

### Question 1

The participation rate equals

- A) .
- B) .
- C) .
- D) .
- E) .

Answer: <https://biology-forums.com/index.php?topic=831007>

### Question 2

Procyclical total factor productivity (TFP) could be caused by

- A) when TFP rises, real GDP falls.
- B) measurement error.
- C) the labour input to production is countercyclical.
- D) lower investment when real GDP is high.
- E) lower average labour productivity when real GDP is high.

Answer: <https://biology-forums.com/index.php?topic=832211>

### Question 3

In the monetary small open-economy model with a flexible exchange rate, an increase in the foreign price level decreases

- A) domestic output, but has no effect on the domestic price level or the nominal exchange rate.
- B) the domestic price level, but has no effect on domestic output or the nominal exchange rate.
- C) the nominal exchange rate, but has no effect on domestic output or the domestic price level.
- D) the domestic price level and the nominal exchange rate, but has no effect on domestic output.
- E) domestic output and the price level, but has no effect on the nominal exchange rate.

Answer: <https://biology-forums.com/index.php?topic=832816>

### Question 4

The large exchange rate depreciations which preceded the Asian Crisis was likely the result of

- A) decreased domestic demand for money.
- B) decrease in GDP growth.
- C) large decrease in foreign investors' demand for Asian currencies.
- D) rapid growth of the money supply.
- E) high rates of inflation.

Answer: <https://biology-forums.com/index.php?topic=832819>

### Question 5

In the one-sided search model, if the employment insurance benefit goes down,

- A) the reservation wage goes up and long-run unemployment goes down.
- B) the reservation wage goes down and long-run unemployment goes down.
- C) the reservation wage and long-run unemployment are unchanged.
- D) the reservation wage goes up and long-run unemployment goes up.
- E) the reservation wage goes down and long-run unemployment goes up.

Answer: <https://biology-forums.com/index.php?topic=831303>

### Question 6

In the endogenous growth model presented in the text, suppose that  $u$  represents the fraction of time spent working (as opposed to accumulating human capital) and  $b$  represents the efficiency of human capital accumulation. The growth rate of consumption equals

- A)  $u(1 - b) - 1$ .
- B)  $1 + b(1 - u)$ .
- C)  $(1 - b)(1 - u)$ .
- D)  $b(1 - u) - 1$ .
- E)  $b(1 - u)^2$ .

Answer: <https://biology-forums.com/index.php?topic=831596>

### Question 7

The current account surplus is not

- A) the trade balance.
- B) the excess of national savings over investment.

- C) private saving less government deficit.
- D) output less taxes and trade deficit.
- E) the negative of the current account deficit.

Answer: <https://biology-forums.com/index.php?topic=832428>

### Question 8

The Solow growth model

- A) does a better job of explaining income inequality within a country than income inequality in the world.
- B) is not consistent with post-industrial revolution development, in contrast to the Malthusian model.
- C) explains research and development.
- D) shows why China will exceed the United States in terms of per-capita income.
- E) predicts convergence in incomes per capita across countries.

Answer: <https://biology-forums.com/index.php?topic=831559>

### Question 9

The expenditure approach is calculated as

- A)  $C + I + G$ .
- B)  $C + I + X$ .
- C)  $C + I + G + NX$ .
- D)  $C + I + NX$ .
- E) the value approach.

Answer: <https://biology-forums.com/index.php?topic=830953>

### Question 10

We assume that the representative consumer's preferences exhibit the properties that

- A) they evolve over time and that more is always preferred to less.
- B) more is preferred to less and that the consumer prefers diversity.
- C) the consumer likes diversity and that more is sometimes preferred to less.
- D) more is sometimes preferred to less and that consumption and leisure are both normal goods.
- E) less consumption is preferred to more leisure and that consumption and leisure are both normal goods.

Answer: <https://biology-forums.com/index.php?topic=831082>

### Question 11

What is produced and consumed in the economy is determined jointly by

- A) standards of living and business cycles.
- B) the economy's productive capacity and the preferences of consumers.
- C) the behaviour of business managers and government policies.
- D) government policies and the economy's productive capacity.
- E) the preferences of consumers and the behaviour of business managers.

Answer: <https://biology-forums.com/index.php?topic=830899>

### Question 12

The most distinguishing economic feature of money is its

- A) medium of exchange role.
- B) store of value role.
- C) unit of account role.
- D) store of wealth role.
- E) standard of deferred payment role.

Answer: <https://biology-forums.com/index.php?topic=832030>

### Question 13

A key criticism of New Keynesian models is

- A) monetary policy is irrelevant.
- B) they don't explain why prices are sticky.
- C) they are never used in practice.
- D) they do not fit the data as well as real business cycle models.
- E) old Keynesian models are better.

Answer: <https://biology-forums.com/index.php?topic=832374>

### Question 14

Which of the following topics is a primary concern of macro economists?

- A) standards of living of individuals
- B) choices of individual consumers and firms
- C) short-run growth models
- D) relative wages of skilled and unskilled workers
- E) fluctuations in the level of aggregate economic activity

Answer: <https://biology-forums.com/index.php?topic=830838>

### Question 15

If  $R < q$ , then

- A) the marginal cost of using the credit card exceeds the marginal benefit.
- B) the marginal benefit of using cash exceeds the marginal cost.
- C) the real interest rate does not reach its equilibrium value.
- D) the nominal interest rate is not in equilibrium.
- E) the marginal benefit of using the credit card exceeds the marginal cost.

Answer: <https://biology-forums.com/index.php?topic=832097>

### Question 16

A Pareto optimum

- A) can be found in a closed and open economy.
- B) is found where the budget line is tangent to the indifference curve.
- C) is the same as a competitive equilibrium.
- D) is where the consumption line is tangent to the PPF.
- E) is the slope of the PPF.

Answer: <https://biology-forums.com/index.php?topic=831178>

### Question 17

Changes in government spending are not likely causes of business cycles because government spending induced business cycles would, counterfactually predict

- A) countercyclical consumption.
- B) procyclical consumption.
- C) countercyclical employment.
- D) procyclical employment.
- E) countercyclical real wages.

Answer: <https://biology-forums.com/index.php?topic=831217>

### Question 18

According to real business cycle theorists, an increase in total factor productivity could lead to an increase in the nominal money supply due to

- A) the cyclical behaviour of tax collections and attempts by the Bank of Canada to stabilize real output.
- B) Bank of Canada attempts to stabilize real output and the price level.
- C) Bank of Canada attempts to stabilize the price level and banking sector expansion of deposit money.
- D) banking sector expansion of deposit money and the cyclical behaviour of tax collections.
- E) Bank of Canada attempts to stabilize business cycle fluctuations.

Answer: <https://biology-forums.com/index.php?topic=832202>

### Question 19

If a country's central bank seeks to stabilize the price level and if nominal shocks from abroad are important, then

- A) a flexible exchange rate is preferable to a fixed exchange rate.
- B) flexible and fixed exchange rates are equivalent.
- C) the central bank will not be able to realize its goal.
- D) a fixed exchange rate is preferable to a flexible exchange rate.
- E) the central bank should devalue under fixed exchange rates.

Answer: <https://biology-forums.com/index.php?topic=832831>

### Question 20

New Keynesian Theory

- A) specifies financial markets as the primary cause of business cycles.
- B) includes microeconomic foundations and does not rely on sticky wages or prices.
- C) relies on sticky wages and prices but does not include microeconomic foundations.
- D) uses the same microeconomic foundations as other macro models.

E) specifies shocks to technology cause business cycles.

Answer: <https://biology-forums.com/index.php?topic=830893>

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