Homework (chapter 22)

Due Mar 9 at 11:59pm **Points** 20 **Questions** 20
Available until Mar 9 at 11:59pm **Time Limit** None **Allowed Attempts** 2

Instructions

This required homework assignment covers material from chapter 22.

Homework answers may be saved and returned to, as long as it is within the deadline. To do so, remember to save your responses before leaving the Canvas website, and do not click on the “Submit” button (or Canvas will automatically grade your assignment and you will have no way of changing your answers). If you start the quiz before the deadline but do not finish by the deadline, Canvas will submit the homework for you at the deadline.

This quiz was locked Mar 9 at 11:59pm.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	20 minutes	18 out of 20

Score for this attempt: **18** out of 20
Submitted Feb 11 at 3:23pm
This attempt took 20 minutes.

Question 1 — 1 / 1 pts

The short-run relationship between inflation and unemployment is often called

- the Classical Dichotomy.
- Money Neutrality.
- the Phillips curve. (Correct!)

None of the above is correct.

Question 2

1 / 1 pts

If the central bank decreases the money supply, then in the short run prices

rise and unemployment falls.

Correct!

fall and unemployment rises.

and unemployment rise.

and unemployment fall.

Question 3

1 / 1 pts

If the central bank increases the money supply, then in the short run prices

Correct!

rise and unemployment falls.

fall and unemployment rises.

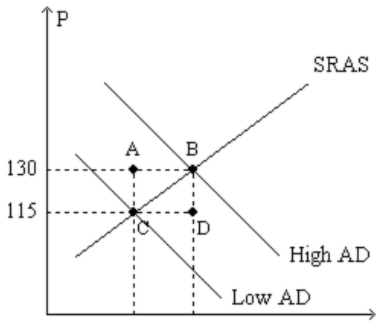
and unemployment rise.

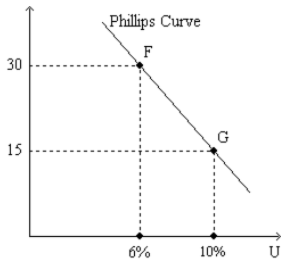
and unemployment fall.

Question 4

1 / 1 pts

Figure 35-1. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, U represents the unemployment rate.





Refer to Figure 35-1. What is measured along the horizontal axis of the left-hand graph?

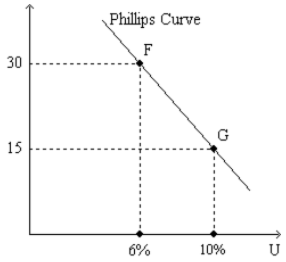
- the wage rate
- the inflation rate
- employment
- output

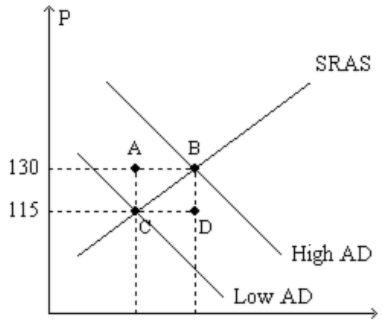
Correct!

Question 5

1 / 1 pts

Figure 35-1. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, U represents the unemployment rate.





Refer to Figure 35-1. What is measured along the vertical axis of the right-hand graph?

- the interest rate
- the inflation rate

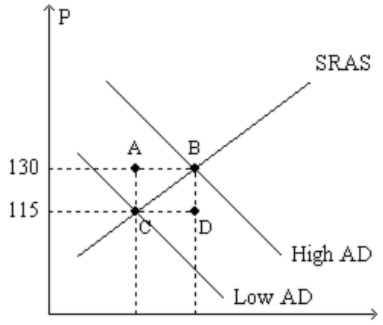
Correct!

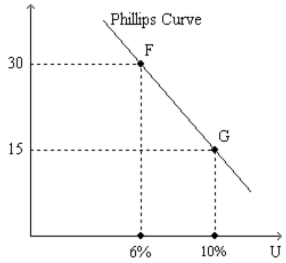
- the wage rate
- the growth rate of the nominal money supply

Question 6

1 / 1 pts

Figure 35-1. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, U represents the unemployment rate.





Refer to Figure 35-1. Assuming the price level in the previous year was 100, point F on the right-hand graph corresponds to

- point A on the left-hand graph.

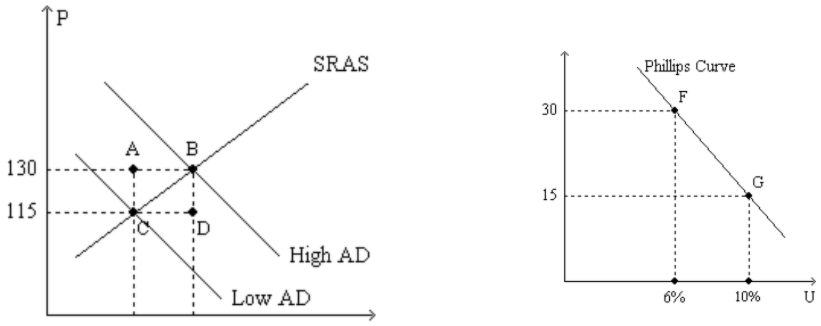
Correct!

- (•) point B on the left-hand graph.
- point C on the left-hand graph.
- point D on the left-hand graph.

Question 7

1 / 1 pts

Figure 35-1. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, U represents the unemployment rate.



Refer to Figure 35-1. Assuming the price level in the previous year was 100, point G on the right-hand graph corresponds to

- point A on the left-hand graph.
- point B on the left-hand graph.

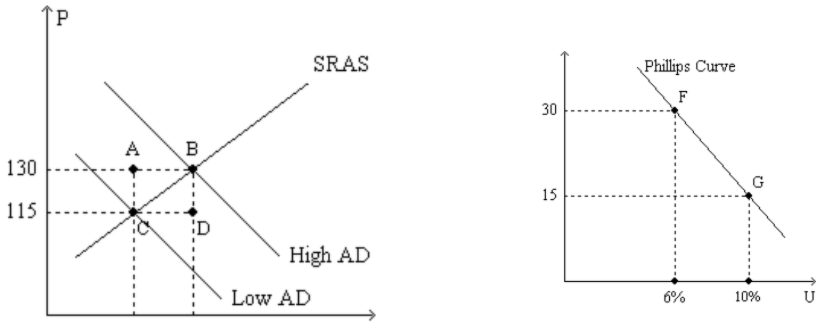
Correct!

- (•) point C on the left-hand graph.
- point D on the left-hand graph.

Question 8

1 / 1 pts

Figure 35-1. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, U represents the unemployment rate.



Refer to Figure 35-1. The curve that is depicted on the right-hand graph offers policymakers a "menu" of combinations

- that applies both in the short run and in the long run.
- that is relevant to choices involving fiscal policy, but not to choices involving monetary policy.

Correct!

- of inflation and unemployment.
- All of the above are correct.

Question 9

1 / 1 pts

An adverse supply shock will shift short-run aggregate supply

- right, making prices rise.

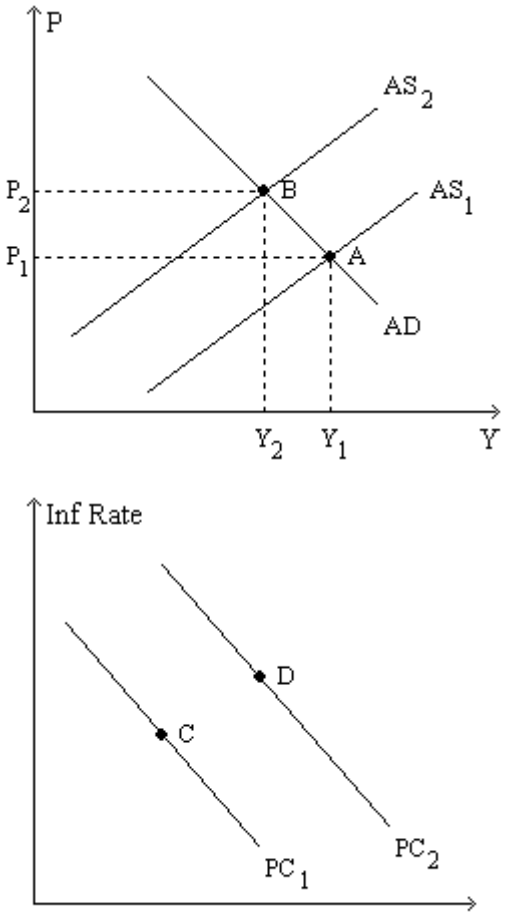
Correct!

- (●) left, making prices rise.
- ( ) right, making prices fall.
- ( ) left, making prices fall.

Question 10

0 / 1 pts

Figure 35-9. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, "Inf Rate" means "Inflation Rate."



Refer to Figure 35-9. The shift of the aggregate-supply curve from AS_1 to AS_2

ou Answered

results in a more favorable trade-off between inflation and unemployment.

results in a more favorable trade-off between inflation and the growth rate of real GDP.

orrect Answer

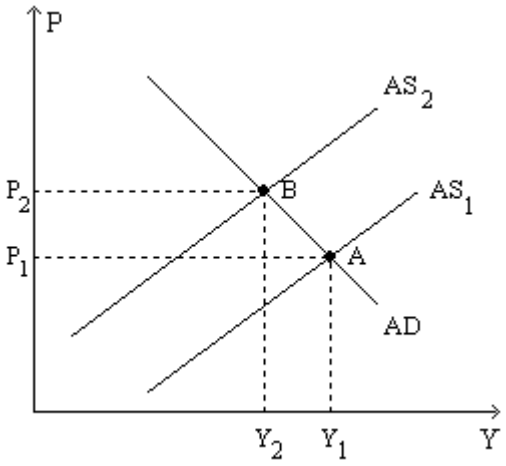
represents an adverse shock to aggregate supply.

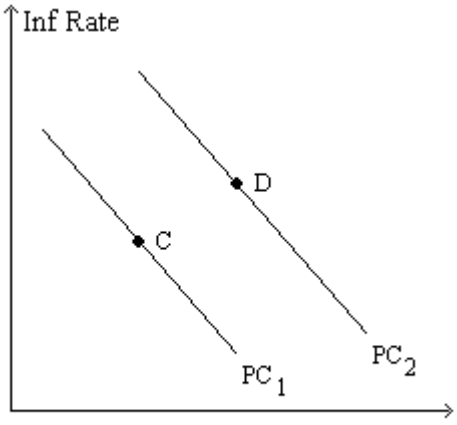
represents a favorable shock to aggregate supply.

Question 11

1 / 1 pts

Figure 35-9. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, “Inf Rate” means “Inflation Rate.”





Refer to Figure 35-9. Which of the following events could explain the shift of the aggregate-supply curve from AS_1 to AS_2?

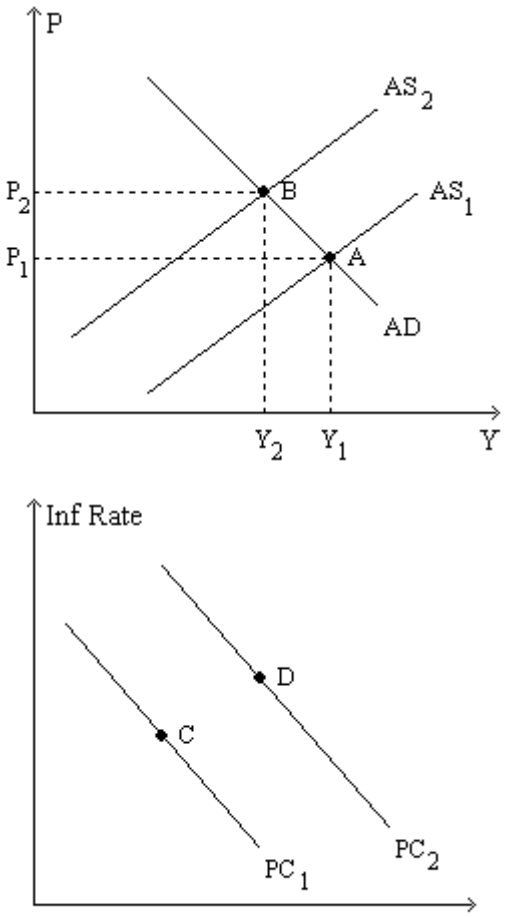
- a reduction in firms' costs of production
- a reduction in taxes on consumers
- an increase in the price level
- an increase in the world price of oil

Correct!

Question 12

1 / 1 pts

Figure 35-9. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, "Inf Rate" means "Inflation Rate."



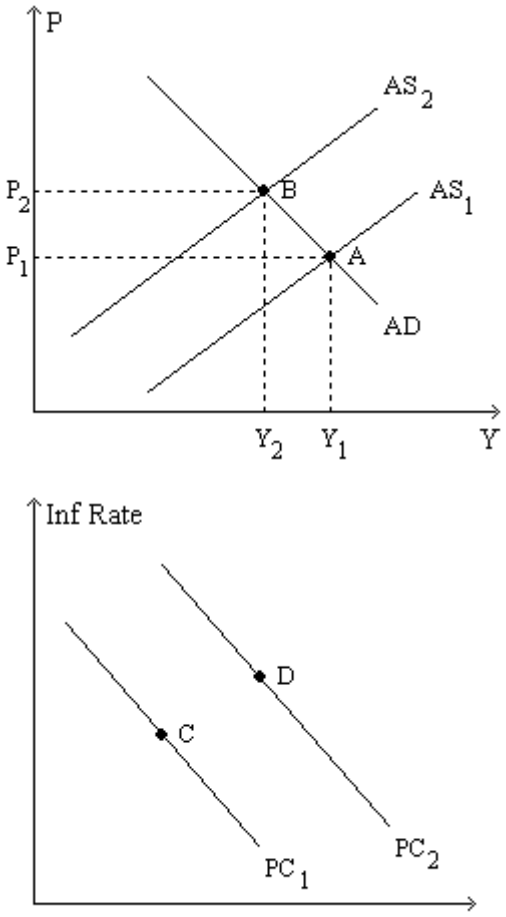
Refer to Figure 35-9. The shift of the aggregate-supply curve from AS_1 to AS_2 could be a consequence of

- an increase in the money supply.
- an adverse supply shock. **Correct!**
- a decrease of output from Y_1 to Y_2.
- a slow adjustment of people's expectation of the inflation rate.

Question 13

1 / 1 pts

Figure 35-9. The left-hand graph shows a short-run aggregate-supply (SRAS) curve and two aggregate-demand (AD) curves. On the right-hand diagram, "Inf Rate" means "Inflation Rate."



Refer to Figure 35-9. A significant increase in the world price of oil could explain

- the shift of the aggregate-supply curve from AS_1 to AS_2, but it could not explain the shift of the Phillips curve from PC_1 to PC_2.
- the shift of the Phillips curve from PC_1 to PC_2, but it could not explain the shift of the aggregate-supply curve from AS_1 to AS_2.

Correct!

- (●) both the shift of the aggregate-supply curve from AS_1 to AS_2 and the shift of the Phillips curve from PC_1 to PC_2.
- ( ) neither the shift of the aggregate-supply curve from AS_1 to AS_2 nor the shift of the Phillips curve from PC_1 to PC_2.

Question 14

1 / 1 pts

The logic behind the tradeoff between inflation and unemployment is that high aggregate demand puts upward pressure on wages and prices while raising output.

Correct!

- (●) True
- ( ) False

Question 15

1 / 1 pts

Samuelson and Solow believed that the Phillips curve offered policymakers a menu of possible economic outcomes.

Correct!

- (●) True
- ( ) False

Question 16

0 / 1 pts

In the long run people come to expect whatever inflation rate the Fed chooses to produce, so unemployment returns to its natural rate.

orrect Answer

- True

ou Answered

- False

Question 17

1 / 1 pts

Just as the aggregate-supply curve slopes upward only in the short run, the trade-off between inflation and unemployment holds only in the short run.

Correct!

- True
- False

Question 18

1 / 1 pts

The sacrifice ratio is the percentage point increase in the unemployment rate created in the process of reducing inflation by one percentage point.

- True

Correct!

- False

Question 19

1 / 1 pts

A low sacrifice ratio would make a central bank less willing to reduce the inflation rate.

- True

Correct!

- False

Question 20

1 / 1 pts

The misery index is calculated as the

Correct!

- inflation rate plus the unemployment rate.
- unemployment rate minus the inflation rate.
- actual inflation rate minus the expected inflation rate.
- natural unemployment rate times the inflation rate

Quiz Score: **18** out of 20