

Time left 0:44:26

Question 1

Not yet answered

Marked out of 1.00

Which one of the following is an example of a frictionally unemployed individual?

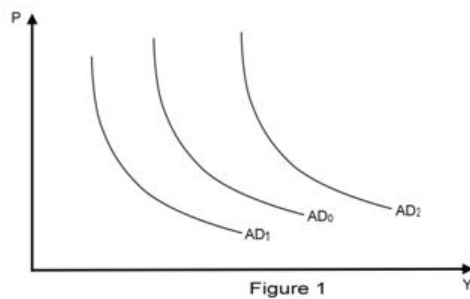
Select one:

- ☐ a. Martin, who lacks the skills necessary to be employed as a machinist.
- ☐ b. Lee, who lost his job as an art director because of a recession.
- ☐ c. Jan, who has a Ph.D. in economics, but is a bus driver.
- ☐ d. Helena, who has just graduated from college and is searching for a job as an architect.

Question 2

Not yet answered

Marked out of 1.00



In the economy of a city called "Heaven" the aggregate demand is illustrated with the AD_0 curve.

Suppose that after a relative directive comes directly by the Fed, the Board of Directors has taken the decision to reduce the money supply.

How such a policy will be illustrated in the above figure and regarding its aggregate demand.

Select one:

- ☐ a. By a relocation of AD curve to AD_1
- ☐ b. By a relocation of AD curve to AD_2
- ☐ c. By remaining at the same demand curve AD_0
- ☐ d. The Figure 1 is not capable to describe the above statement

Question 3

Not yet answered

Marked out of 1.00

Monopolistic competition is an industry characterized by:

Select one:

- ☐ a. a product with no close substitutes.
- ☐ b. a horizontal demand curve.
- ☐ c. a small number of firms.
- ☐ d. relatively easy entry and exit.

Question 4

Not yet answered

Marked out of 1.00

If the CPI is 120 in 2005 and 150 in 2006, what is the rate of inflation over this period?

Select one:

- ☐ a. 8%
- ☐ b. 20%
- ☐ c. 25%
- ☐ d. 30%

Question 5

Not yet answered

Marked out of 1.00

According to the international trade effect, holding everything else unchanged,

Select one:

- ☐ a. an increase in net exports shifts the aggregate demand curve to the right.
- ☐ b. an increase in the domestic price level reduces net exports leading to a movement along the aggregate demand curve.
- ☐ c. an increase in the exchange rate shifts the aggregate demand curve to the right.
- ☐ d. an increase in the prices of foreign goods level reduces imports leading to a movement along the domestic economy's aggregate demand curve.

Question 6

Not yet answered

Marked out of 1.00

The natural rate of unemployment:

- I. includes frictional and structural unemployment.
- II. is equal to zero when an economy is producing at a point on its production possibilities frontier.
- III. is the unemployment rate that exists when the quantity of labor demanded is equal to the quantity of labor supplied.

Select one:

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

Question 7

Not yet answered

Marked out of 1.00

The natural rate of unemployment:

Select one:

- ☐ a. increases during recessions.
- ☐ b. equals the sum of frictional and cyclical unemployment.
- ☐ c. equals the sum of frictional and structural unemployment.
- ☐ d. is always less than full employment rate of unemployment.

Question 8

Not yet answered

Marked out of 1.00

A monopoly responds to an increase in demand by _____ price and _____ output.

Select one:

- ☐ a. increasing; decreasing
- ☐ b. increasing; increasing
- ☐ c. decreasing; increasing
- ☐ d. decreasing; decreasing

Question 9

Not yet answered

Marked out of 1.00

Because tourist demand for airline flights is relatively _____, small _____ in price will result in relatively _____ in additional tourists.

Select one:

- ☐ a. inelastic; reductions; very small increases
- ☐ b. elastic; reductions; large increases
- ☐ c. inelastic; increases; small decreases
- ☐ d. elastic; increases; no change

Question 10

Not yet answered

Marked out of 1.00

The market for plumbing services in a city can be characterized by the model of monopolistic competition. Suppose that the market is initially in long-run equilibrium, and then there is an increase in demand for plumbing services. We expect that in the long run:

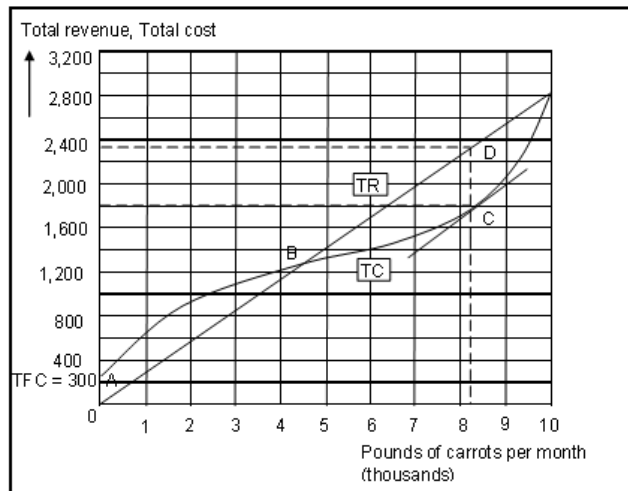
Select one:

- ☐ a. firms will leave the plumbing market.
- ☐ b. there will be a short-run increase in the number of firms, but then the number will return to the original level.
- ☐ c. new firms will enter the plumbing market.
- ☐ d. firms will shut down, but they will not leave the industry.

Question 11

Not yet answered

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Exhibit: Total Revenue, Total Costs, and Economic Profit

In this exhibit (Total Revenue, Total Costs, and Economic Profit), total revenue and total cost are equal at approximately _____ pounds and \$ _____ .

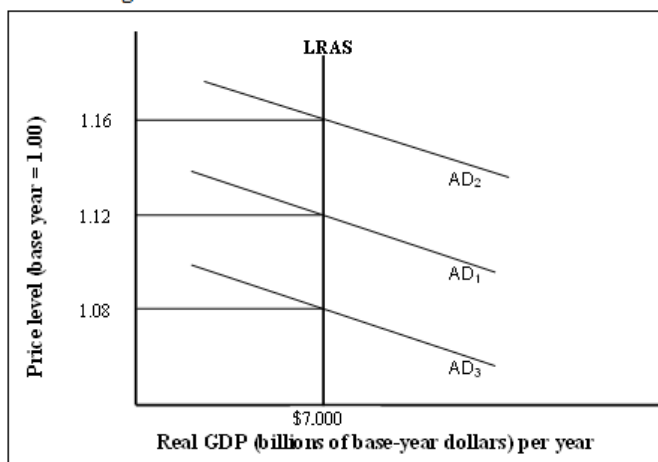
Select one:

- ☐ a. 0; 300
- ☐ b. 2,000; 1,200
- ☐ c. 4,500; 1,300
- ☐ d. 8,300; 2,250

Question 12

Not yet answered

Marked out of 1.00

Exhibit: Figure 7-2

In this exhibit (Figure 7-2), the potential output in this economy is:

Select one:

- ☐ a. \$7,000 billion at a price level of 1.16.
- ☐ b. \$7,000 billion at a price level of 1.12.
- ☐ c. \$7,000 billion at a price level of 1.08.
- ☐ d. described correctly in all of the above.

Question 13

Not yet answered

Marked out of 1.00

To practice effective price discrimination, a firm must:

Select one:

- ☐ a. have some degree of monopoly power.
- ☐ b. avoid detection by government regulatory agencies.
- ☐ c. enable the resale of goods between groups of buyers.
- ☐ d. calculate the utility level of each buyer in the market.

Question 14

Not yet answered

Marked out of 1.00

An oligopoly knows that its _____ affect(s) its _____ and that the _____ of its rivals will affect it.

Select one:

- ☐ a. actions; rivals; reactions
- ☐ b. price changes ; total revenue in a positive way; reactions
- ☐ c. actions rarely; rivals; actions
- ☐ d. price increases; total revenue in the long run only; large but not small price changes

Question 15

Not yet answered

Marked out of 1.00

The XYZ Company is a profit-maximizing firm with a monopoly in the production of pennants. The firm sells its pennants for \$10 each. We can conclude that the XYZ Company is producing a level of output at which:

Select one:

- ☐ a. average total cost equals \$10.
- ☐ b. average total cost is greater than \$10.
- ☐ c. marginal revenue equals \$10.
- ☐ d. marginal cost equals marginal revenue.

Question 16

Not yet answered

Marked out of 1.00

Economic profits are guaranteed for:

Select one:

- ☐ a. a monopoly, but not a perfectly competitive firm.
- ☐ b. a perfectly competitive firm, but not a monopoly.
- ☐ c. both a monopoly and a perfectly competitive firm.
- ☐ d. neither a monopoly nor a perfectly competitive firm.

Question 17

Not yet answered

Marked out of 1.00

According to the Case in Point on hockey teams, economic theory predicts that if a sports team consistently sells out its games, it will operate at a quantity where marginal revenue is:

Select one:

- ☐ a. the highest possible.
- ☐ b. positive.
- ☐ c. negative.
- ☐ d. equal to marginal cost and both are equal to zero.

Question 18

Not yet answered

Marked out of 1.00

A statement that best reflects an evaluation of monopoly firms is that:

Select one:

- ☐ a. they have a great deal of market power.
- ☐ b. they are economically efficient.
- ☐ c. consumers are given more choices, lower costs, and higher quality.
- ☐ d. competition should replace all monopolies.

Question 19

Not yet answered

Marked out of 1.00

What do economists mean by the term "sticky wage?"

Select one:

- ☐ a. It refers to the reluctance by employers to increase nominal wages during an inflationary period.
- ☐ b. It refers to a wage that is slow to adjust to its equilibrium level, creating sustained periods of shortage or surplus in the labor market.
- ☐ c. It refers to a breakdown in wage negotiations between employers and employee unions.
- ☐ d. It refers to a union negotiated wage.

Question 20

Not yet answered

Marked out of 1.00

Charges that are paid for factors of production are called:

Select one:

- ☐ a. implicit costs.
- ☐ b. opportunity costs.
- ☐ c. fixed costs.
- ☐ d. explicit costs.

Question 21

Not yet answered

Marked out of 1.00

Perfect competition is important to study because it:

Select one:

- ☐ a. is a theoretical extreme used for analysis.
- ☐ b. is a realistic model of a few key markets.
- ☐ c. is a realistic model of many different markets.
- ☐ d. avoids all real-world problems and complexities.