

**Question 1**

Not yet answered

Marked out of 1.00

The value of a unit of money, such as the dollar, always varies:

Select one:

- ☐ a. directly with the price of gold.
- ☐ b. inversely with the price of gold.
- ☐ c. inversely with the average price of gold and silver.
- ☐ d. inversely with the average level of prices.

**Question 2**

Not yet answered

Marked out of 1.00

The value of gross domestic product (GDP) differs from the value of gross national product (GNP) when:

Select one:

- ☐ a. net exports are excluded from GDP but included in GNP.
- ☐ b. production in one country employs factors of production owned by residents of other countries.
- ☐ c. production in one country employs only factors of production owned by its residents.
- ☐ d. when domestic firms that produce in factories abroad are exempt from paying domestic taxes.

**Question 3**

Not yet answered

Marked out of 1.00

Suppose a bank has \$10,000 in deposits and \$1,000 in reserves. The required reserve ratio is 5%. Which of the following occurs if the required reserve ratio is increased to 10%?

Select one:

- ☐ a. The bank's required reserves will decrease to \$500.
- ☐ b. The bank's excess reserves will increase to \$1,000.
- ☐ c. The bank's required reserves will increase to \$1,000.
- ☐ d. The bank's ability to create loans increases by 5%.

**Question 4**

Not yet answered

Marked out of 1.00

What is the relationship between average household income and standard of living?

Select one:

- ☐ a. There is no relationship. Increasing average income says nothing about income distribution.
- ☐ b. Rising income enables households to acquire more of the goods and services that improve their material standard of living.
- ☐ c. Rising income tends to increase the crime rate and violence, thereby lowering a country's standard of living.
- ☐ d. There is no relationship. Standard of living depends on productivity not household income.

**Question 5**

Not yet answered

Marked out of 1.00

If your local government gives you the exclusive right to sell breakfast bagels in your community, your monopoly would result from:

Select one:

- ☐ a. sunk costs.
- ☐ b. location.
- ☐ c. economies of scale.
- ☐ d. government restrictions.

**Question 6**

Not yet answered

Marked out of 1.00

Following an income-compensated price change, you decide to decrease the quantity of ice cream purchased each month when the price increases and purchase more frozen yogurt instead. This is an indication of the:

Select one:

- ☐ a. substitution effect.
- ☐ b. utility effect.
- ☐ c. income effect.
- ☐ d. consumption effect.

**Question 7**

Not yet answered

Marked out of 1.00

Economic growth can be represented by:

Select one:

- ☐ a. an increasing equilibrium output level
- ☐ b. a rightward shift of an economy's short-run aggregate supply curve.
- ☐ c. a rightward shift of an economy's long-run aggregate demand curve.
- ☐ d. a rightward shift of an economy's long-run aggregate supply curve.

**Question 8**

Not yet answered

Marked out of 1.00

The second of the three ranges of production is characterized by \_\_\_\_\_ marginal returns.

Select one:

- ☐ a. increasing
- ☐ b. constant
- ☐ c. diminishing
- ☐ d. negative

**Question 9**

Not yet answered

Marked out of 1.00

Generational accounting:

Select one:

- ☐ a. is a method of assessing the impact of fiscal policy lags from one generation to another.
- ☐ b. measures the number of generations it takes to pay off the national debt at a given point in time.
- ☐ c. evaluates the impact of current fiscal policies on different generations in the economy, including future generations.
- ☐ d. is an accounting method that defers to the future, the cost of any government policy the rewards of which will be reaped in the future.

**Question 10**

Not yet answered

Marked out of 1.00

Freema withdraws \$1,000 from her checking account to purchase a \$1,000 time-deposit. As a result of her transaction:

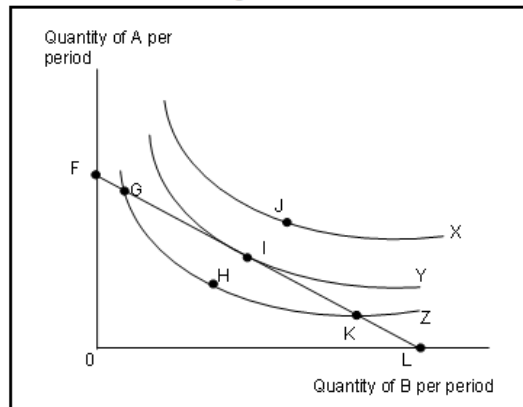
Select one:

- ☐ a. M1 and M2 decrease.
- ☐ b. M1 decreases and M2 increases.
- ☐ c. M1 decreases and M2 is unaffected.
- ☐ d. M1 and M2 are unaffected.

**Question 11**

Not yet answered

Marked out of 1.00

**Exhibit: Consumer Equilibrium 3**

In this exhibit (Consumer Equilibrium 3), assume that you are consuming the combination of goods at point K. Given budget constraint FL, utility can be increased by moving to point:

Select one:

- ☐ a. F.
- ☐ b. G.
- ☐ c. H.
- ☐ d. I.

**Question 12**

Not yet answered

Marked out of 1.00

Profit computed using explicit costs as the only measure of costs is:

Select one:

- ☐ a. explicit profit.
- ☐ b. accounting profit.
- ☐ c. implicit profit.
- ☐ d. economic profit.

**Question 13**

Not yet answered

Marked out of 1.00

If an industry's long-run supply curve is upward sloping, the industry is characterized by:

Select one:

- ☐ a. increasing cost.
- ☐ b. decreasing cost.
- ☐ c. constant cost.
- ☐ d. high overhead cost.

**Question 14**

Not yet answered

Marked out of 1.00

The income effect of a price change is described by which of the following statements?

Select one:

- ☐ a. When the price of a good falls, consumers have an implicit increase in income and can now buy more of the good.
- ☐ b. When the price of a good falls, consumers will now substitute this lower priced good for more higher priced goods.
- ☐ c. The income effect is the relative change in the amount of a good consumed when the price of another good changes.
- ☐ d. The income effect shows how a change in income at a given price will affect the quantity of a good purchased.

**Question 15**

Not yet answered

Marked out of 1.00

A firm's total output times the price at which it sells that output is:

Select one:

- ☐ a. net revenue.
- ☐ b. total revenue.
- ☐ c. average revenue.
- ☐ d. marginal revenue.

**Question 16**

Not yet answered

Marked out of 1.00

Which of the following reduces the duration of frictional unemployment?

Select one:

- ☐ a. retraining unemployed workers to equip them with new skills
- ☐ b. subsidizing firms that are willing to train new entrants in the labor market
- ☐ c. establishing employment agencies which give out information about job vacancies
- ☐ d. establishing labor unions which will protect workers from being laid off.

**Question 17**

Not yet answered

Marked out of 1.00

Suppose a country has a national debt of \$5,000 billion, a GDP of \$20,000 billion, and a budget surplus of \$130 billion. How much will its new national debt be?

Select one:

- ☐ a. \$5,130 billion
- ☐ b. \$4,870 billion
- ☐ c. \$15,130 billion
- ☐ d. \$19,870 billion

**Question 18**

Not yet answered

Marked out of 1.00

**Exhibit: Table 6-4**

<i>Item</i>	<i>\$ billions</i>
Gross Domestic Product	1,000
Earnings received by residents from foreign producers	200
Payments by domestic producers to foreign owners of factors of production	100

This exhibit (Table 6-4), shows some output and income data for Manna Land. What is the value of Manna Land's net foreign income?

Select one:

- ☐ a. -\$100 billion
- ☐ b. \$1,100 billion
- ☐ c. \$100 billion
- ☐ d. \$200 billion

**Question 19**

Not yet answered

Marked out of 1.00

A decrease in the demand facing a monopoly firm would \_\_\_\_\_ quantity and \_\_\_\_\_ price. The demand is inelastic.

Select one:

- ☐ a. increase; increase
- ☐ b. increase; decrease
- ☐ c. decrease; increase
- ☐ d. decrease; decrease

**Question 20**

Not yet answered

Marked out of 1.00

When the Federal Reserve conducts open market transactions, it:

Select one:

- ☐ a. buys or sells corporate bonds in the bond market.
- ☐ b. issues government bonds to raise funds for the government.
- ☐ c. makes credit available to financial institutions in crises.
- ☐ d. buys or sells previously issued government bonds.

**Question 21**

Not yet answered

Marked out of 1.00

Marginal cost is the change in:

Select one:

- ☐ a. total cost resulting from a 1-unit change in a variable input.
- ☐ b. total cost resulting from a 1-unit change in quantity.
- ☐ c. total cost resulting from a 1-unit change in average cost.
- ☐ d. average cost resulting from a 1-unit change in quantity.

**Question 22**

Not yet answered

Marked out of 1.00

The short run is a period that is:

Select one:

- ☐ a. less than one week.
- ☐ b. less than one month.
- ☐ c. long enough in which to vary output but not plant capacity.
- ☐ d. long enough in which to make all economic adjustments.

**Question 23**

Not yet answered

Marked out of 1.00

Which of the following statements is true about velocity?

Select one:

- ☐ a. In the short run, velocity varies but in the long run, velocity is relatively constant.
- ☐ b. In the short run, velocity is relatively constant but in the long run, velocity varies.
- ☐ c. Velocity is relatively constant in the short run and in the long run.
- ☐ d. Velocity fluctuates with fluctuations in economic activity and changes in the growth rate of money supply.

**Question 24**

Not yet answered

Marked out of 1.00

Which of the following is the best measure for comparing the standard of living across countries?

Select one:

- ☐ a. productivity
- ☐ b. gross national product
- ☐ c. real gross national product
- ☐ d. real gross national product per person

**Question 25**

Not yet answered

Marked out of 1.00

A feature of monopoly that leads to unfavorable consequences is that it:

Select one:

- ☐ a. reduces income inequality.
- ☐ b. sets marginal cost equal to price.
- ☐ c. produces more output than if perfectly competitive firms characterized the same industry.
- ☐ d. charges a higher price than if perfectly competitive firms characterized the same industry.