

Question 1

If Libby can produce 20 gallons of beer or 5 gallons of wine per hour, her opportunity cost of one gallon of beer is 4 gallons of wine.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=738478>

Question 2

Stickiness of wages

- A) is unrelated to stickiness of prices.
- B) reinforces stickiness of prices.
- C) lessens the stickiness of prices.
- D) may or may not reinforce stickiness of prices.

Answer: <https://biology-forums.com/index.php?topic=736985>

Question 3

According to the substitution effect of labor supply, when the wage rate goes up

- A) the opportunity cost of enjoying leisure goes down.
- B) it becomes more costly to consume leisure, so people will work more.
- C) firms will hire more workers since people are more willing to work.
- D) it becomes less costly to consume leisure, so people will work more.

Answer: <https://biology-forums.com/index.php?topic=736349>

Question 4

Recall the Application. Among the winners when there is an increase in labor migration to the United States are

- A) U.S. workers with the same skill level of the immigrants.
- B) U.S. consumers.
- C) firms in the country the workers left.
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=736487>

Question 5

By law, banks are required to

- A) lend out no more than the amount of their required reserves.
- B) hold a fraction of their reserves at the Federal Reserve bank.
- C) hold 100% of customer deposits as reserves.
- D) hold a fraction of demand deposits as reserves.

Answer: <https://biology-forums.com/index.php?topic=738222>

Question 6

Credits cards are NOT a part of the M1 or M2 money supply.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=738205>

Question 7

A government sometimes creates an excess supply of a product by setting a minimum price at which the product may be sold to consumers. This is sometimes called a

- A) price floor.
- B) price ceiling.
- C) subsidy.
- D) tax.

Answer: <https://biology-forums.com/index.php?topic=735268>

Question 8

If a market switches from being a perfectly competitive market to being a monopoly market, the decrease in consumer surplus is more than offset by an increase in producer profits.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=736177>

Question 9

Suppose the growth rate of GDP in the United States is 4.2%. If 2.9% and 1.3% of GDP growth are due, respectively, to capital and labor growth, the amount resulting from technological progress is

- A) 0%.
- B) 1.3%.
- C) 2.9%.
- D) 4.2%.

Answer: <https://biology-forums.com/index.php?topic=736914>

Question 10

The increase in spending that occurs because the demand for investment goods increases when the price level falls is known as the

- A) international trade effect.
- B) wealth effect.
- C) price effect.
- D) interest rate effect.

Answer: <https://biology-forums.com/index.php?topic=737013>

Question 11

Which of the following is NOT a characteristic of a monopoly?

- A) A monopolist is a price-taker.
- B) There are no close substitutes for a monopolist's product.
- C) A monopolist faces a downward-sloping demand curve.
- D) After the first unit, the monopolist's marginal revenue is always less than its price.

Answer: <https://biology-forums.com/index.php?topic=736108>

Question 12

Who is associated with the following summary of the economic way of thinking: "The theory of economics does not furnish a body of settled conclusions immediately acceptable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its processer draw correct conclusions."

- A) Alfred Marshall
- B) President Harry Truman
- C) John Maynard Keynes
- D) Adam Smith

Answer: <https://biology-forums.com/index.php?topic=734998>

Question 13

When the price of almonds falls

- A) the demand for almonds decreases, ceteris paribus.
- B) the quantity of almonds demanded increases, ceteris paribus.
- C) the quantity of almonds demanded decreases, ceteris paribus.
- D) the demand for almonds increases, ceteris paribus.

Answer: <https://biology-forums.com/index.php?topic=735290>

Question 14

When the Federal Reserve increases interest rates, investment spending _____ and GDP _____.

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

Answer: <https://biology-forums.com/index.php?topic=738298>

Question 15

What is the best measure of the value of output of an economy?

- A) NNP
- B) GNP
- C) the GDP deflator
- D) GDP

Answer: <https://biology-forums.com/index.php?topic=736655>

Question 16

If a large number of people are classified as being out of the labor force when they are really looking for work, this will lead to an official unemployment rate that is lower than the true unemployment rate.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=736709>

Question 17

The multiplier represents the ratio of the total shift in aggregate demand to the

- A) initial shift in short-run aggregate supply.
- B) total shift in short-run aggregate supply.
- C) total shift in long-run aggregate supply.
- D) initial shift in aggregate demand.

Answer: <https://biology-forums.com/index.php?topic=737042>

Question 18

Table 9.7 shows the production cost for two utilities at different levels of sulfur dioxide emissions. Assume that the government issued 8 marketable pollution permits to each firm. If Firm A contemplates selling one permit to Firm B, what is Firm A's willingness to accept?

- A) \$3,000
- B) \$5,000
- C) \$6,000
- D) \$7,000

Answer: <https://biology-forums.com/index.php?topic=737978>

Question 19

The stored value of money over time should not change significantly as long as the level of inflation is

- A) less than your pay increases.
- B) low.
- C) adjusted by the government.
- D) high.

Answer: <https://biology-forums.com/index.php?topic=738160>

Question 20

If a firm increases its capital stock per person while holding constant the number of workers employed, the firm is said to experience

- A) capital augmentation.
- B) labor intensity.
- C) investment deepening.
- D) capital deepening.

Answer: <https://biology-forums.com/index.php?topic=736865>