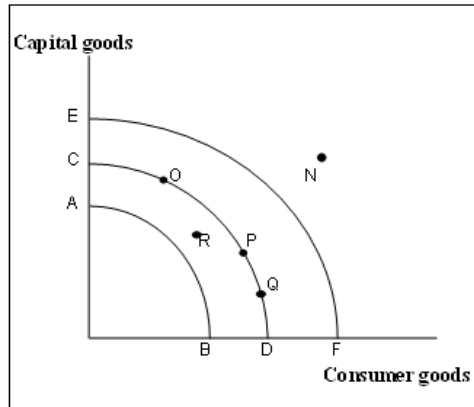


## Question 1

Not yet answered

Marked out of 1.00

**Exhibit: Figure 8-2**



In this exhibit (Figure 8-2), the movement from point R inside the frontier CD to point P on the frontier CD:

- I. Will increase real RGDP.
- II. Will increase the size of the nation's labor force.
- III. Represents economic growth.

Select one:

- ☐ a. I only
- ☐ b. I and II only
- ☐ c. I and III only
- ☐ d. I, II, and III

## Question 2

Not yet answered

Marked out of 1.00

Economic growth is an exponential process. What does this mean?

Select one:

- ☐ a. It means that the returns to huge capital investments made today will diminish at an increasing rate over time.
- ☐ b. It means that small differences in sustained growth rates have significant effects on a nation's real income over long periods of time.
- ☐ c. It means that countries must allocate increasing amounts of resources to capital goods to see constant increases in the growth rate of potential output.
- ☐ d. It means that if a country allocates a fixed amount of resources to capital goods, its potential output will increase at an increasing rate over long periods of time.

**Question 3**

Not yet answered

Marked out of 1.00

All else constant, if real GDP doubles in 12 years, its average annual growth rate is:

Select one:

- ☐ a. approximately 6%
- ☐ b. approximately 5%
- ☐ c. approximately 4%
- ☐ d. approximately 3%

**Question 4**

Not yet answered

Marked out of 1.00

Suppose real GDPs in Hauck and Meran are identical at \$10 trillion in 2000. Suppose Hauck's economic growth rate is 2% and Meran's is 4% and the rates remain constant over time. Calculate the percentage difference in their levels of potential output in 2036.

Select one:

- ☐ a. There will be no difference in their levels of potential output.
- ☐ b. Meran's potential output will be 50% higher than that of Hauck's.
- ☐ c. Hauck's potential output will be 100% higher than that of Meran's.
- ☐ d. Meran's potential output will be 100% higher than that of Hauck's.

**Question 5**

Not yet answered

Marked out of 1.00

Suppose labor is the only variable that changes. If production displays diminishing marginal returns, each additional unit of labor:

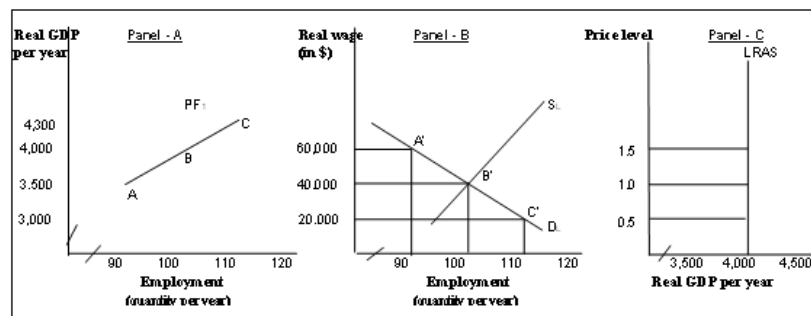
Select one:

- ☐ a. adds more and more to total output.
- ☐ b. adds less and less to total output.
- ☐ c. adds a fixed amount to total output.
- ☐ d. actually decreases output.

**Question 6**

Not yet answered

Marked out of 1.00

**Exhibit: Figure 8-5**

In this exhibit (Figure 8-5), Panel (a) shows an economy's aggregate production function, Panel (b) shows the labor market and Panel (c) shows the economy's long-run aggregate supply curve. In the labor market represented in Panel (b):

- I. The equilibrium real wage equals \$40,000.
- II. At the equilibrium real wage, 100 million workers are employed.
- III. The equilibrium real wage is that which prevails when the economy achieves its natural level of employment.

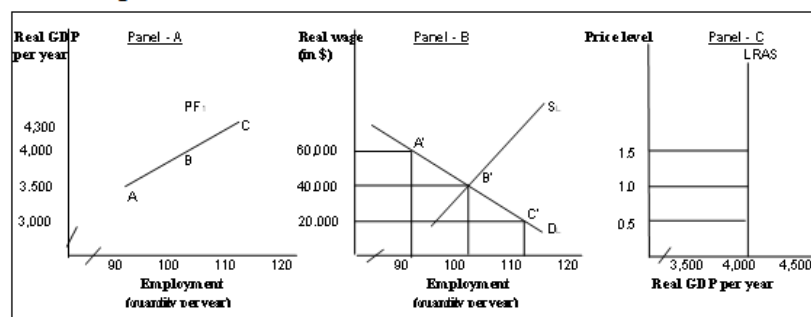
Select one:

- ☐ a. I only
- ☐ b. I and II only
- ☐ c. I, II, and III
- ☐ d. None of the above; to determine if the labor market is in equilibrium, we need information on the economy's aggregate production function.

**Question 7**

Not yet answered

Marked out of 1.00

**Exhibit: Figure 8-5**

In this exhibit (Figure 8-5), the economy could achieve its potential output at a price level-nominal wage combination of:

Select one:

- ☐ a. 1.5 and \$60,000.
- ☐ b. 1.0 and \$50,000.
- ☐ c. 1.0 and \$45,000
- ☐ d. 0.5 and \$30,000.

**Question 8**

Not yet answered

Marked out of 1.00

During the industrial revolution (the period between the Civil War and World War I), the United States had a massive influx of working age immigrants. What happens in the labor market?

Select one:

- ☐ a. The supply of labor curve shifts to the right.
- ☐ b. The demand for labor curve shifts to the right.
- ☐ c. The supply of labor and the demand for labor curves shift to the right.
- ☐ d. There will be an upward movement along the labor supply curve.

**Question 9**

Not yet answered

Marked out of 1.00

All of the following are sources of economic growth except:

Select one:

- ☐ a. increases in human capital.
- ☐ b. an increase in the savings rate.
- ☐ c. an increase in consumption spending to stimulate production.
- ☐ d. increases in physical capital.

**Question 10**

Not yet answered

Marked out of 1.00

Which of the following is an example of an investment in human capital?

Select one:

- ☐ a. enrolling in a course to improve your computer skills
- ☐ b. purchasing a computer to increase the productivity of your workers
- ☐ c. installing a new piece of software on your computer which enables you to read documents online
- ☐ d. accepting a job in the computer industry