

### Question 1

If real GDP is 100 in year 1, and grows at a rate of 3% per year for 9 years, what will the GDP be in 9 years?

Answer: <https://biology-forums.com/index.php?topic=736861>

### Question 2

Table 7.2 contains price, demand, and cost data for the Capri Theater, the only first-run movie theater in a small town. What is its total profit under the single price policy?

- A) \$300
- B) \$360
- C) \$450
- D) \$540

Answer: <https://biology-forums.com/index.php?topic=736238>

### Question 3

The unemployment rate is calculated by dividing the number unemployed and looking for work by the sum of the number employed and the number unemployed and looking for work.

- A) True
- B) False

Answer: <https://biology-forums.com/index.php?topic=736704>

### Question 4

A change in the reserve requirement is used infrequently by the Fed because it

- A) is disruptive to the banking system.
- B) does not affect bank reserves.
- C) does not influence the money supply.
- D) does not affect the money multiplier.

Answer: <https://biology-forums.com/index.php?topic=738340>

### Question 5

According to the method of growth accounting, which of the following contribute to economic growth?

- A) technological progress
- B) capital growth
- C) labor growth
- D) all of the above

Answer: <https://biology-forums.com/index.php?topic=736913>

### Question 6

Jobs lost to outsourcing can be partially offset by jobs gained from

- A) greater trade imbalances.
- B) increased output from another industry.
- C) higher production costs.
- D) higher opportunity costs.

Answer: <https://biology-forums.com/index.php?topic=738471>

### Question 7

Suppose that the wage for teachers decreases relative to other occupations. We know that \_\_\_\_\_ people will work as teachers, and the total number of hours worked will \_\_\_\_\_.

- A) more; increase
- B) more; decrease
- C) fewer; increase
- D) fewer; decrease

Answer: <https://biology-forums.com/index.php?topic=736363>

### Question 8

Government taxes and transfers

- A) increase the wealth of the poorest Americans and reduce the wealth of the richest Americans.

- B) increase the wealth of all Americans.  
C) reduce the wealth of all Americans.  
D) reduce the wealth of the poorest Americans and increase the wealth of the richest Americans.

Answer: <https://biology-forums.com/index.php?topic=736492>

### Question 9

If the variable on the vertical axis increases by 20 and the variable on the horizontal axis increases by 5, the slope of the line is

- A) 0.25.  
B) 4.  
C) 15.  
D) 100.

Answer: <https://biology-forums.com/index.php?topic=735049>

### Question 10

Protecting endangered species is NOT an example of a public good because there are no external benefits associated with it.

- A) True  
B) False

Answer: <https://biology-forums.com/index.php?topic=737843>

### Question 11

If there is the legitimate threat of entry into a market, then the market is said to be

- A) perfectly competitive.  
B) reactive.  
C) contestable.  
D) secure.

Answer: <https://biology-forums.com/index.php?topic=737460>

### Question 12

Suppose that buyers assume that there is a 30% chance of getting a plum, and 8 of 10 cars in the used car market are lemons. Is this an equilibrium?

Answer: <https://biology-forums.com/index.php?topic=737720>

### Question 13

Why might economic policies aimed at stabilization actually increase the magnitudes of economic fluctuations?

Answer: <https://biology-forums.com/index.php?topic=738434>

### Question 14

If marginal cost is above average cost, average cost must be rising.

- A) True  
B) False

Answer: <https://biology-forums.com/index.php?topic=735795>

### Question 15

Suppose that the price elasticity of supply is 0.5 and the price increases by 4%. We would predict

- A) a 2% increase in quantity supplied.  
B) a 0.2% increase in quantity supplied.  
C) an 8% increase in quantity supplied.  
D) a 0.8% increase in quantity supplied.

Answer: <https://biology-forums.com/index.php?topic=735625>

### Question 16

Price fixing is an arrangement whereby firms agree to

- A) set price equal to marginal revenue.  
B) set price equal to average total cost.  
C) coordinate their pricing decisions.  
D) set price equal to marginal cost.

Answer: <https://biology-forums.com/index.php?topic=737335>

### Question 17

A good that is available for everyone, regardless of who pays and who doesn't, is

- A) excludable.
- B) nonexcludable.
- C) nonrival.
- D) rival.

Answer: <https://biology-forums.com/index.php?topic=737792>

### Question 18

You notice that the price of butter rises and then falls. The best explanation for this is that

- A) demand for butter decreased causing price to rise, which attracted other firms to enter the market causing supply to increase, which caused the price to go back down.
- B) demand for butter increased causing price to rise, which attracted other firms to enter the market causing supply to decrease, which caused the price to go back down.
- C) demand for butter increased causing price to rise, which induced other firms to exit the market causing supply to decrease, which caused the price to go back down.
- D) demand for butter increased causing price to rise, which attracted other firms to enter the market causing supply to increase, which caused the price to go back down.

Answer: <https://biology-forums.com/index.php?topic=736044>

### Question 19

The amount of income that households keep after paying taxes is

- A) value added income.
- B) personal income.
- C) national income.
- D) personal disposable income.

Answer: <https://biology-forums.com/index.php?topic=736603>

### Question 20

Suppose that we compare shares of income earned by different U.S. groups by dividing all households into five groups. Which of the following statements about the income distribution in the United States is correct?

- A) Shares of income decrease as we move from the lowest quintile to the highest quintile.
- B) Shares of income remain roughly constant as we move from the lowest quintile to the highest quintile.
- C) Shares of income increase as we move from the lowest quintile to the highest quintile.
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=736479>