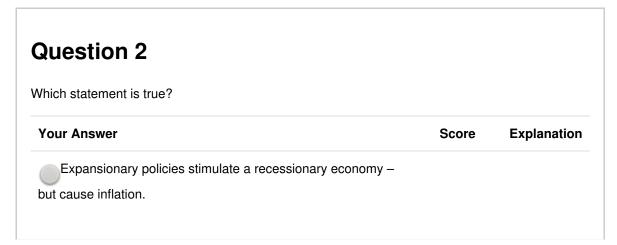
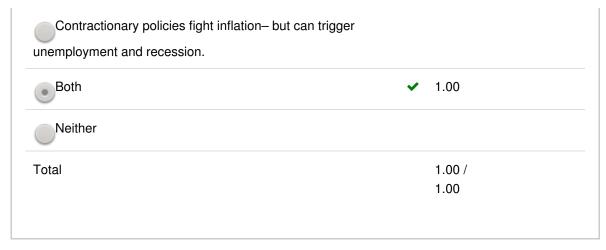
### Feedback — Week Five Quiz

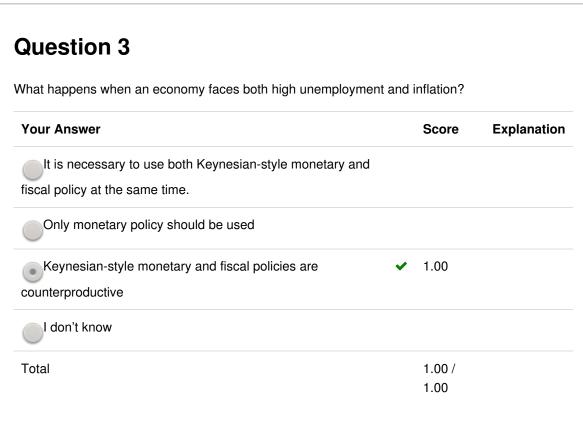
Help

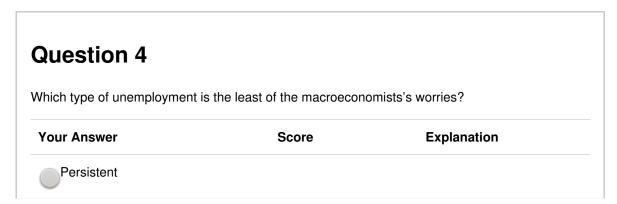
You submitted this quiz on **Tue 11 Feb 2014 9:32 AM PST**. You got a score of **32.00** out of **33.00**. You can attempt again, if you'd like.

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	

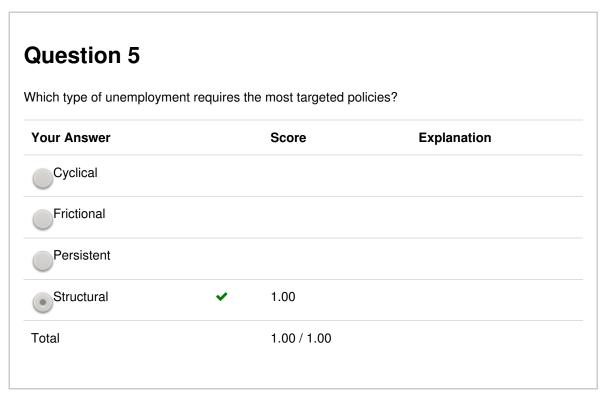


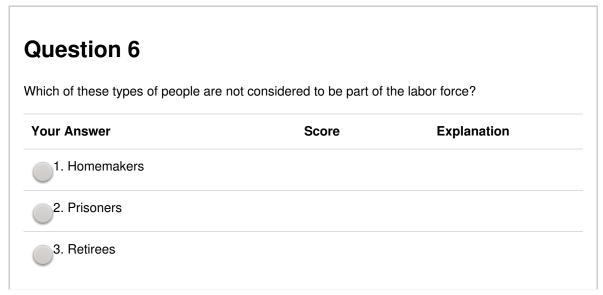






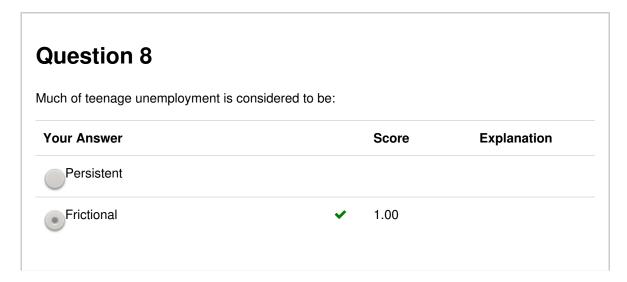
Frictional	<b>~</b>	1.00
Cyclical		
Structural		
Total		1.00 / 1.00

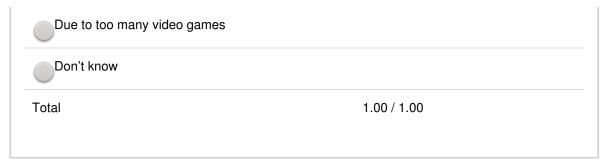


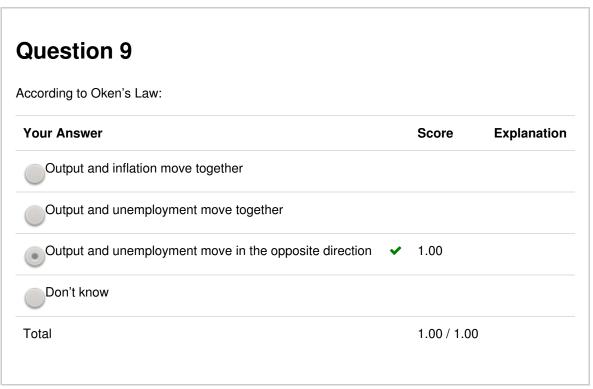


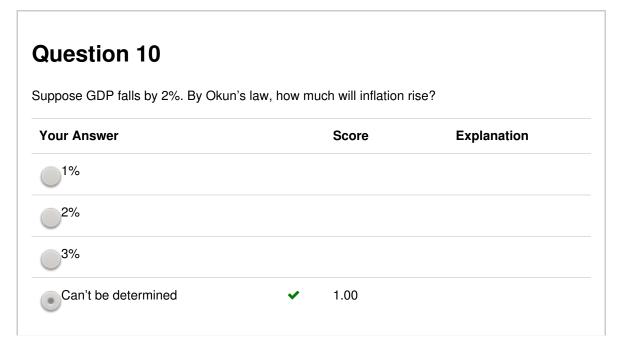


# Question 7 If there are 100 million people in the labor force and 6 million of them are unemployed, what is the unemployment rate? Your Answer Score Explanation 6% minus those not in the labor force 6% ✓ 1.00 6% plus summer workers Don't know Total 1.00 / 1.00

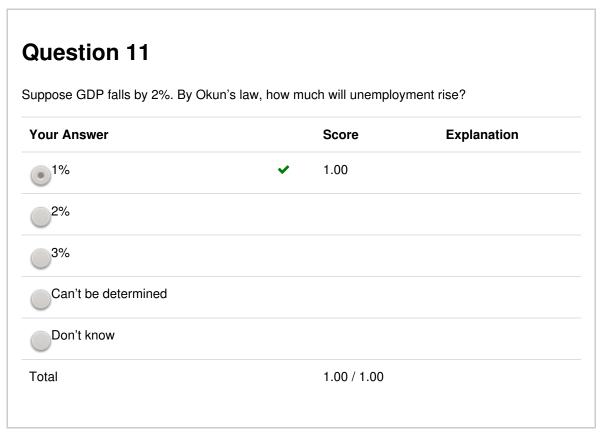








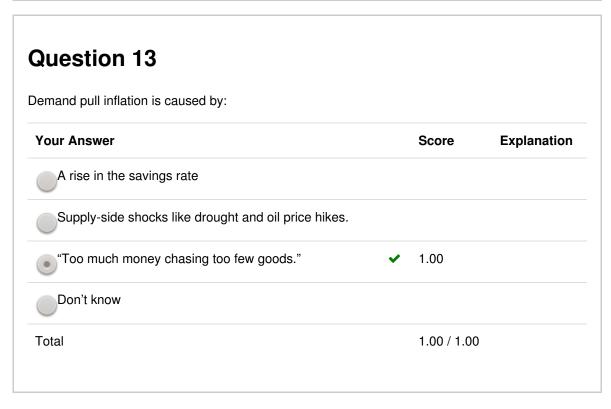


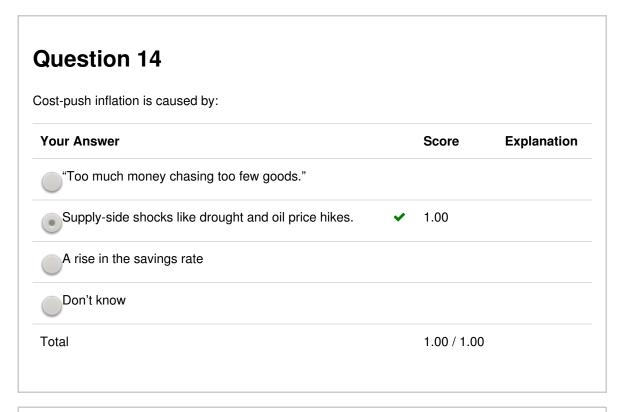


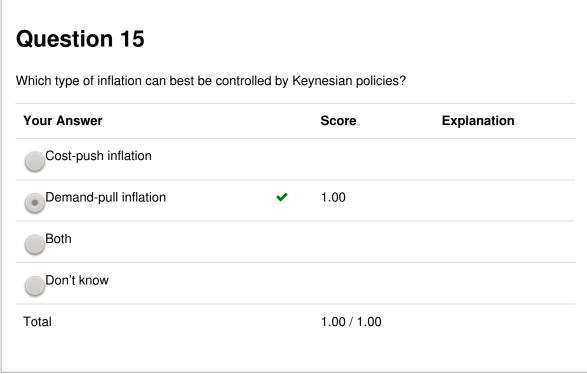
Suppose the inflation rate exceeds the rate of growth in income. That would mean that purchasing power is:

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

Don't know	
Total	1.00 / 1.00



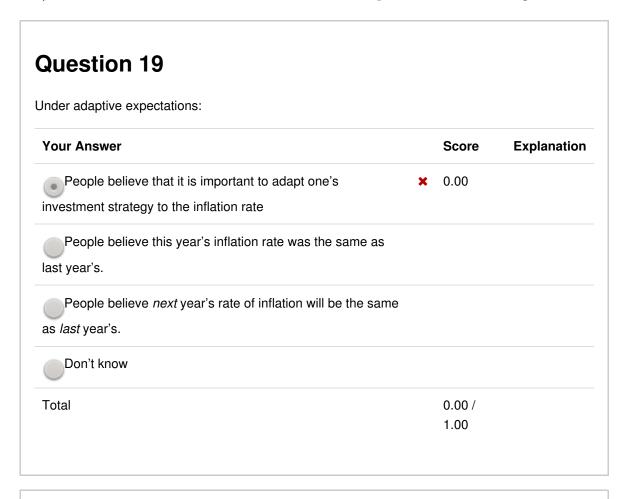




Your Answer		Score	Explanation
Simultaneous unemployment and inflation	~	1.00	
Simultaneous inflation and wage declines			
Simultaneous unemployment and wage declines			
Don't know			
Total		1.00 / 1.00	

nflationary expectations are important because:		
Your Answer	Score	Explanation
The <u>expectation</u> of inflation can significantly contribute to <u>actual</u> inflation.		
2. Inflationary expectations strongly influence the behavior of businesses, investors, workers, and consumers!		
3. They help fight both supply-side shocks and demand-pull inflation		
1 & 2 only	<b>1</b> .00	
Don't know		
Total	1.00 /	
Total	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	<b>✓</b> 1.00	
demand or supply side shock changes things		
The inflation that exists before Keynesian stimulus		
Don't know		
Total	1.00 /	
	1.00	



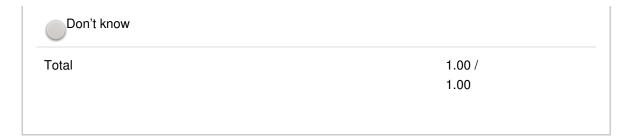
Under an adaptive expectations model, suppose you are a labor negotiator in last year's inflation rate was 3% and you believe that next year your workers will achieve a 2% increase in their productivity. What is the minimum wage increase for your workers for the next year that will you demand?

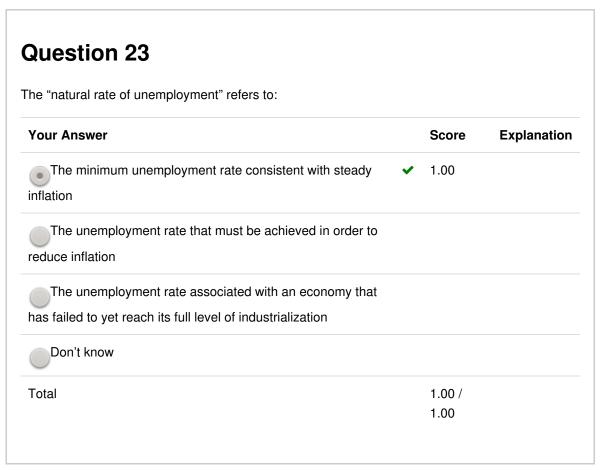
	Score	Explanation
~	1.00	
	•	



# According to the theory of the Phillips Curve, what happens to prices when unemployment rises? Your Answer Score Explanation They fall 1.00 They rise Don't know Total 1.00 / 1.00

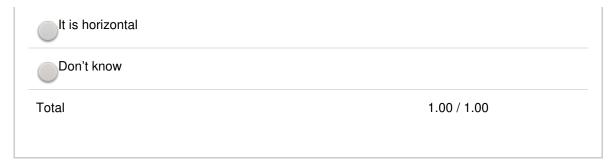
he key policy implication of the Phillips Curve theory is that:			
Your Answer		Score	Explanation
Keynesian monetary policy will not be effective at			
stimulating the economy.			
Keynesian fiscal policy will not be effective at stimulating			
the economy.			
You can use expansionary policies to reduce	~	1.00	
unemployment and the only price will be a bit more inflation.			

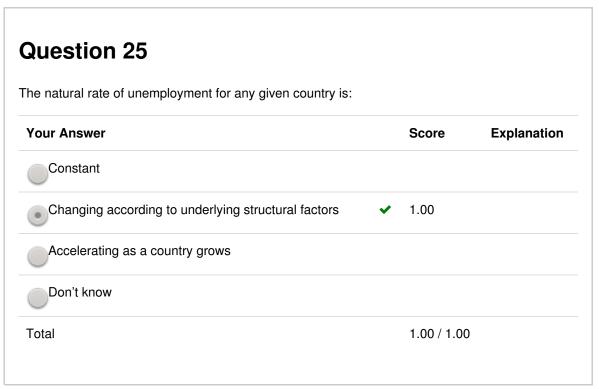


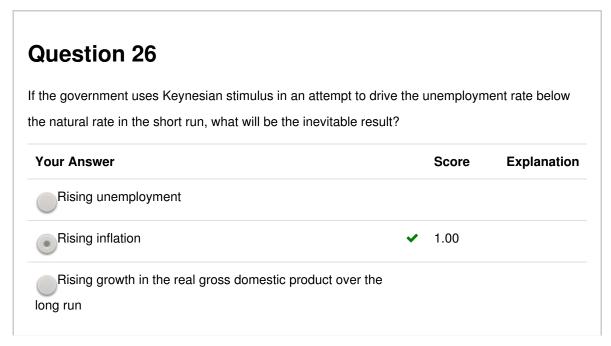


If it is impossible to drive the unemployment rate below the natural rate in the long run, what does this imply about the slope of the Phillips Curve?

Your Answer		Score	Explanation
It is a 45° line similar to the aggregate production curve			
It is vertical	<b>~</b>	1.00	









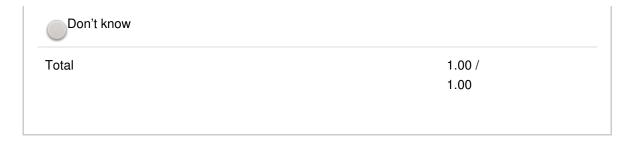
According to Monetarist theory, if a nation repeatedly uses Keynesian policies to try and keep unemployment below the natural rate, what will be the result in the long run?

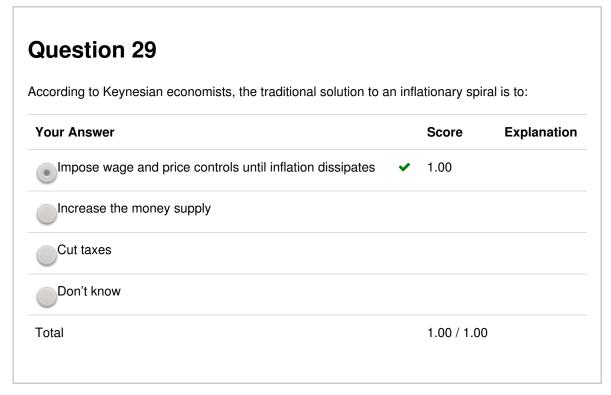
our Answer		Score	Explanation
A supply-side shock			
An inflationary spiral	<b>~</b>	1.00	
A deflationary spiral			
Don't know			
otal		1.00 / 1.00	

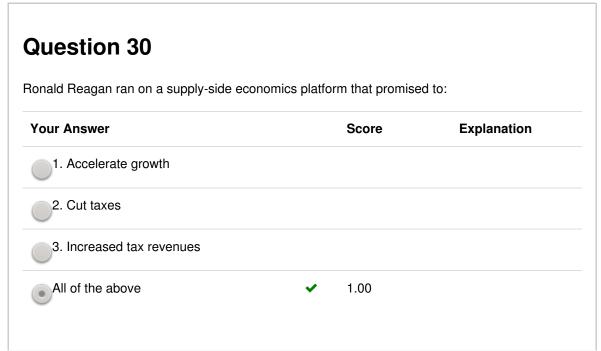
# **Question 28**

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

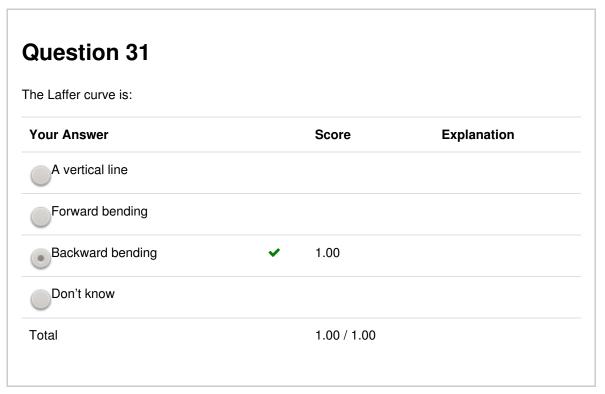
Your Answer		Score	Explanation
Push the actual unemployment rate above the natural rate using Keynesian stimulus.			
Push the actual unemployment rate above the natural rate by inducing a recession	~	1.00	
Reduce the natural rate of unemployment			

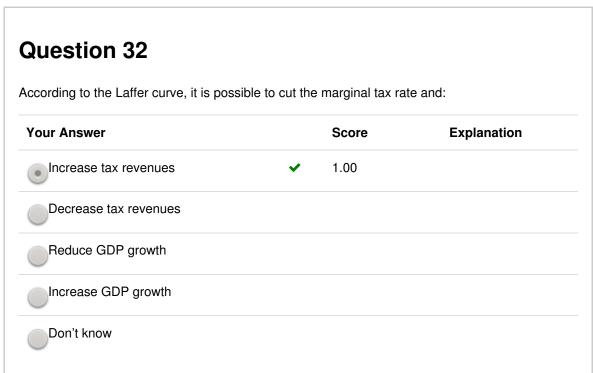












Total 1.00 / 1.00

According 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 /	

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