You submitted this quiz on **Tue 1 Apr 2014 1:43 PM PDT**. You got a score of **0.00** out of **46.00**. However, you will not get credit for it, since it was submitted past the deadline.

Question 1

If consumer confidence falls and unemployment rises, what happens to the probability of a recession?

Your Answer	Score	Explanation
○ It goes down		
It goes up		
○ Not sure		
○There is no effect		
Total	0.00 / 1.00	

Question Explanation

It goes up

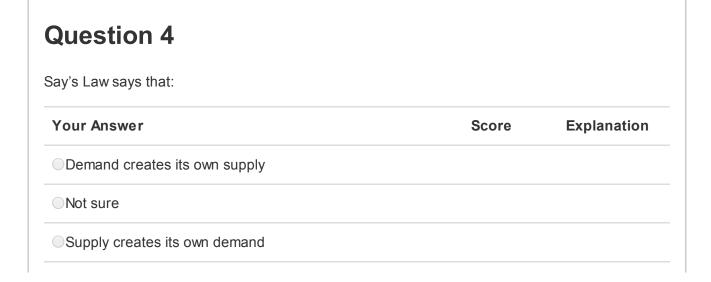
Question 2

Who famously said "in the long run, we're all dead."

Your Answer	Score	Explanation
John Maynard Keynes		
Franklin Delano Roosevelt		

Jean Baptiste Say	
Freddy Krueger	
Total	0.00 / 1.00
Question Explanation	
John Maynard Keynes	

Which was the most prosperous decade? Your Answer Score Explanation The 1990s The 1980s The 1970s The 2000s Total 0.00 / 1.00 Question Explanation The 1990s



Supply must always exceed demand to curb infla	tion
Total	0.00 / 1.00
Question Explanation	
Supply creates its own demand	

Which event will shift the aggregate supply curve in?

Your Answer	Score	Explanation
1. An increase in the excise tax		
2. A decrease in the sales tax		
3. A decrease in the payroll tax		
1 & 2 only		
ONot sure		
Total	0.00 / 1.00	

Question Explanation

1. An increase in the excise tax

Question 6

The fixed price assumption is valid in the Intermediate range of the economy because:

Your Answer	Score	Explanation
○Prices are fixed		
Prices vary a lot with output		
Prices vary little with output		

○Not sure		
Total	0.00 / 1.00	
Question Explanation		
Prices vary little with output		

Why does the AE curve intersect the vertical axis above zero?

Your Answer	Score	Explanation
○ Not sure		
Autonomous consumption		
○ Induced consumption		
Fractional consumption		
Total	0.00 / 1.00	

Question Explanation

Autonomous consumption

Question 8

What type of expansionary fiscal policies can be used to close a recessionary gap?

Your Answer	Score	Explanation
○1. A tax cut		
2. An increase in government expenditures		
3. A decrease in the money supply		

Total 0.00 / 1.00

Question Explanation
1 & 2 only

Question 9

Monetary Policy involves changes in the money supply to:

Your Answer	Score	Explanation
1. Contract the economy		
2. Expand the economy		
3. Diversify the economy		
1 & 2 only		
2 & 3 only		
Total	0.00 / 1.00	

Question Explanation

1 & 2 only

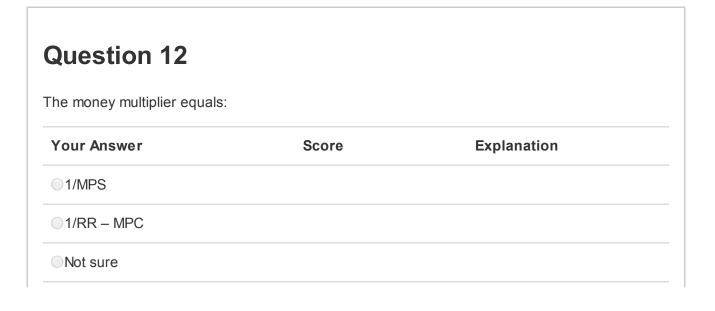
Question 10

The longer the term of a loan:

Your Answer	Score	Explanation
The higher the interest rate		
The lower the interest rate		

○Not sure		
Total	0.00 / 1.00	
Question Explanation		
The higher the interest rate		

Question 11 If you want to adjust for inflation when evaluating an investment, you would rely on the: Your Answer Score Explanation Not sure Nominal interest rate Normalized interest rate Real interest rate Total 0.00 / 1.00 Question Explanation Real interest rate



○1/RR		
Total	0.00 / 1.00	
Question Explanation		
1/RR		

Question 13 Stagflation is characterized by: Your Answer Score Explanation 1. Inflation 2. Recession 3. A balanced budget All of the above 1 & 2 only Total 0.00 / 1.00 Question Explanation 1 & 2 only

Question 14

What happens when an economy faces both high unemployment and inflation?

Your Answer	Score	Explanation
Olt is necessary to use both Keynesian-style monetary and fiscal policy at the same time.		
Only monetary policy should be used		

 Keynesian-style monetary and fiscal policies are counterproductive 	
○I don't know	
Total	0.00 /
	1.00

Keynesian-style monetary and fiscal policies are counterproductive

Question 15

Inflationary expectations are important because:

Your Answer	Score	Explanation
○1. 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		
ODon't know		
Total	0.00 /	
	1.00	

Question Explanation

1 & 2 only

Question 16

Under adaptive expectations:

Your Answer	Score	Explanation
People believe <i>next</i> year's rate of inflation will be the same as <i>last</i> year's.		
People believe this year's inflation rate was the same as last year's.		
ODon't know		
People believe that it is important to adapt one's investment strategy to the inflation rate		
Total	0.00 /	
	1.00	

People believe next year's rate of inflation will be the same as last year's.

Question 17

New Classical Economics is based on:

Your Answer	Score	Explanation
Rational expectations		
Adaptive expectations		
Traditional expectations		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Rational expectations

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	
1 million			
100,000			
◯10 million			
ODon't know			
Total	0.00 / 1.00		
Question Explanation			
1 million			

Question 19

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		
Rises		
Stays the same		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

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			
Keynesians			
Both			
ODon't know			
Total	0.00 / 1.00		

Question Explanation

Monetarists

Question 21

Economic growth represents the expansion of the country's potential GDP or national output.

Your Answer	Score	Explanation
True		
○False		
Opon't know		
Total	0.00 / 1.00	

Question Explanation

When new workers are added to a fixed supply of land, the marginal product of each additional worker is likely to:

Your Answer	Score	Explanation
Fall		
Rise		
Stay constant		
Opn't know		
Total	0.00 / 1.00	
Question Explanation		
Question Explanation		
Fall		

Question 23

In the neoclassical growth model, if economic growth consists only of accumulating capital through replicating factories with existing methods of production, what happens to the standard of living?

Your Answer	Score	Explanation
It eventually stops rising		
○It falls		
It continues to rise		
Opon't know		
Total	0.00 / 1.00	

It eventually stops rising

Question 24

Classical economists argue that:

Your Answer	Score	Explanation
Budget deficits are a necessary byproduct of an expansionary fiscal policy during recessions.		
Budget deficits are bad and should be avoided except in wartime.		
Budget deficits are normal for any developed economy		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Budget deficits are bad and should be avoided except in wartime.

Question 25

To avoid crowding out, the Federal Reserve "accommodates" the Treasury's expansionary fiscal policy by:

Your Answer	Score	Explanation
○Buying Treasury securities		
Contracting the money supply		
ODon't know		
Selling Treasury securities		

Total 0.00 / 1.00

Question Explanation

Buying Treasury securities

Question 26

A quota may be defined as:

Your Answer	Score	Explanation
ODon't know		
Both		
A specific numerical restriction on imports		
○A tax levied on imports.		
Total	0.00 / 1.00	

Question Explanation

A specific numerical restriction on imports

Question 27

The "deadweight loss" from a tariff equals:

Your Answer	Score	Explanation
OLoss in producer surplus minus loss in consumer surplus		
OLoss in producer surplus plus loss in consumer surplus		
Gain in producer surplus minus loss in consumer surplus		
ODon't know		
Total	0.00 / 1.00)

Loss in producer surplus plus loss in consumer surplus

Question 28

When countries attempt to affect their exchange rates by buying and selling foreign currencies, this is called:

Your Answer	Score	Explanation
ODon't know		
Retribution		
Compounding		
○Intervention		
Total	0.00 / 1.00	

Question Explanation

Intervention

Question 29

When a country devalues its currency to boost exports and reduce imports, this is called:

Your Answer	Score	Explanation
□1. A "competitive devaluation"		
2. A "beggar thy neighbor" policy		
○3. A fixed exchange rate system		
All of the above		
○1 & 2 only		

ODon't know		
Total	0.00 / 1.00	
Question Explanation		
1 & 2 only		

When the United States runs a budget deficit, that tends to: Your Answer Score Explanation Increase its trade deficit Have no impact on its trade deficit Decrease its trade deficit Don't know Total 0.00 / 1.00 Question Explanation Increase its trade deficit

Por developing countries: Your Answer Score Explanation The emphasis on manufacturing versus farming will depend on the endowment of a country's natural resources Don't know It is always better to emphasis farming over manufacturing

It is always better to emphasis manufacturing over farming		
Total 0.00 /		
1.00		

The emphasis on manufacturing versus farming will depend on the endowment of a country's natural resources

Question 32

In a surprise move, the European Central Bank cuts interest rates to stimulate the European economy. How will such stimulus work to increase the rate of GDP growth?

Your Answer	Score	Explanation
○1. Lower interest rates will stimulate domestic investment		
2. Lower interest rates will cause the euro currency to fall and stimulate exports		
○Both 1 and 2		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Both 1 and 2

Question 33

The Bank of Japan and Japan's Prime Minister decide to increase the monetary base to prevent deflation. Holding other things constant, what is likely to happen to New Zealand's dollar, the demand for its export, and its rate of GDP growth?

Your Answer Score Explanation

New Zealand's dollar and export demand as well as its GDP will fall	
New Zealand's dollar and export demand as well as its GDP will rise	
New Zealand's dollar will rise and its export demand and GDP will fall	
ODon't know	
Total	0.00 / 1.00

New Zealand's dollar will rise and its export demand and GDP will fall

Question 34

Suppose the GDP of Europe falls because of a sovereign debt crisis and subsequent recession. What is likely to happen to China's exports to Europe and its demand for commodities like iron ore and oil?

Your Answer	Score	Explanation
China's exports to Europe rise and its demand for commodities fall		
China's exports to Europe fall and its demand for commodities rise		
China's exports to Europe fall and its demand for commodities fall		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Which type of exchange rate system is better?

Your Answer	Score	Explanation
Fixed		
Floating		
Both fixed and floating have their pros and cons		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Both fixed and floating have their pros and cons

Question 36

Europe announces a sovereign debt crisis threatening the stability of the euro so money pours out of Europe into the United States. What happens to U.S. bond prices and bond yields?

Your Answer	Score	Explanation
○U.S. bond prices fall and yields fall		
U.S. bond prices rise and yields rise		
○U.S. bond prices fall and yields rise		
U.S. bond prices rise and yields fall		
ODon't know		
Total	0.00 / 1.00	

U.S. bond prices rise and yields fall

Question 37

Germany has an absolute advantage over the rest of the world in the production of both automobiles and printing presses and a comparative advantage in the production of automobiles. According to the theory of comparative advantage, in trading with the rest of the world, Germany should:

Your Answer	Score	Explanation
Produce both automobiles and printing presses		
Specialize in automobiles		
Specialize in printing presses		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Specialize in automobiles

Question 38

Which special interest group is most likely to favor tariffs on the importation of cheap, government-subsidized solar energy panels from China into the Spanish market?

Your Answer	Score	Explanation
Spanish solar panel manufacturers		
Spanish solar panel consumers		
Spanish solar panel installers		

OAll of the above		
ODon't know		
Total	0.00 / 1.00	
Question Explanation		
Spanish solar panel manufacturers		

The physicist Albert Einstein could type 120 words a minute but hired a secretary to type his works. What economic theory might account for that?

Your Answer	Score	Explanation
Absolute advantage		
Comparative advantage		
OPhysical advantage		
ODon't know		
Total	0.00 / 1.00	

Question Explanation

Comparative advantage

Question 40

To make it more difficult for foreigners to import wine into France, French ports decide to delay the ships coming into its ports carrying wine. This is an example of a:

Your Answer	Score	Explanation	
OProduct differentiation			

Question Explanation Non-tariff barrier		
Question Explanation		
Total	0.00 / 1.00	
Opon't know		
○Tariff barrier		
○Non-tariff barrier		

A new government report comes out indicating that the U.S. budget deficit is likely to rise significantly over the next five years. An economic forecaster will likely predict:

Your Answer	Score	Explanation
OLower interest rates and more domestic capital investment		
Higher interest rates and less domestic capital investment		
No impact on interest rates or capital investment.		
ODon't know		
Total	0.00 / 1.00)

Question Explanation

Higher interest rates and less domestic capital investment

Question 42

Okun's Law provides insight into the important relationship between:

Your Answer	Score	Explanation
○Economic growth and the unemployment rate		

○ Economic growth and the inflation rate		
○Economic growth and stagflation		
ODon't know		
Total	0.00 / 1.00	

Economic growth and the unemployment rate

Question 43

Suppose the GDP = \$20 trillion, the budget deficit = \$240 billion, the unemployment rate = 7%, the natural rate of unemployment = 5%, and the marginal tax rate = 30%. Which portion of the deficit is structural?

Your Answer	Score	Explanation
\$0 billion		
\$40 billion		
\$48 billion		
ODon't know		
Total	0.00 / 1.00	

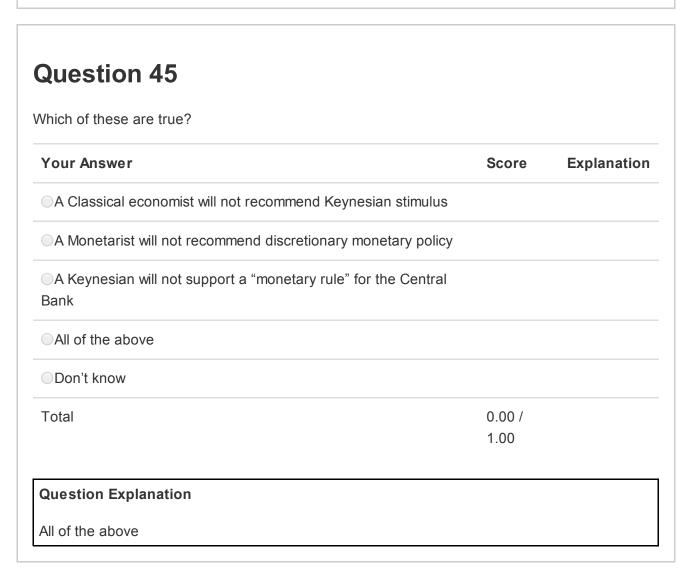
Question Explanation

\$0 billion

Question 44

In the Land of Oz, economic growth consists only of accumulating capital through replicating factories with existing methods of production. What happens to the standard of living according to the neo-classical growth model?

Your Answer	Score	Explanation
○It falls		
Olt continues to rise		
○ It eventually stops rising		
ODon't know		
Total	0.00 / 1.00	
Question Explanation		
It eventually stops rising		



Under the theory of rational expectations, if the Federal Reserve expands the money supply to close a recessionary gap:

Your Answer	Score	Explanation
Businesses will immediately lower prices		
○Workers will agree to lower wages		
The attempted expansionary monetary stimulus will be completely offset by inflation's contractionary effects		
All of the above		
Opn't know		
Total	0.00 / 1.00	

Question Explanation

The attempted expansionary monetary stimulus will be completely offset by inflation's contractionary effects