dependent Europe,			
and an import-dependent America			
An export-dependent China, an import-dependent Europe,			
and an export-dependent America			
don't know			
Total		1.00 /	
		1.00	

Question 20

Which one of these is not a "commodity country" whose economy depends heavily on the export of commodities such as coal, iron ore, soybeans, and energy?



Question 21 When export demand is weak in Europe and the United States because of slow growth, what is likely to happen to China's import demand for commodities such as coal and iron ore? Your Answer Score Explanation Falls ✓ 1.00 Stays the same Don't know Total 1.00 / 1.00

Question 22

A Keynesian stimulus when used to addressed structural imbalances causing an economic slowdown is likely to:

Your Answer		Score	Explanation
Unlikely to resolve the structural imbalances	~	1.00	
Likely to resolve the structural imbalances			
Don't know			
Total		1.00 / 1.00	

Question 23 Keynesians believe that macroeconomic instability arises from: **Your Answer Score Explanation** 1. Changes in investment and consumption that shift the aggregate demand curve in or out 2. Adverse supply-side shocks that shift the aggregate supply curve in 3. Adverse supply shocks that shift the aggregate supply curve out All of the above 1.00 1 and 2 only Don't know Total 1.00 / 1.00

Question 24

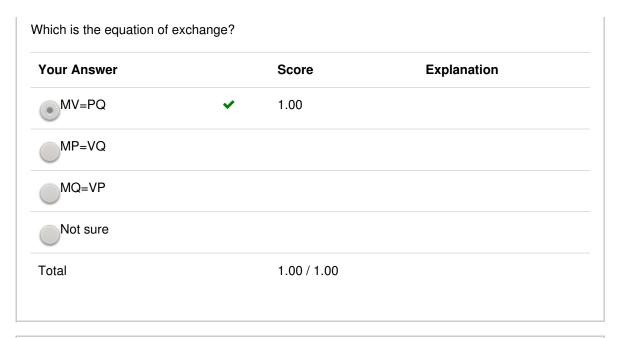
Your Answer		Score	Explanation
Bad government policies	~	1.00	
Price and wage flexibility			
Market processes			
Don't know			
Total		1.00 / 1.00	

From the Monetarist perspective, government policies like the minimum wage, farm price supports, and monopoly protections:

Your Answer		Score	Explanation
Lead to increased instability in the macroeconomy	~	1.00	
because they don't allow wages and prices to adjust quickly			
Are necessary to reduce instability in the macroeconomy			
Lead to increased instability in the macroeconomy			
because they allow wages and prices to adjust to quickly			
Don't know			
Total		1.00 /	
		1.00	

Question 26

Question 25



Question 27 If the velocity of money is stable and real output is independent of the price level, increasing the money supply will lead to: Your Answer Score Explanation Increased inflation ✓ 1.00 Decreased real GDP growth Increased real GDP growth Not sure Total 1.00 / 1.00

Question 28

our Answer		Score	Explanation
Keynesians	✓	1.00	
Monetarists			
Demand ciders			
Not sure			
⁻ otal		1.00 / 1.00	

he Supply Side school of macroeconomics:			
Your Answer		Score	Explanation
1. Agrees with Keynesians that macroeconomic instability can result from supply-side shocks			
2. Agrees with Monetarists the macroeconomic instability can result from government failures			
3. Prefers to focus on high tax rates and regulations that reduce supply incentives as a source of instability			
All of the above	~	1.00	
2 and 3 only			
Don't know			
Total		1.00 /	

Question 30 The faster the speed of the adjustment process back to full potential output: Your Answer Score Explanation The less the need for activist fiscal and monetary policies ✓ 1.00 The more the need for activist fiscal and monetary policies The use of activist fiscal and monetary policies is independent of the speed of the adjustment process Don't know Total 1.00 / 1.00

Question 31

Under the theory of adaptive expectations, shifts of the aggregate supply and aggregate demand curves to bring the economy back to full employment:

our Answer		Score	Explanation
Occur very slowly	~	1.00	
Occur very quickly			
Cannot occur			
Don't know			
otal		1.00 / 1.00	

Question 32 Which school or schools of macroeconomics thought believe that the government should adhere to rules that prohibit it from causing instability in the economy? Your Answer Score Explanation Keynesians Monetarists New Classicals All the above 2 and 3 only ✓ 1.00 Don't know Total 1.00 / 1.00

Question 33

Which school of macroeconomic thought would most favor a rule that directed the Federal Reserve to expand the money supply at the same rate is the typical growth of the economy's production capacity?

Your Answer		Score	Explanation
Monetarists	~	1.00	
Keynesians			
Both			
Don't know			

Total 1.00 / 1.00

Question 34 Under the Rational Expectations theory, if the Federal Reserve lowers interest rates to stimulate economic growth: Your Answer Score Explanation 1. Workers will demand higher wages 2. Firms will increase prices 3. Lenders will lower interest rates All the above 1 and 2 only ✓ 1.00 Don't know Total 1.00 / 1.00

Question 35

Which theory of expectations holds that any attempt by the government to use activist fiscal and monetary policies to stimulate the economy will be immediately offset?

Your Answer	Score	Explanation
Adaptive expectations		
Don't know		
Irrational expectations		

Rational expectations	~	1.00
Total		1.00 / 1.00

Question 36

To finance a budget deficit, the US Treasury Department may sell bonds directly to the private capital markets. What is likely to be the effect on interest rates in the level of private sector investment?

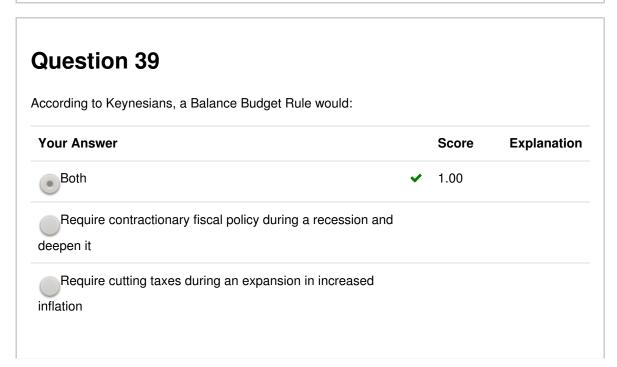
Your Answer		Score	Explanation
Interest rates rise and investment falls	~	1.00	
Interest rates fall and investment falls			
Interest rates rise and investment rises			
Don't know			
Total		1.00 / 1.00	

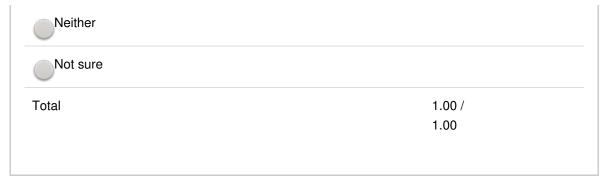
Question 37

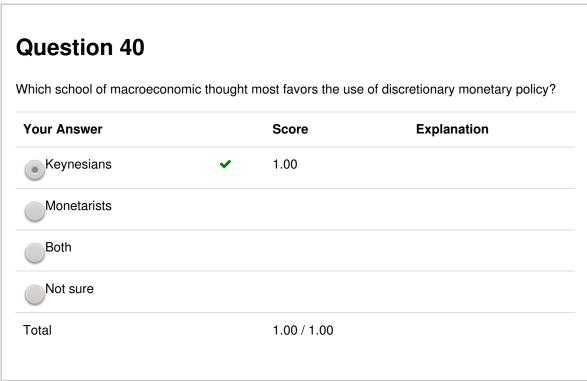
When a bond-financed budget deficit leads to a reduction in private sector investment, this is referred to as:

Your Answer		Score	Explanation
Crowding out	~	1.00	
Crowding in			









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