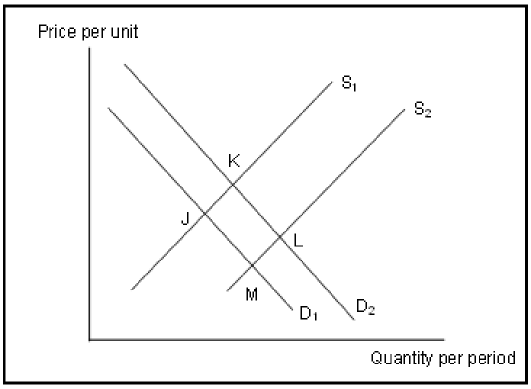
Time left 1:26:16

Question 21

Not yet answered

Marked out of 1.00

Exhibit: Simultaneous Shifts in Demand and Supply



In this exhibit (Simultaneous Shifts in Demand and Supply), D_1 and S_1 are original supply and demand curves, and S_2 and D_2 are new curves. In this market, the change in supply may have resulted from:

Select one:

- a. wage increases for the workers.
- b. an improvement in technology.
- c. a decrease in the number of sellers.
- d. all of the above.

Question 22

Not yet answered

Marked out of 1.00

Using the aggregate demand-aggregate supply model, predict what happens in the short run when there is a general decrease in raw materials cost.

Select one:

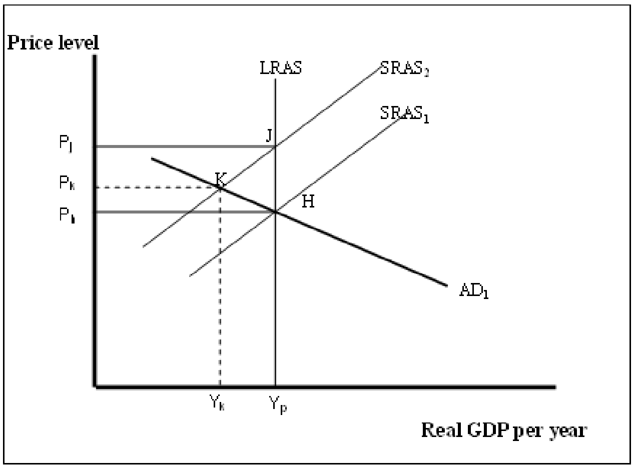
- a. The aggregate supply curve shifts right; the aggregate demand curve is not affected; price level decreases; real GDP increases.
- b. The aggregate supply curve shifts left; the aggregate demand curve is not affected; price level increases; real GDP decreases.
- c. The aggregate demand curve shifts right; the aggregate supply curve is not affected; price level and real GDP increase.
- d. The aggregate demand curve shifts left; the aggregate supply curve is not affected; price level and real GDP decrease.

Question 23

Not yet answered

Marked out of 1.00

Exhibit: Figure 7-7



In this exhibit (Figure 7-7), suppose the economy is initially in short-run equilibrium at point K. If the policy-makers adopt a nonintervention policy, over time,

I. Real wages will fall as long as unemployment remains above the natural rate.
II. Lower nominal wages will result in a gradual shift from $SRAS_2$ to $SRAS_1$.
III. Long-run equilibrium will be established at Y_P and P_h.

Select one:

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

Question 24

Not yet answered

Marked out of 1.00

The current rate of unemployment of 15 percent is too high. This is a _______ statement.

Select one:

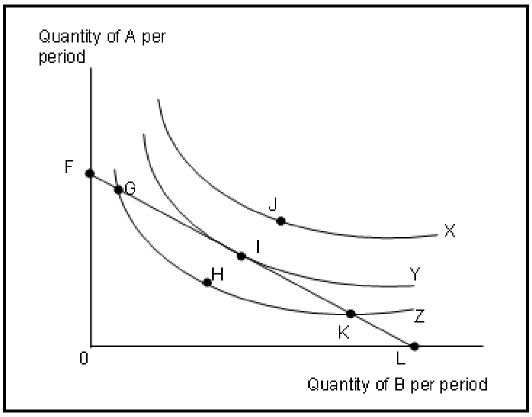
- a. normative
- b. ceteris paribus
- c. positive
- d. fallacy of false cause

Question 25

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 26

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 27

Not yet answered

Marked out of 1.00

Economic growth can be represented by:

Select one:

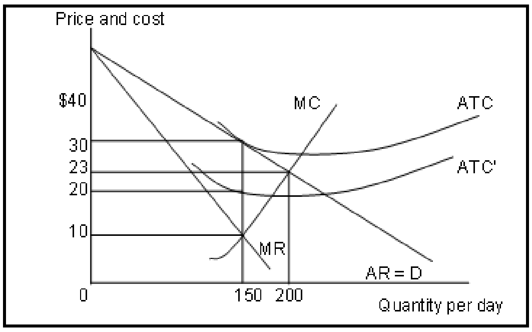
- a. an increasing equilibrium output level
- b. a rightward shift of an economy's short-run aggregate supply curve.
- c. a rightward shift of an economy's long-run aggregate demand curve.
- d. a rightward shift of an economy's long-run aggregate supply curve.

Question 28

Not yet answered

Marked out of 1.00

Exhibit: Profit Maximization for a Firm in Monopolistic Competition



In this exhibit (Profit Maximization for a Firm in Monopolistic Competition), suppose that an innovation reduces a firm's fixed costs and reduces cost from ATC to ATC' before the innovation reduced the cost, the firm's maximum economic profit was:

Select one:

- a. $0.
- b. $30.
- c. $750.
- d. $4,500.

Question 29

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 30

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%.