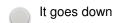
Feedback — FINAL EXAM

Help

You submitted this quiz on **Tue 25 Mar 2014 12:29 PM PDT**. You got a score of **39.00** out of **46.00**. You can attempt again, if you'd like.

Question 1

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



There is no effect

Not sure

It goes up

Question 2

If the government wants to use fiscal policy to stimulate the economy, it will:

Cut government spending and cut taxes

Increase government spending and cut taxes

Cut government spending and raise taxes

Increase government spending and increase taxes

Question 3

The application of a massive fiscal and monetary policy after the Great Recession of 2007:

Was applauded by the ghost of Milton Friedman

	Was moderately successful Was a total failure
Qu	estion 4
If the	quantity of money increases in the quantity theory of money equation, what must increase?
	Not sure
	Quantity
•	Price
	Velocity
The A	AS-AD framework: Assumes prices are fixed Allows for price adjustments Is independent of prices
	Not sure

Which of these is an injection?

Not sure

Taxes

Imports

Exports

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

- .60
- .80
- .20
- .40

Question 8

Which of these components of the aggregate expenditure function is not represented by a horizontal line?

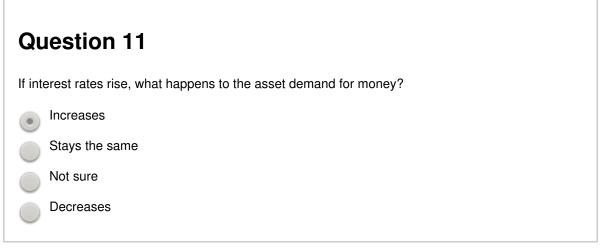
- Government function
- Not sure
- Consumption function
- Investment function

Question 9

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

- Drive up interest rates and drive down investment
- Drive down interest rates and investment
- Drive down interest rates and drive up investment
 - Drive up interest rates and investment

Question 10 Interest is: 1. The payment made for the use of money 2. The "price of money" 3. The rate of return from commodity money All of the above 1 & 2 only



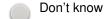


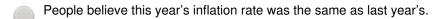
Question 13

gap?
1. An increase in the money supply
2. A fall in interest rates
3. An increase in investment and consumption
4. An increase in exports
All of the above
1, 2 & 3 only
Question 14
To fight the stagflation of the late 1970s, Federal Reserve Chairman Paul Volcker:
Dramatically raised interest rates
2. Induced a recession
3. Cut taxes
All of the above
1 & 2 only
Question 15
Suppose GDP falls by 2%. By Okun's law, how much will inflation rise?
1%
2%
3%
Can't be determined
Don't know

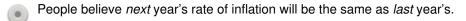
The monetary transmission mechanism involves which of the following to close a recessionary

Under adaptive expectations:





People believe that it is important to adapt one's investment strategy to the inflation rate



Question 17

The Laffer curve is:

Forward bending

A vertical line

Don't know

Backward bending

Question 18

Historically, the Federal Reserve has focused on:

Lowering short-term interest rates to stimulate investment

Lowering long-term interest rates to stimulate investment

Lowering both short and long-term interest rates to stimulate investment

Don't know

Question 19

When export demand is weak in Europe and the United States because of slow growth, what is

Falls	
Rises	
Stays the	same
Don't kno	w
Questio	n 20
Which school o	r schools of macroeconomics thought believe that the government should adhere to
rules that prohi	bit it from causing instability in the economy?
Keynesia	ns
Monetaris	ts
New Clas	sicals
All the abo	ove
2 and 3 or	nly
Don't kno	w
Questio	n 21
Which school o	f macroeconomic thought believes the following: Fiscal policy should not be used
	ses in government spending are likely to be offset by declines in investment.
Monetaris	
Keynesia:	
Both	
Don't kno	w

likely to happen to China's import demand for commodities such as coal and iron ore?

Question 22

Some government projects involve external benefits that private firms cannot capture
Some government projects involve internal benefits that private firms cannot capture
The government has more expertise than private firms as a rule
Don't know
Question 23
In the neoclassical growth model, what happens to wages and returns to capital with technological change?
Both wages and the returns to capital rise
Wages fall and the returns to capital rise
Wages rise and the returns to capital fall
Both wages and the returns to capital fall
Don't know
Question 24
Classical economists argue that:
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
Don't know

Why is it necessary for the government to invest in certain types of projects to fuel growth?

Question 25

Budget deficits can cause trade deficits if:

Don't know
Deficit financing lowers interest rates and raises the value of the dollar
Deficit financing raises interest rates and lowers the value of the dollar
Deficit financing raises interest rates and raises the value of the dollar
Question 26
If a tariff is imposed on imports, which of these statements will be true:
1. Consumers pay higher prices
2. Imports fall
3. Domestic producers see profits fall
All of the above
1 & 2 only
Don't know
Question 27
In the context of free trade, a zero sum game may be defined as a game in which:
One trading partner gains at the expense of another
Don't know
Both countries gain
Both trading partner loses

Question 28

U.S. Congressmen Smoot and Hawley are most infamous for helping to trigger what major

Don't Know

economic event?			
Don't know			
The Bank Run of 1907			
The Great Recession of the late 2000s			
The Great Depression of the 1930s			
Ougstion 20			
Question 29			
Suppose the U.S. Federal Reserve raises interest rates while the Bank of England takes no such			
action. In this case, will the British pound appreciate or depreciate relative to the U.S. dollar?			
Depreciate			
Appreciate			
No change			
Don't know			
Question 30			
The Dollar Standard established at Bretton Woods, New Hampshire, USA was:			
1. Was a partially fixed or adjustable peg system.			
2. Replaced the gold standard with a U.S. dollar standard.			
3. Designated the U.S. dollar as the world's key currency.			
4. Set fixed exchange rate parities in both gold and dollar terms.			
All of the above			
1, 2, & 3 only			

Methods to increase productivity in a developing country's agriculture sector include:

- Appropriate conservation
- 2. The use of fertilizers
- 3. Proper tillage
- All of the above
- 1 & 2 only
- Don't know

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?

- 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
- Don't know

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?

- 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

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?

- 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
- Don't know

Question 35

Which type of exchange rate system is better?

Fixed

Floating

Both fixed and floating have their pros and cons

Don't know

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?

U.S. bond prices fall and yields fall

U.S. bond prices rise and yields rise

U.S. bond prices fall and yields rise



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:

	Produce both automobiles and printing presses
•	Specialize in automobiles
	Specialize in printing presses
	Don't know

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?

Spanish solar panel manufacturers
 Spanish solar panel consumers
 Spanish solar panel installers
 All of the above
 Don't know

Question 39

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?

	Absolute advantage
•	Comparative advantage
	Physical advantage
	Don't know

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:



Don't know

Question 41

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:

Lower interest rates and more domestic capital investment

Higher interest rates and less domestic capital investment

No impact on interest rates or capital investment.

Question 42

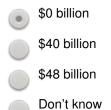
Don't know

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

Economic growth and the unemployment rate

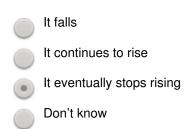


Suppose the GDP = \$20 trillion, the budget deficit = \$240 billion, the unemployment rate = 7%, the natural rate of unemployment = 5%, and the marginal tax rate = 30%. Which portion of the deficit is structural?



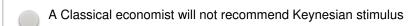
Question 44

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?



Question 45

Which of these are true?



A Monetarist will not recommend discretionary monetary policy A Keynesian will not support a "monetary rule" for the Central Bank		
Don't know		
Question 46		
Under the theory of rational expectations, if the Federal Reserve expands the money supply to		
elose a recessionary gap:		
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		
Don't know		

https://class.coursera.org/ucimacroeconomic...