

### Question 1

From 1981 to 2016, the unemployment rate in the United States

- A) was always lower than the unemployment rate in Japan.
- B) almost always equaled the unemployment rate in Canada.
- C) generally rose while the unemployment rate in the Eurozone fell.
- D) was generally higher than the unemployment rate in Japan.
- E) was usually higher than the unemployment rate in Canada.

Answer: <https://biology-forums.com/index.php?topic=1861980>

### Question 2

According to the real business cycle theory, technological change

- A) is caused by changes in productivity.
- B) can initially decrease productivity.
- C) always increases productivity.
- D) never increases productivity.

Answer: <https://biology-forums.com/index.php?topic=484758>

### Question 3

A country specializes in the production of goods for which it has a comparative advantage. We find that

- A) some producers and consumers win, some lose, but overall the gains exceed the losses
- B) all consumers win
- C) producers win, consumers lose, but overall the gains exceed the losses
- D) all producers win

Answer: <https://biology-forums.com/index.php?topic=485740>

### Question 4

Suppose that Germany, France, Estonia, and India all have the same production possibilities, illustrated in the figure above. Based on the production points in the figure, which country is most likely to expand its PPF to PPF3?

- A) India
- B) Germany
- C) Estonia
- D) France and Germany equally
- E) France

Answer: <https://biology-forums.com/index.php?topic=1861847>

### Question 5

Disposable income is equal to

- A) aggregate income minus taxes plus government expenditures on goods and services.
- B) consumption expenditure minus taxes plus transfer payments.
- C) aggregate income minus taxes plus transfer payments.
- D) aggregate income plus transfer payments.

Answer: <https://biology-forums.com/index.php?topic=484092>

### Question 6

In the figure above, households

- A) receive transfers directly from governments.
- B) buy goods and services from governments in goods markets.
- C) receive transfers from governments through factor markets.
- D) sell factors of production to governments.
- E) pay taxes to governments through factor markets.

Answer: <https://biology-forums.com/index.php?topic=1861831>

### Question 7

In the market for bank reserves, if the federal funds rate target is higher than the federal funds rate, the Fed will take action to \_\_\_\_\_ reserves.

- A) decrease the demand for
- B) increase the supply of
- C) decrease the supply of
- D) increase the demand for

Answer: <https://biology-forums.com/index.php?topic=485294>

### Question 8

A difference between a quota and a tariff is that

- A) the government collects revenues from a tariff but does not collect revenues from a quota.
- B) a quota increases profits of domestic producers more than does a tariff.
- C) a tariff generates a higher price than does a quota.
- D) a tariff generates a greater reduction in exports than does a quota.

Answer: <https://biology-forums.com/index.php?topic=485623>

### Question 9

"Few if any economists anticipated the extent of the inventory adjustment... Production cutbacks have been much greater than expected. Those cuts have weakened the industrial sector considerably. " As a result of these changes, the U.S. government lowered its estimate of fourth-quarter growth in real GDP.

[www.businessweek.com](http://www.businessweek.com) 3/12/2007

The article suggests that \_\_\_\_\_.

- A) the AD curve shifted rightward in 2007.
- B) the AE curve shifted upward in 2007.
- C) planned expenditures exceeded real GDP in 2006.
- D) real GDP exceeded planned expenditures in 2006.

Answer: <https://biology-forums.com/index.php?topic=484387>

### Question 10

For a demand-pull inflation spiral to occur, government expenditure must persistently increase.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=484882>

### Question 11

The United States imports cars from Japan. If the United States imposes a tariff on cars imported from Japan, American

- A) consumers will lose and American producers will gain.
- B) consumers will lose and Japanese producers will gain.
- C) car manufacturers will gain revenue equal to the revenue lost by Japanese car manufacturers.
- D) tariff revenue will equal the loss inflicted on American consumers.

Answer: <https://biology-forums.com/index.php?topic=485591>

### Question 12

A decrease in the federal funds rate leads to

- A) a fall in the exchange rate.
- B) an increase in the quantity of money.
- C) an increase in exports.
- D) All of the above answers are correct.

Answer: <https://biology-forums.com/index.php?topic=485373>

### Question 13

The short-run Phillips curve shows the tradeoff between \_\_\_\_\_, holding the expected inflation rate and the natural unemployment rate constant.

- A) inflation and unemployment
- B) the price level and unemployment
- C) inflation and employment
- D) the price level and real GDP

Answer: <https://biology-forums.com/index.php?topic=484642>

### Question 14

Suppose the MPC = 0.90 and there are no taxes or imports. What does the multiplier equal? If the initial equilibrium aggregate expenditure is \$12 trillion, what will be the effect on aggregate expenditure of a \$100 billion increase in investment?

Answer: <https://biology-forums.com/index.php?topic=484460>

### Question 15

In the short run, the Fed's actions to fight an inflationary gap shift the

- A) short-run aggregate supply curve leftward.

- B) aggregate demand curve rightward.  
C) short-run aggregate supply curve rightward.  
D) aggregate demand curve leftward.

Answer: <https://biology-forums.com/index.php?topic=485425>

### Question 16

If a tariff is imposed, the price paid by domestic consumers will \_\_\_\_\_ and the amount imported will \_\_\_\_\_.

- A) not change; increase  
B) increase; not change  
C) increase; increase  
D) increase; decrease

Answer: <https://biology-forums.com/index.php?topic=485759>

### Question 17

During 2005-2006 Europe imported more than \$70 million worth of US long-grain rice. How is the gain from trade distributed?

- A) American rice consumers gain from trade  
B) European rice producers gain from trade  
C) European rice consumers gain from trade  
D) There is no gain from trade

Answer: <https://biology-forums.com/index.php?topic=485691>

### Question 18

For a given level of anticipated inflation and natural unemployment rate, the short-run Phillips curve shows the relationship between

- A) real GDP growth and the unemployment rate.  
B) inflation and money growth.  
C) potential GDP and real GDP.  
D) inflation and the unemployment rate.

Answer: <https://biology-forums.com/index.php?topic=484633>

### Question 19

In real business cycle theory, a decrease in productivity leads to all of the following events EXCEPT \_\_\_\_\_.

- A) a decrease in the demand for loanable funds  
B) a decrease in the demand for labor  
C) a fall in the real interest rate  
D) a rise in the real wage rate

Answer: <https://biology-forums.com/index.php?topic=484779>

### Question 20

If the interest rate on Treasury bills is higher than the federal funds rate, the quantity of overnight loans supplied \_\_\_\_\_ and the \_\_\_\_\_ for Treasury bills increases.

- A) decreases; demand  
B) increases; demand  
C) decreases; supply  
D) increases; supply

Answer: <https://biology-forums.com/index.php?topic=485286>