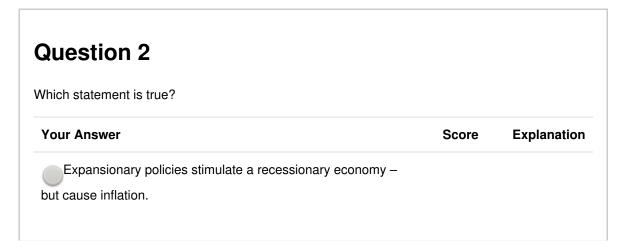
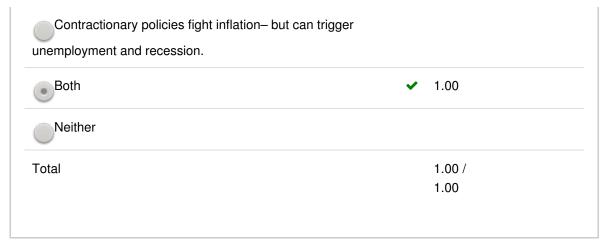
## Feedback — Week Five Quiz

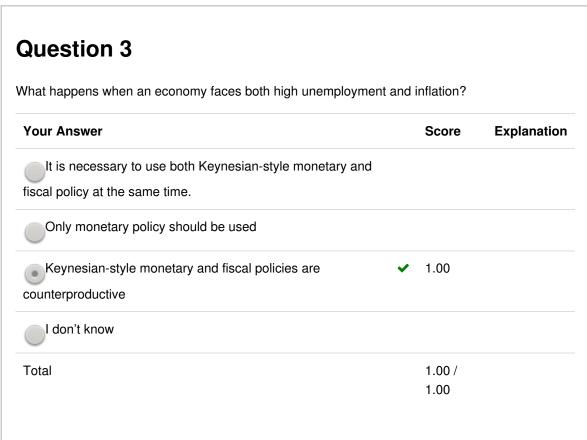
Help

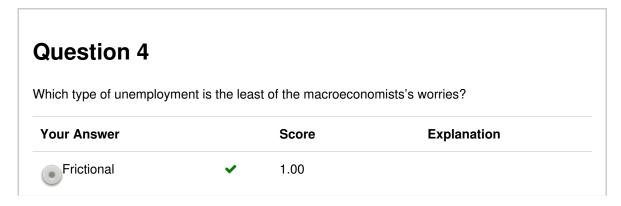
You submitted this quiz on **Thu 13 Feb 2014 6:42 AM PST**. You got a score of **33.00** out of **33.00**.

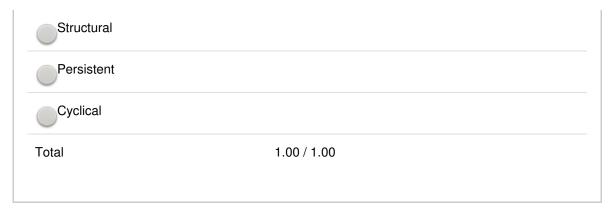
Question 1			
In most cases, macroeconomists can:			
Your Answer		Score	Explanation
1. Solve an inflation problem by making unemployment worse.			
2. Solving an unemployment problem by making inflation worse.			
3. Solve unemployment and inflation at the same time			
1 & 2 only	<b>~</b>	1.00	
Don't know			
Total		1.00 / 1.00	

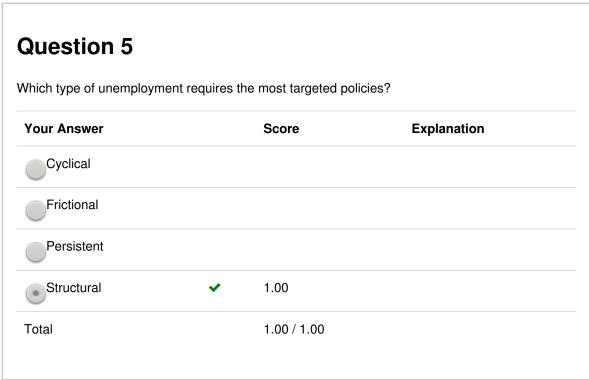


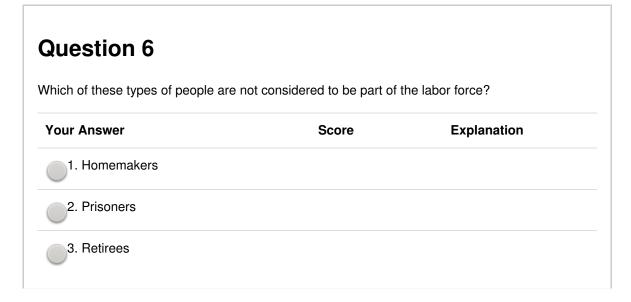


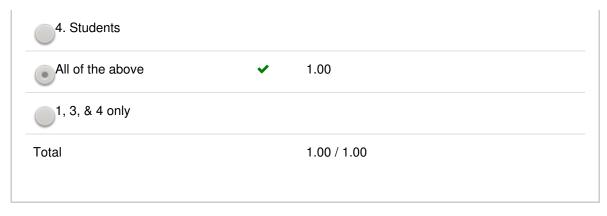




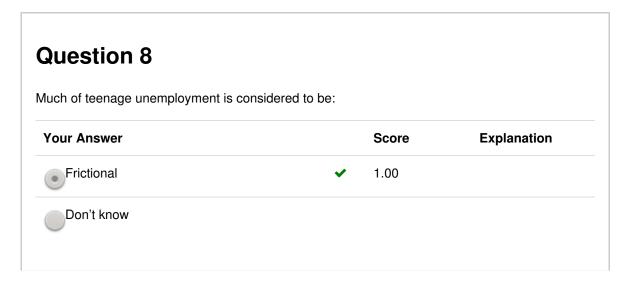


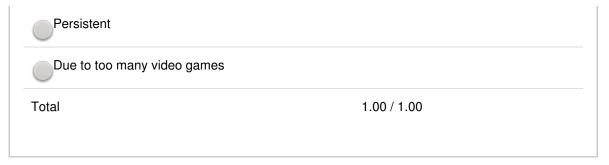


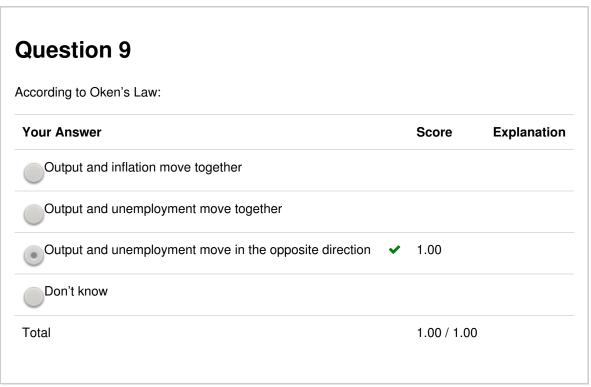


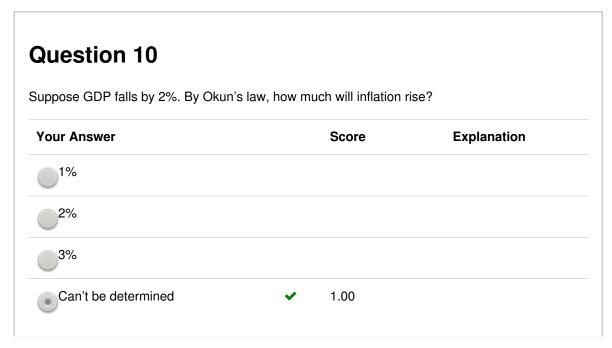


# Question 7 If there are 100 million people in the labor force and 6 million of them are unemployed, what is the unemployment rate? Your Answer Score Explanation 6% minus those not in the labor force 6% ✓ 1.00 6% plus summer workers Don't know Total 1.00 / 1.00

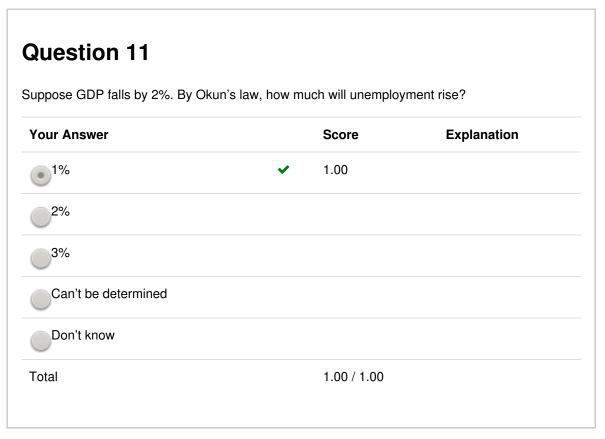








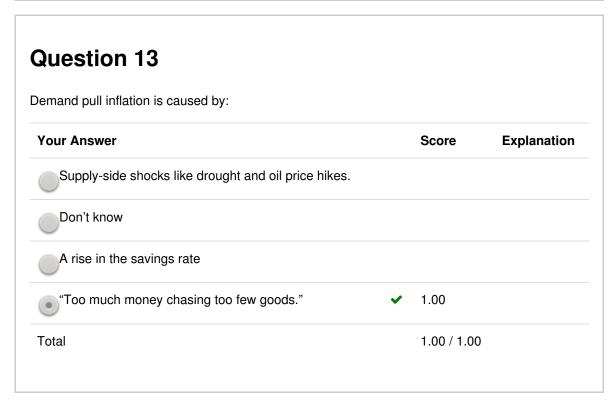


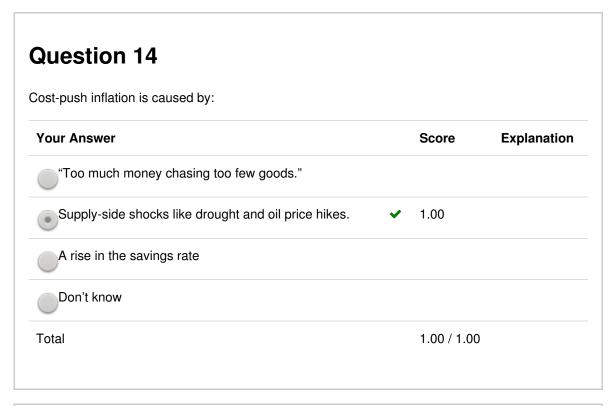


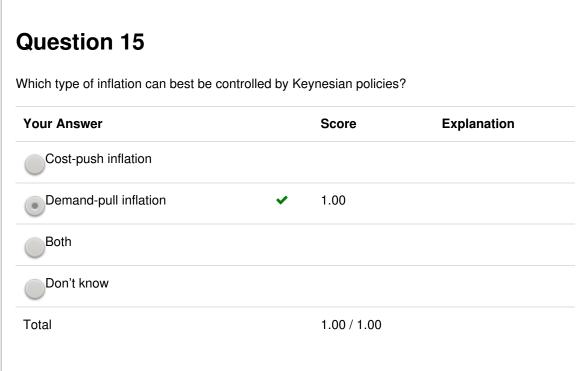
Suppose the inflation rate exceeds the rate of growth in income. That would mean that purchasing power is:

Your Answer		Score	Explanation
Falling	<b>~</b>	1.00	
Rising			
Staying the same			

Don't know	
Total	1.00 / 1.00



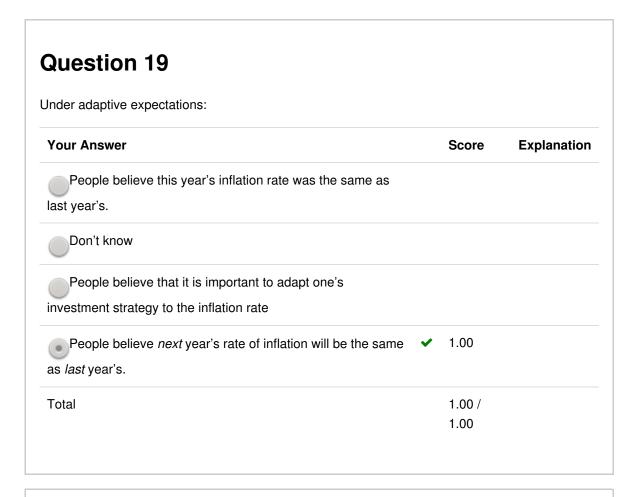




Your Answer		Score	Explanation
Simultaneous inflation and wage declines			
Don't know			
Simultaneous unemployment and inflation	<b>~</b>	1.00	
Simultaneous unemployment and wage declines			
Total		1.00 / 1.00	

Score	Explanation
1.00	
1.00 /	

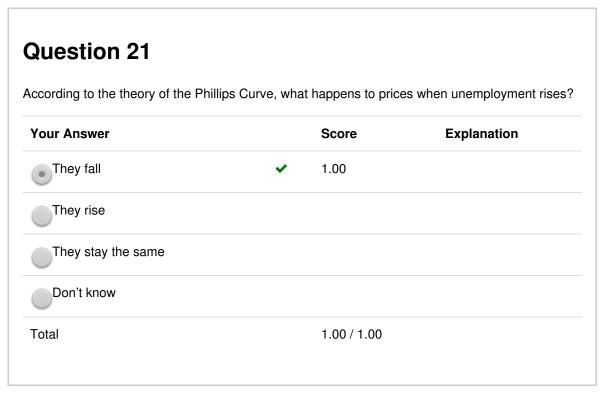
Question 18			
he "core or inertial" rate of inflation is defined as:			
Your Answer		Score	Explanation
The inflation that exists all a time			
Inflation that tends to persist at the same rate until a	~	1.00	
demand or supply side shock changes things			
The inflation that exists before Keynesian stimulus			
Don't know			
Total		1.00 /	
		1.00	

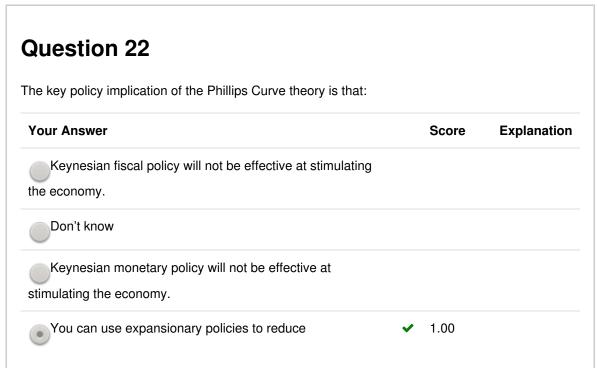


Under an adaptive expectations model, suppose you are a labor negotiator in last year's inflation rate was 3% and you believe that next year your workers will achieve a 2% increase in their productivity. What is the minimum wage increase for your workers for the next year that will you demand?

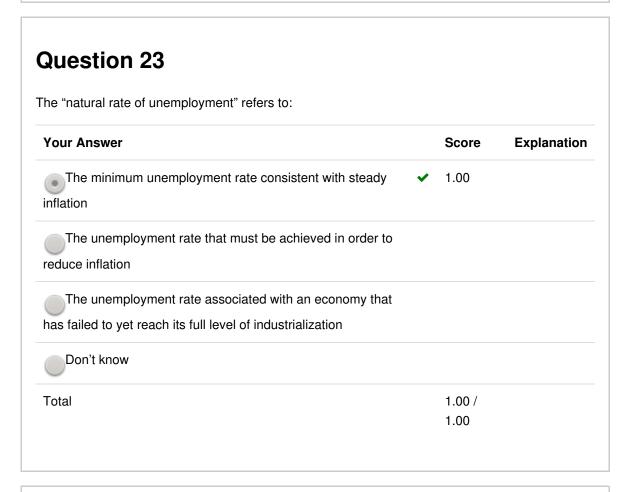
Your Answer		Score	Explanation
3%			
5%	~	1.00	
2%			
Don't know			



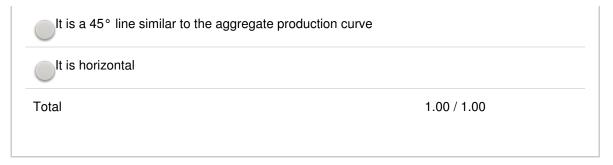


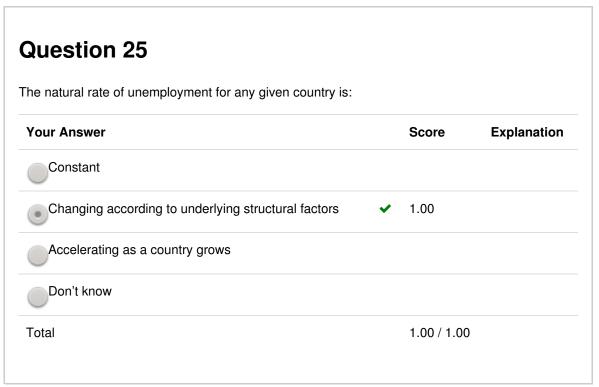


1.00 /
1.00



## Question 24 If it is impossible to drive the unemployment rate below the natural rate in the long run, what does this imply about the slope of the Phillips Curve? Your Answer Score Explanation It is vertical Don't know





## Question 26 If the government uses Keynesian stimulus in an attempt to drive the unemployment rate below the natural rate in the short run, what will be the inevitable result? Your Answer Score Explanation Rising unemployment ✓ 1.00 Rising growth in the real gross domestic product over the long run



According to Monetarist theory, if a nation repeatedly uses Keynesian policies to try and keep unemployment below the natural rate, what will be the result in the long run?

our Answer		Score	Explanation
An inflationary spiral	<b>~</b>	1.00	
Don't know			
A supply-side shock			
A deflationary spiral			
-otal		1.00 / 1.00	

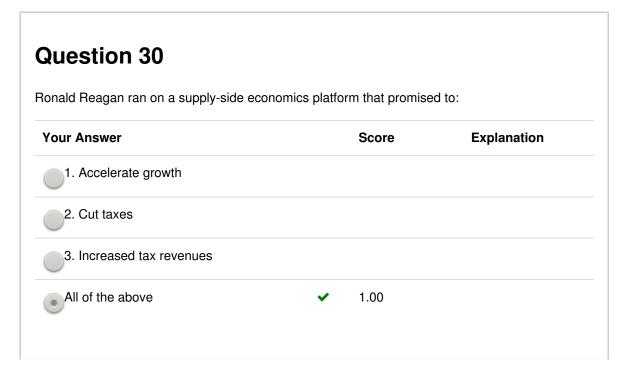
## **Question 28**

According to the Monetarists, the only way to stop an inflationary spiral is to:

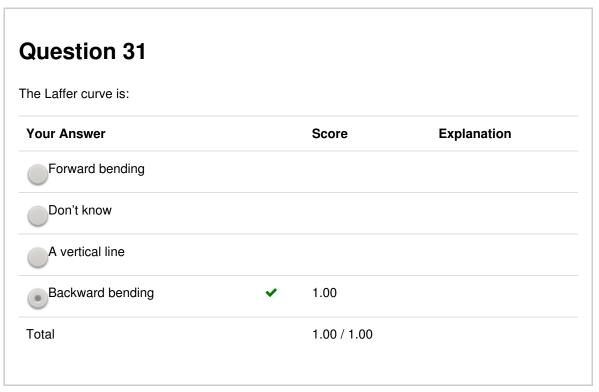
Your Answer	Score	Explanation
Push the actual unemployment rate above the natural rate using Keynesian stimulus.		
Push the actual unemployment rate above the natural rate by inducing a recession	1.00	
Reduce the natural rate of unemployment		



## Question 29 According to Keynesian economists, the traditional solution to an inflationary spiral is to: Your Answer Score Explanation Impose wage and price controls until inflation dissipates ✓ 1.00 Increase the money supply Cut taxes Don't know Total 1.00 / 1.00







cording to the Laffer curve, it is pos	ssible to cut the	marginal tax rat	te and:
our Answer		Score	Explanation
Increase tax revenues	<b>~</b>	1.00	
Increase GDP growth			
Decrease tax revenues			
Don't know			

Total 1.00 / 1.00

ccording to Supply Side economics theory, deregulation will:		
Your Answer	Score	Explanation
Shift out the aggregate demand curve and thereby ncrease both inflation and GDP growth.		
Shift out the aggregate demand curve and thereby decrease inflation and increase GDP growth		
Shift out the aggregate supply curve and thereby increase both inflation and GDP growth		
Shift out the aggregate supply curve and thereby decrease   nflation and increase GDP growth	1.00	
Don't know		
Total	1.00 / 1.00	

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