

Homework (chapter 20)

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

Instructions

This required homework assignment covers material from chapter 20.

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.

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Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	11 minutes	20 out of 20

⚠ Correct answers will be available on Mar 3 at 12am.

Score for this attempt: **20** out of 20

Submitted Feb 11 at 12:40pm

This attempt took 11 minutes.

Question 1

1 / 1 pts

During a recession the economy experiences

- ☐ rising employment and income.
- ☐ rising employment and falling income.
- ☐ rising income and falling employment.

- ☒ falling employment and income.

Question 2**1 / 1 pts**

Most economists use the aggregate demand and aggregate supply model primarily to analyze

- ☒ short-run fluctuations in the economy.
- ☐ the effects of macroeconomic policy on the prices of individual goods.
- ☐ the long-run effects of international trade policies.
- ☐ productivity and economic growth.

Question 3**1 / 1 pts**

Which of the following typically rises during a recession?

- ☐ investment.
- ☒ unemployment.
- ☐ tax revenues.
- ☐ new home construction.

Question 4**1 / 1 pts**

In 2008, the United States was in recession. Which of the following things would you *not* expect to have happened?

- ☐ increased layoffs and firings.
- ☐ a higher rate of bankruptcy.
- ☐ increased claims for unemployment insurance.
- ☒ increased real GDP.

Question 5**1 / 1 pts**

The aggregate-demand curve

- ☐ has a slope that is explained in the same way as the slope of the demand curve for a particular product.
- ☐ is vertical in the long run.
- ☒ shows an inverse relation between the price level and the quantity of all goods and services demanded.
- ☐ All of the above are correct.

Question 6**1 / 1 pts**

The wealth effect, interest-rate effect, and exchange-rate effect are all explanations for

- ☐ the slope of short-run aggregate supply.
- ☐ the slope of long-run aggregate supply.
- ☒ the slope of the aggregate-demand curve.

- ☐ everything that makes the aggregate-demand curve shift.

Question 7**1 / 1 pts**

When taxes increase, consumption

- ☐ increases, so aggregate demand shifts right.
- ☐ increases, so aggregate supply shifts right.
- ☒ decreases, so aggregate demand shifts left.
- ☐ decreases, so aggregate supply shifts left.

Question 8**1 / 1 pts**

Aggregate demand shifts right if

- ☐ government purchases increase and shifts left if stock prices rise.
- ☒ government purchases increase and shifts left if stock prices fall.
- ☐ government purchases decrease and shifts left if stock prices rise.
- ☐ government purchases decrease and shifts left if stock prices fall.

Question 9**1 / 1 pts**

The long-run aggregate supply curve

- ☐ is vertical.
- ☐ is a graphical representation of the classical dichotomy.
- ☐ indicates monetary neutrality in the long run.
- ☒ All of the above are correct.

Question 10**1 / 1 pts**

The aggregate supply curve is

- ☒ vertical in the long run and slopes upward in the short run.
- ☐ upward sloping in the long run and vertical in the short run.
- ☐ vertical in the short run and in the long run.
- ☐ upward sloping in the short run and in the long run.

Question 11**1 / 1 pts**

The sticky-wage theory of the short-run aggregate supply curve says that when the price level rises more than expected,

- ☒ production is more profitable and employment rises.
- ☐ production is more profitable and employment falls.
- ☐ production is less profitable and employment rises.
- ☐ production is less profitable and employment falls.

Question 12**1 / 1 pts**

If output is above its natural rate, then according to sticky-wage theory

☐

workers and firms will strike bargains for lower wages. In response to the lower wages firms will produce less at any given price level.

☐

workers and firms will strike bargains for lower wages. In response to the lower wages firms will produce more at any given price level.

☒

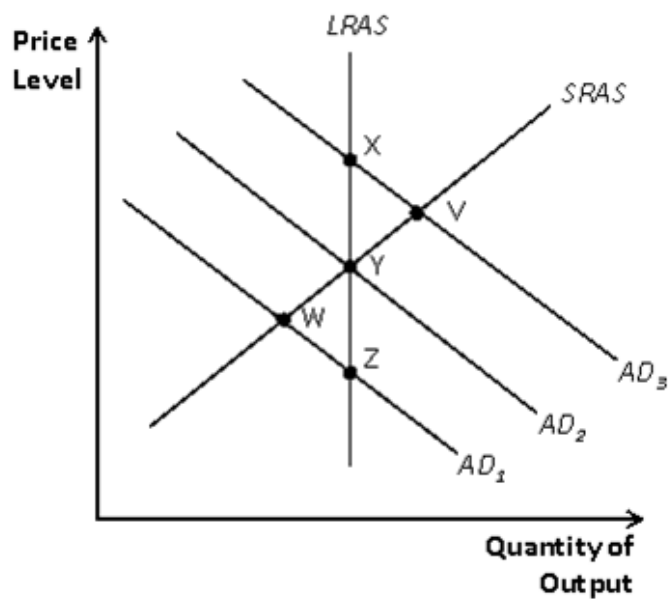
will strike bargains for higher wages. In response to the higher wages firms will produce less at any given price level.

☐

workers and firms will strike bargains for higher wages. In response to the higher wages firms will produce more at any given price level.

Question 13**1 / 1 pts**

Figure 33-7.



Refer to Figure 33-7. If the economy starts at Y , then a recession occurs at

☐ V .

☒ W .

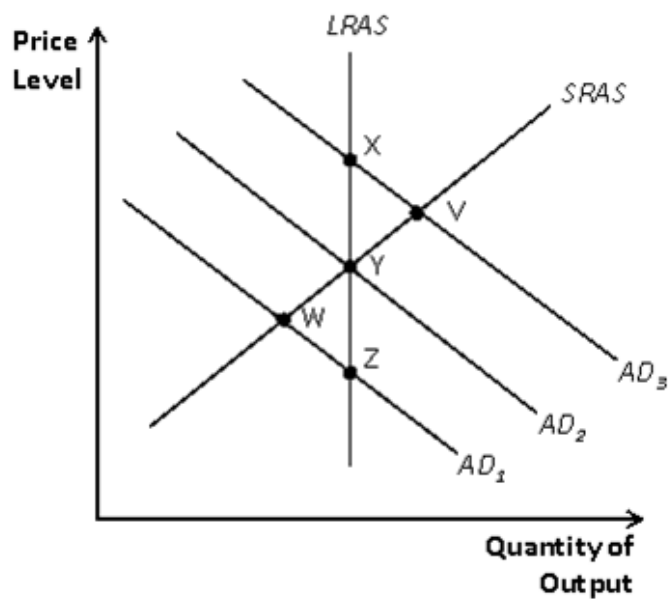
☐ X .

☐ Z .

Question 14

1 / 1 pts

Figure 33-7.



Refer to Figure 33-7. Suppose the economy starts at Y. If aggregate demand increases from AD_2 to AD_3 , then the economy moves to

☒ V.

☐ W.

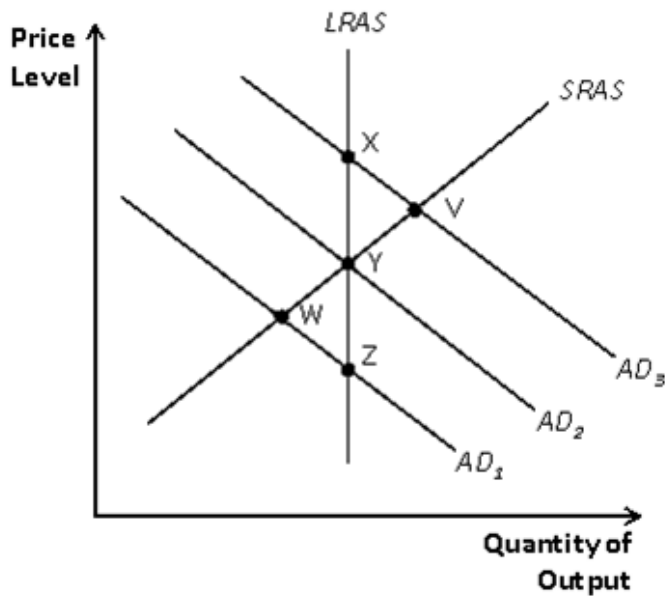
☐ X.

☐ Z.

Question 15

1 / 1 pts

Figure 33-7.



Refer to Figure 33-7. Suppose the economy starts at Y. If there is a fall in aggregate demand, then the economy moves to

- ☐ V in the long run.
- ☐ W in the long run.
- ☐ X in the long run.
- ☒ Z in the long run.

Question 16

1 / 1 pts

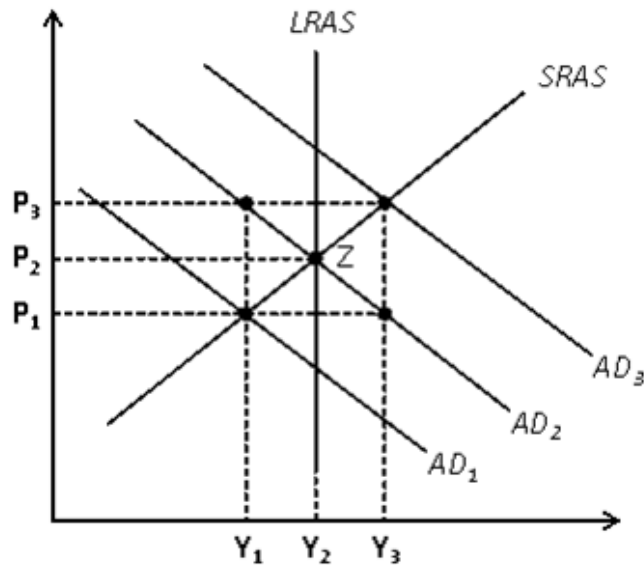
Which of the following would cause stagflation?

- ☐ rising government expenditures
- ☒ rising oil prices
- ☐ a falling money supply
- ☐ technical progress

Question 17

1 / 1 pts

Figure 33-8.



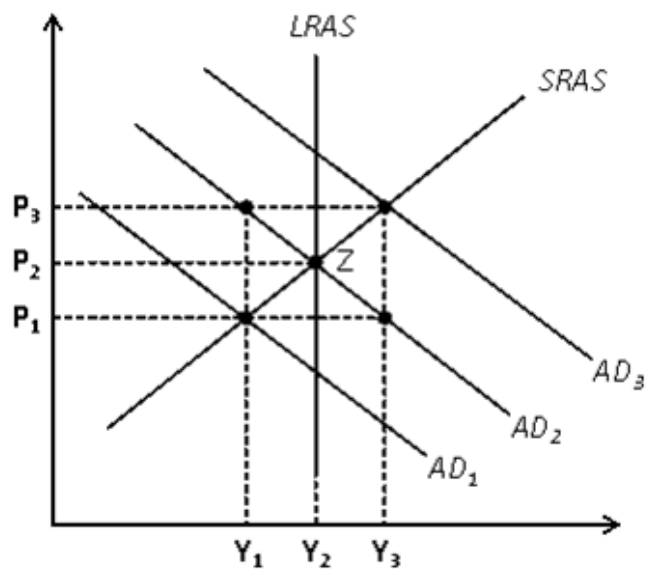
Refer to Figure 33-8. Suppose the economy starts at Z. If changes occur that move the economy to a new short run equilibrium of P_1 and Y_1 , then it must be the case that

- ☐ short run aggregate supply has decreased.
- ☐ short run aggregate supply has increased.
- ☐ aggregate demand has increased.
- ☒ aggregate demand has decreased.

Question 18

1 / 1 pts

Figure 33-8.



Refer to Figure 33-8. Suppose the economy starts at Z. Stagflation would be consistent with the move to

☐ P_1 and Y_1 .

☐ P_1 and Y_3 .

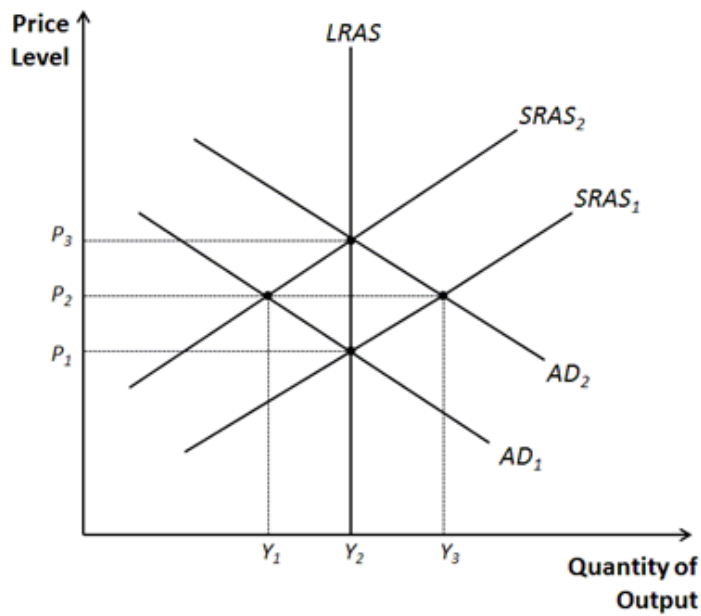
☒ P_3 and Y_1 .

☐ P_3 and Y_3 .

Question 19

1 / 1 pts

Figure 33-9.



Refer to Figure 33-9. Suppose the economy starts where $LRAS = AD_1 = SRAS_1$. A decrease in short-run aggregate supply would be consistent with the movement to

☐ P_1, Y_1 .

☒ P_2, Y_1 .

☐ P_1, Y_2 .

☐ P_3, Y_2 .

Question 20

1 / 1 pts

Keynes explained that recessions and depressions occur because of

☐ excess aggregate demand.

☒ inadequate aggregate demand.

☐ excess aggregate supply.

☐ inadequate aggregate supply.

Quiz Score: **20** out of 20