

Quiz (chapter 21)

Due Mar 5 at 11:59pm

Points 13

Questions 13

Available Mar 3 at 12am - Mar 5 at 11:59pm 3 days

Time Limit 30 Minutes

Instructions

This quiz covers material from chapter 21.

The time limit is 30 minutes

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	5 minutes	13 out of 13

⚠ Correct answers will be available on Mar 6 at 12am.

Score for this quiz: **13** out of 13

Submitted Mar 3 at 8:23am

This attempt took 5 minutes.

Question 1

1 / 1 pts

Monetary policy and fiscal policy influence

- ☐ output and prices in the short run and the long run.
- ☐ output and prices in the short run only.
- ☐ output in the short run and the long run.
- ☒ output in the short run only.

Question 2

1 / 1 pts

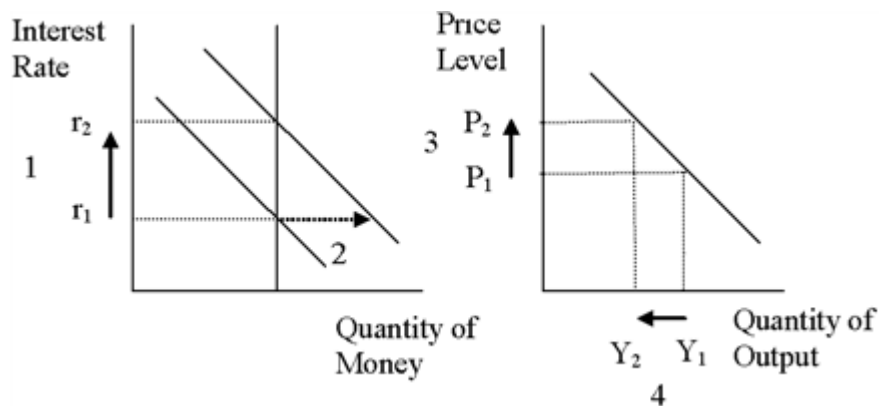
People are likely to want to hold more money if the interest rate

- ☐ increases, making the opportunity cost of holding money rise.
- ☐ increases, making the opportunity cost of holding money fall.
- ☐ decreases, making the opportunity cost of holding money rise.
- ☒ decreases, making the opportunity cost of holding money fall.

Question 3

1 / 1 pts

Figure 34-3.



Refer to **Figure 34-3**. Which of the following sequences (numbered arrows) shows the logic of the interest-rate effect?

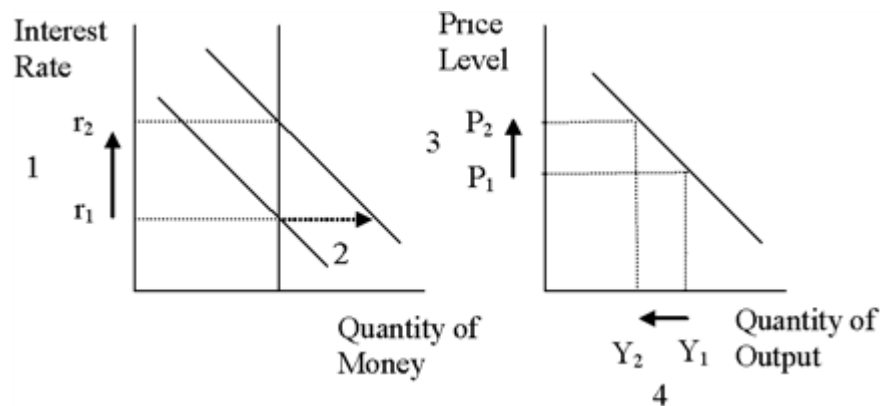
- ☐ 1, 2, 3, 4
- ☐ 1, 4, 3, 2
- ☐ 3, 4, 2, 1

- ☒ 3, 2, 1, 4

Question 4

1 / 1 pts

Figure 34-3.



Refer to **Figure 34-3**. For an economy such as the United States, what component of the demand for goods and services is most responsible for the decrease in output from Y_1 to Y_2 ?

- ☐ consumption
- ☒ investment
- ☐ net exports
- ☐ government spending

Question 5

1 / 1 pts

The interest rate falls if

- ☐ either money demand or money supply shifts right.
- ☐ money demand shifts right or money supply shifts left.
- ☐ either money demand or money supply shifts left.
- ☒ money demand shifts left or money supply shifts right.

Question 6

1 / 1 pts

To stabilize interest rates, the Federal Reserve will respond to an increase in money demand by

- ☐ buying government bonds, which decreases the supply of money.
- ☐ selling government bonds, which increases the supply of money.
- ☒ buying government bonds, which increases the supply of money.
- ☐ selling government bonds, which decreases the supply of money.

Question 7

1 / 1 pts

If the multiplier is 6, then the MPC is

- ☐ 0.16.
- ☒ 0.83.
- ☐ 0.71.
- ☐ 0.86.

Question 8**1 / 1 pts**

If the multiplier is 5.25, then the *MPC* is

☐ 0.19.

☐ 0.68.

☒ 0.81.

☐ 0.84.

Question 9**1 / 1 pts**

In a certain economy, when income is \$100, consumer spending is \$60. The value of the multiplier for this economy is 4. It follows that, when income is \$101, consumer spending is

☐ \$60.25.

☒ \$60.75.

☐ \$61.33.

☐ \$64.00.

Question 10**1 / 1 pts**

In a certain economy, when income is \$500, consumer spending is \$375. The value of the multiplier for this economy is 5. It follows that, when income is \$510, consumer spending is

☐ \$381.67.

☐ \$378.

☒ \$383.

☐ \$383.33.

Question 11

1 / 1 pts

In a certain economy, when income is \$1000, consumer spending is \$800. The value of the multiplier for this economy is 2.5. It follows that, when income is \$1020, consumer spending is

☐ \$816. For this economy, an initial increase of \$100 in consumer spending translates into a \$250 increase in aggregate demand.

☐ \$816. For this economy, an initial increase of \$100 in consumer spending translates into a \$400 increase in aggregate demand.

☒ \$812. For this economy, an initial increase of \$100 in consumer spending translates into a \$250 increase in aggregate demand.

☐ \$812. For this economy, an initial increase of \$100 in consumer spending translates into an \$800 increase in aggregate demand.

Question 12

1 / 1 pts

In a certain economy, when income is \$400, consumer spending is \$325. The value of the multiplier for this economy is 3.33. It follows that, when income is \$450, consumer spending is

☐

\$360. For this economy, an initial increase of \$50 in consumer spending translates into a \$266.67 increase in aggregate demand.

☒

\$360. For this economy, an initial increase of \$50 in consumer spending translates into a \$166.50 increase in aggregate demand.

☐

\$341.67. For this economy, an initial increase of \$50 in consumer spending translates into a \$266.67 increase in aggregate demand.

☐

\$341.67. For this economy, an initial increase of \$50 in consumer spending translates into a \$166.25 increase in aggregate demand.

Question 13

1 / 1 pts

Suppose an economy's marginal propensity to consume (MPC) is 0.6. Then

☐

$1 + MPC + MPC^2 + MPC^3 = 1.844$ and, if we continued adding up terms in this geometric series, we would get closer and closer to the multiplier value of 1.96.



$1 + MPC + MPC^2 + MPC^3 = 1.844$ and, if we continued adding up terms in this geometric series, we would get closer and closer to the multiplier value of 3.



$1 + MPC + MPC^2 + MPC^3 = 2.176$ and, if we continued adding up terms in this geometric series, we would get closer and closer to the multiplier value of 3.



$1 + MPC + MPC^2 + MPC^3 = 2.176$ and, if we continued adding up terms in this geometric series, we would get closer and closer to the multiplier value of 2.5.

Quiz Score: **13** out of 13