

Question 1

Collateral is used in all of the following credit arrangements, except

- A) mortgage lending.
- B) repurchase agreements.
- C) automobile loans.
- D) credit card lending.

Answer: <https://biology-forums.com/index.php?topic=358792>

Question 2

Which aspect of macroeconomics generates the most controversy?

- A) the causes of business cycles
- B) supply and demand
- C) economic growth
- D) competitive equilibrium

Answer: <https://biology-forums.com/index.php?topic=358191>

Question 3

The Fisher relationship may be described by the following equation in which R is the nominal rate of interest, r is the real rate of interest, and i is the inflation rate.

- A) $1 + r = (1 + i/1 + R)$
- B) $1 + i = (1 + r/1 + R)$
- C) $1 + r = (1 + R/1 + i)$
- D) $i = r + R$

Answer: <https://biology-forums.com/index.php?topic=358876>

Question 4

In response to a temporary increase in government spending, the representative consumer consumes

- A) less and takes less leisure.
- B) more and takes less leisure.
- C) more and takes more leisure.
- D) less and takes more leisure.

Answer: <https://biology-forums.com/index.php?topic=358844>

Question 5

The behavior of investment and real GDP in the United States after the 1990s

- A) is consistent with the effects of a decrease in the government deficit in the two-period model with production.
- B) is consistent with the effects of an increase in optimism about future total factor productivity in the two-period model with production.
- C) is not consistent with the two-period model with production.
- D) is consistent with the effects of an increase in the government deficit in the two-period model with production.

Answer: <https://biology-forums.com/index.php?topic=359009>

Question 6

When consumers act as price-takers, we say that they behave

- A) irrationally.
- B) monopsonistically.
- C) competitively.
- D) cooperatively.

Answer: <https://biology-forums.com/index.php?topic=358430>

Question 7

Stabilization policy is policy that seeks to

- A) get zero inflation.
- B) eliminate fluctuations.
- C) maximize output.
- D) eradicate unemployment.

Answer: <https://biology-forums.com/index.php?topic=358972>

Question 8

In a model with money neutrality, how much should the money supply be increased to obtain a 1% increase in nominal output?

- A) It cannot be done.
- B) -1%
- C) between 0 and 1%
- D) 1%

Answer: <https://biology-forums.com/index.php?topic=358903>

Question 9

Financial intermediaries

- A) borrow from one group of people and lend to another.
- B) include life insurance companies.
- C) transform assets.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=359108>

Question 10

Any increase in the present value of taxes implies

- A) an increase in lifetime wealth and a decrease in the current labor supply.
- B) a decrease in lifetime wealth and a decrease in the current labor supply.
- C) an increase in lifetime wealth and an increase in the current labor supply.
- D) a decrease in lifetime wealth and an increase in the current labor supply.

Answer: <https://biology-forums.com/index.php?topic=358843>

Question 11

In the Solow growth model, an increase in the savings rate

- A) must reduce per capita consumption.
- B) raises steady state per capita output.
- C) must reduce the standard of living.
- D) raises the growth rate in aggregate output.

Answer: <https://biology-forums.com/index.php?topic=358650>

Question 12

The fact that indifference curves are bowed in toward the origin

- A) is not true.
- B) follows from the property that the consumer likes diversity in his or her consumption bundle.
- C) follows from the fact that more is preferred to less.
- D) follows from the property that consumption and leisure are normal goods.

Answer: <https://biology-forums.com/index.php?topic=358425>

Question 13

In the two-period model with production, an increase in anticipated future total factor productivity

- A) has no effect on domestic output, but reduces the current account surplus.
- B) increases domestic output and increases the current account surplus.
- C) has no effect on domestic output, but increases the current account surplus.
- D) reduces domestic output, and increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359008>

Question 14

In the Malthusian model of economic growth

- A) Per capita consumption is always constant.
- B) Per capita consumption affects death rates but not birth rates.
- C) Per capita consumption affects birth rates and death rates.
- D) Per capita consumption affects birth rates but not death rates.

Answer: <https://biology-forums.com/index.php?topic=358604>

Question 15

Seasonal adjustment

- A) is not used by modern macroeconomists.
- B) should never be used.
- C) is rarely used.

D) is a common characteristic of macroeconomic time series in wide use.

Answer: <https://biology-forums.com/index.php?topic=358395>

Question 16

The business cycle component of the log of real per-capita GNP is equal to

- A) log of trend GNP - log of actual real GNP.
- B) log of actual real GNP ÷ log of trend GNP.
- C) log of actual real GNP - log of trend GNP.
- D) log of trend GNP ÷ log of actual real GNP.

Answer: <https://biology-forums.com/index.php?topic=358179>

Question 17

Which of the following increases money demand?

- A) The introduction of online banking.
- B) Disruptions in the banking system.
- C) The introduction of deposit insurance.
- D) The wider availability of ATMs.

Answer: <https://biology-forums.com/index.php?topic=358910>

Question 18

The matching function exhibits all of the following properties except

- A) increasing in matching efficiency.
- B) increasing in inputs of searching consumers and firms.
- C) diminishing marginal product of labor.
- D) constant returns to scale.

Answer: <https://biology-forums.com/index.php?topic=358585>

Question 19

A temporary increase in government spending that leads to only a small decline in lifetime wealth likely shifts the output demand curve to the

- A) left by more than the leftward shift in output supply.
- B) left by less than the leftward shift in output supply.
- C) right by more than the rightward shift in output supply.
- D) right by less than the rightward shift in output supply.

Answer: <https://biology-forums.com/index.php?topic=358842>

Question 20

Human capital is knowledge in

- A) firms.
- B) books.
- C) people.
- D) government.

Answer: <https://biology-forums.com/index.php?topic=358681>

Question 21

The marginal benefit from investment for a firm is equal to

- A) $(MP' \text{ with subscript } ((K)) - I + d/(I + r))$.
- B) $(MP' \text{ with subscript } ((K)) - I - d/(I + r))$.
- C) $(MP' \text{ with subscript } ((K)) + I - d/(I + r))$.
- D) $(MP' \text{ with subscript } ((K)) + I + d/(I + r))$.

Answer: <https://biology-forums.com/index.php?topic=358825>

Question 22

In a two-period model with production, a decrease in the world real interest rate

- A) increases the current account surplus and reduces real output.
- B) reduces the current account surplus and reduces real output.
- C) increases the current account surplus and increases real output.
- D) reduces the current account surplus and increases real output.

Answer: <https://biology-forums.com/index.php?topic=359007>

Question 23

Which of the following is a way to obtain endogenous growth:

- A) inflation.
- B) population growth.
- C) human capital accumulation.
- D) physical capital accumulation.

Answer: <https://biology-forums.com/index.php?topic=358705>

Question 24

Recent evidence suggests that output per worker is

- A) negatively related to the rate of investment and positively related to the rate of population growth.
- B) positively related to the rate of investment and negatively related to the rate of population growth.
- C) negatively related to both the rate of investment and to the rate of population growth.
- D) positively related to both the rate of investment and to the rate of population growth.

Answer: <https://biology-forums.com/index.php?topic=358608>

Question 25

Suppose real output falls in the aggregate economy. Which is correct?

- A) A real business cycle theorist thinks that total factor productivity has risen, and that the government should do nothing .
- B) A real business cycle theorist thinks that there was a negative shock to total factor productivity, and that the government should therefore increase expenditures.
- C) A New Keynesian thinks that the output gap has fallen, and central bank's interest rate target should rise.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=358968>

Question 26

If the government replaces a lump sum tax with a proportional labor income tax, then

- A) employment decreases and output increases.
- B) employment increases and output decreases.
- C) employment and output decrease.
- D) employment and output increase.

Answer: <https://biology-forums.com/index.php?topic=358554>

Question 27

When drawn against the real interest rate, the output demand curve shifts to the right when

- A) current total factor productivity z decreases.
- B) future total factor productivity z' decreases.
- C) future total factor productivity z' increases.
- D) current total factor productivity z increases.

Answer: <https://biology-forums.com/index.php?topic=358841>

Question 28

A small open economy is an economy

- A) whose firms and consumers are individually and collectively price takers.
- B) in which both imports and exports are less than 5% of GDP.
- C) whose firms and consumers are individually, but not collectively price takers.
- D) whose firms and consumers are collectively, but not individually price takers.

Answer: <https://biology-forums.com/index.php?topic=358987>

Question 29

A capital outflow occurs when a

- A) foreign resident purchases a domestic asset.
- B) foreign resident purchases a foreign asset.
- C) domestic resident purchases a domestic asset.
- D) domestic resident purchases a foreign asset.

Answer: <https://biology-forums.com/index.php?topic=359057>

Question 30

In a two-period model with production, a shock that shifts the output demand curve to the right, and does not shift the output supply curve

- A) causes a decrease in the current account surplus and no change in real output.
- B) causes a decrease in the current account surplus and an increase in real output.
- C) causes an increase in the current account surplus and an increase in real output.
- D) causes no change in the current account surplus and an increase in real output.

Answer: <https://biology-forums.com/index.php?topic=359006>

Question 31

The observation that the money supply is procyclical and leading the level of aggregate economic theory is most closely associated with

- A) Lucas and Friedman.
- B) David Runkle.
- C) Friedman and Schwartz.
- D) Kydland and Prescott.

Answer: <https://biology-forums.com/index.php?topic=358383>

Question 32

For macroeconomics, banks

- A) play a key role.
- B) are similar to households.
- C) are similar to other firms.
- D) can be abstracted away.

Answer: <https://biology-forums.com/index.php?topic=358202>

Question 33

In a one-period economy, real consumption

- A) is exactly equal to disposable income.
- B) can be greater than, less than, or equal to disposable income.
- C) is always less than disposable income.
- D) is typically greater than disposable income.

Answer: <https://biology-forums.com/index.php?topic=358440>

Question 34

Consider two alternative worlds: (i) the world works according the real business cycle model, and the central bank acts to stabilize the price level; (ii) the world works according to the New Keynesian sticky price model, and the central bank acts to make the output gap zero. Which is correct?

- A) in either world, the central bank is irrelevant.
- B) We would prefer to live in world (i).
- C) We would prefer to live in world (ii).
- D) The data cannot tell us whether we are living in world (i) or world (ii).

Answer: <https://biology-forums.com/index.php?topic=358985>

Question 35

When drawn against the real interest rate, the output supply curve is upward sloping because labor supply is

- A) independent of the real interest rate and labor demand is increasing in the real interest rate.
- B) increasing in the real interest rate and labor demand is independent of the real interest rate.
- C) decreasing in the real interest rate and labor demand is independent of the real interest rate.
- D) independent of the real interest rate and labor demand is decreasing in the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358832>

Question 36

In an economic model, an endogenous variable is

- A) a variable that has no effect on the workings of the model.
- B) determined by the model itself.
- C) determined outside the model.
- D) a stand-in for more complicated variables.

Answer: <https://biology-forums.com/index.php?topic=358503>

Question 37

The development most responsible for the wide-spread introduction of macroeconomic models built upon solid microeconomic foundations was the

- A) work of John Maynard Keynes.
- B) development of the Keynesian coordination failure model.

- C) rational expectations revolution.
- D) popularization of supply-side economics.

Answer: <https://biology-forums.com/index.php?topic=358188>

Question 38

- If government spending is held constant and Ricardian equivalence holds,
- A) an increase in government savings is always matched by an equal increase in private savings.
 - B) an increase in the government budget deficit is always matched by a reduction in private savings.
 - C) an increase in government savings is always matched by an increase in the government budget deficit.
 - D) an increase in government savings is always matched by an equal reduction in private savings.

Answer: <https://biology-forums.com/index.php?topic=358764>

Question 39

- In the 2008-09 recession, the government deficit
- A) stayed roughly constant.
 - B) would have increased if the government had intervened.
 - C) decreased.
 - D) increased.

Answer: <https://biology-forums.com/index.php?topic=358221>

Question 40

- The Ricardian equivalence implies that
- A) the level of taxes has no impact.
 - B) the distribution of taxes through time has no impact.
 - C) the distribution of government expenses through time has no impact.
 - D) the level of government spending has no impact.

Answer: <https://biology-forums.com/index.php?topic=358768>

Question 41

- The quantity of money in circulation in the United States is managed by
- A) The Securities Exchange Commission.
 - B) Wall Street.
 - C) The United States Treasury.
 - D) The Federal Reserve System.

Answer: <https://biology-forums.com/index.php?topic=358205>

Question 42

- In a one-period economic model, the government budget constraint requires that government spending
- A) = taxes.
 - B) > 0.
 - C) = taxes + transfers.
 - D) = taxes + borrowing.

Answer: <https://biology-forums.com/index.php?topic=358504>

Question 43

- A consumer is a lender if
- A) optimum current consumption is greater than current disposable income.
 - B) current disposable income is greater than future disposable income.
 - C) the consumer's indifference curves are relatively flat.
 - D) optimum current consumption is less than current disposable income.

Answer: <https://biology-forums.com/index.php?topic=358736>

Question 44

- When drawn against the real interest rate, the output demand curve unambiguously shifts to the right if
- A) future total factor productivity decreases.
 - B) current total factor productivity decreases.
 - C) current capital decreases.
 - D) current or future taxes increase.

Answer: <https://biology-forums.com/index.php?topic=358840>

Question 45

The Friedman rule works because

- A) it encourages people to hold the appropriate quantity of money.
- B) it can be implemented by the private sector.
- C) it maximizes productivity.
- D) it eliminates over-consumption.

Answer: <https://biology-forums.com/index.php?topic=359099>

Question 46

The condition, $MRSC_C = 1 + r$, describes the representative consumer's

- A) current period work - leisure decision.
- B) consumption - savings decision.
- C) future period work - leisure decision.
- D) investment decision.

Answer: <https://biology-forums.com/index.php?topic=358809>

Question 47

In the Malthusian model, the population growth rate is

- A) negatively related to consumption per worker.
- B) assumed to be constant.
- C) exogenous.
- D) positively related to consumption per worker.

Answer: <https://biology-forums.com/index.php?topic=358610>

Question 48

If dividend income increases, the following does **not** happen

- A) the consumer chooses to consume more leisure.
- B) the substitution effect exceeds the income effect.
- C) the budget constraint shifts to the right.
- D) the consumer chooses to consume more consumption goods.

Answer: <https://biology-forums.com/index.php?topic=358445>

Question 49

In the monetary small open-economy model with a fixed exchange rate, a temporary decrease in domestic total factor productivity in the absence of any other shocks

- A) increases the domestic money supply and decreases the current account surplus.
- B) decreases the domestic money supply and decreases the current account surplus.
- C) increases the current account surplus and increases the domestic money supply.
- D) increases the current account surplus and decreases the domestic money supply.

Answer: <https://biology-forums.com/index.php?topic=359049>

Question 50

Between 1947 and 2011,

- A) The current account surplus rose.
- B) Exports decreased and imports decreased.
- C) Exports and imports increased.
- D) The current account deficit fell.

Answer: <https://biology-forums.com/index.php?topic=358240>

Question 51

Labor demand is decreasing in the wage because

- A) the marginal product of labor is increasing in labor.
- B) the income effect is larger than the substitution effect.
- C) the substitution effect is larger than the income effect.
- D) the production function is concave.

Answer: <https://biology-forums.com/index.php?topic=358498>

Question 52

Suppose that Year 1 is the base year. The CPI for Year 2 is approximately

- A) 240.0.
- B) 135.0.
- C) 100.0.
- D) 170.0.

Answer: <https://biology-forums.com/index.php?topic=358297>

Question 53

The biggest contribution to real U.S. GDP growth in the 1970s was due to growth in

- A) the capital stock.
- B) total factor productivity.
- C) the labor force.
- D) both the capital stock and the labor force.

Answer: <https://biology-forums.com/index.php?topic=358640>

Question 54

Real consumption tends to be

- A) countercyclical and less variable than real GDP.
- B) procyclical and more variable than real GDP.
- C) countercyclical and more variable than real GDP.
- D) procyclical and less variable than real GDP.

Answer: <https://biology-forums.com/index.php?topic=358372>

Question 55

In the labor force, we include.

- A) hospitalized people.
- B) people on social security.
- C) unemployed people.
- D) students.

Answer: <https://biology-forums.com/index.php?topic=358340>

Question 56

Improvements in a country's standard of living are brought about in the long run by

- A) growth in the population.
- B) immigration policy.
- C) constructing more machines and buildings.
- D) technological progress.

Answer: <https://biology-forums.com/index.php?topic=358198>

Question 57

The fact that private sector economic agents cannot be systematically fooled by economic policymakers is implied by

- A) time inconsistency.
- B) the rational expectations hypothesis.
- C) commitment.
- D) the Phillips curve.

Answer: <https://biology-forums.com/index.php?topic=359133>

Question 58

In response to a temporary change in total factor productivity, the adoption of capital controls under a fixed exchange rate

- A) dampens the effect of this disturbance on both domestic output and the domestic nominal money supply.
- B) amplifies the effect of this disturbance on both domestic output and the domestic nominal money supply.
- C) amplifies the effect of this disturbance on domestic output and dampens the effect on the domestic nominal money supply.
- D) dampens the effect of this disturbance on domestic output and amplifies the effect on domestic nominal money supply.

Answer: <https://biology-forums.com/index.php?topic=359064>

Question 59

In the endogenous growth model, an increase in a worker's level of human capital

- A) increases neither the amount of additional human capital she can produce nor the amount of output she can produce.
- B) increases the amount of additional output she can produce, but does not increase the amount of human capital she can produce.
- C) increases both the amount of additional human capital she can produce and the amount of output she can produce.

D) increases the amount of additional human capital she can produce, but does not increase the amount of output she can produce.

Answer: <https://biology-forums.com/index.php?topic=358675>

Question 60

Which of the following is included in M0, but not in M1?

- A) deposits of depository institutions at the Federal Reserve
- B) U.S. currency held by foreigners
- C) currency held by the U.S. public
- D) demand deposits

Answer: <https://biology-forums.com/index.php?topic=358871>

Question 61

To compute a monthly consumer price index, we need

- A) data about consumption habits in every month.
- B) fixed exchange rates.
- C) data about item prices every month.
- D) the GDP or GNP deflator.

Answer: <https://biology-forums.com/index.php?topic=358290>

Question 62

With money supply shocks in the intertemporal model with money, the price level is

- A) procyclical.
- B) somewhat cyclical.
- C) acyclical.
- D) countercyclical.

Answer: <https://biology-forums.com/index.php?topic=358909>

Question 63

A permanent increase in income leads to

- A) a small increase in current consumption.
- B) a large increase in current consumption.
- C) a small decrease in future consumption.
- D) a large decrease in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358744>

Question 64

The first fundamental theorem of welfare economics states that

- A) under certain conditions, a Pareto optimum is a competitive equilibrium.
- B) a competitive equilibrium is always Pareto optimal.
- C) under certain conditions, a competitive equilibrium is Pareto optimal.
- D) a Pareto optimum is always a competitive equilibrium.

Answer: <https://biology-forums.com/index.php?topic=358529>

Question 65

A competitive equilibrium fails to be a Pareto Optimum with a distorting tax because

- A) the government wastes its revenue.
- B) the firm is no longer maximizing profits.
- C) the consumer's budget constraint has an additional kink.
- D) the consumer faces a different effective wage than the firm.

Answer: <https://biology-forums.com/index.php?topic=358536>

Question 66

A reverse Phillips Curve would consist of a

- A) negative relationship between deviations from trend in real and nominal interest rates.
- B) positive relationship between deviations from trend in real and nominal interest rates.
- C) negative relationship between deviations from trend in the level of prices and the level of aggregate economic activity.
- D) positive relationship between deviations from trend in the level of prices and the level of aggregate economic activity.

Answer: <https://biology-forums.com/index.php?topic=358380>

Question 67

What is the inflation rate using base year 1?

- A) 15%.
- B) 20%.
- C) 25%.
- D) 10%.

Answer: <https://biology-forums.com/index.php?topic=358304>

Question 68

A hard peg may be achieved by all of the following except

- A) establishing a currency board.
- B) following the rules of the Bretton Woods Agreement.
- C) dollarization.
- D) mutual agreements establishing a common currency.

Answer: <https://biology-forums.com/index.php?topic=359021>

Question 69

Over the twentieth century, growth in per-capita GNP was highest

- A) during the 1980s.
- B) during World War II.
- C) during the 1960s.
- D) immediately prior to the Great Depression.

Answer: <https://biology-forums.com/index.php?topic=358181>

Question 70

The fact that indifference curves are downward sloping

- A) follows from the fact that more is preferred to less.
- B) follows from the property that consumption and leisure are normal goods.
- C) follows from the property that the consumer likes diversity in his or her consumption bundle.
- D) is not true.

Answer: <https://biology-forums.com/index.php?topic=358424>

Question 71

In the two-period model with asymmetric information, a bank

- A) borrows and lends.
- B) creates money.
- C) keeps money safely.
- D) multiplies reserves.

Answer: <https://biology-forums.com/index.php?topic=358787>

Question 72

If a macroeconomic variable tends to aid in predicting the future path of real GDP, it is said to be a

- A) coincident variable.
- B) lagging variable.
- C) leading variable.
- D) convenient variable.

Answer: <https://biology-forums.com/index.php?topic=358368>

Question 73

In practice, money growth targeting was

- A) a failure.
- B) a policy introduced in the U.S. in the 1970s, which continues to the present.
- C) a good idea.
- D) better than interest rate targeting.

Answer: <https://biology-forums.com/index.php?topic=358914>

Question 74

In the real business cycle model, a persistent increase in total factor productivity

- A) decreases the real wage and decreases the price level.
- B) increases the real wage and increases the price level.
- C) increases the real wage and decreases the price level.
- D) decreases the real wage and increases the price level.

Answer: <https://biology-forums.com/index.php?topic=358925>

Question 75

According to real business cycle theory

- A) cash-in-advance is necessarily to explain business cycles.
- B) Federal Reserve actions need to be watched closely.
- C) technology shocks have a major role in business cycles.
- D) monetary policy is driving business cycles.

Answer: <https://biology-forums.com/index.php?topic=358931>

Question 76

An increase in government spending

- A) increases consumption, increases hours worked, and increases the real wage.
- B) reduces consumption, reduces hours worked, and reduces the real wage.
- C) reduces consumption, increases hours worked, and increases the real wage.
- D) reduces consumption, increases hours worked, and reduces the real wage.

Answer: <https://biology-forums.com/index.php?topic=358540>

Question 77

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 human capital equals

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

Answer: <https://biology-forums.com/index.php?topic=358690>

Question 78

The defining feature of business cycles is that they

- A) are fluctuations about trend in real GDP.
- B) represent the underlying trend of real GDP in the economy.
- C) measure prospects for future growth in the economy.
- D) are inherently bad.

Answer: <https://biology-forums.com/index.php?topic=358342>

Question 79

A money supply increase in the New Keynesian model is not neutral because

- A) the real interest falls, the quantity of output demanded rises, and firms supply more output.
- B) bank lending rises.
- C) productivity rises, increasing output supply.
- D) consumers are fooled into working harder.

Answer: <https://biology-forums.com/index.php?topic=358965>

Question 80

The current demand for money increases when

- A) future real income decreases.
- B) the nominal rate of interest increases.
- C) current real income increases.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=358888>

Question 81

When we say the U.S. economy has grown on average at 2.1%, we mean

- A) the growth rate of nominal GDP.
- B) the growth rate of per-capita nominal GDP.
- C) the growth rate of per-capita real GDP.

D) the inflation rate.

Answer: <https://biology-forums.com/index.php?topic=358182>

Question 82

Fluctuations in the target interest rate in the New Keynesian model lead to all of the following except

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

Answer: <https://biology-forums.com/index.php?topic=358967>

Question 83

Recently, consumption has comprised approximately

- A) one-half of GDP.
- B) four-fifths of GDP.
- C) two-thirds of GDP.
- D) three-fourths of GDP.

Answer: <https://biology-forums.com/index.php?topic=358280>

Question 84

In the Malthusian model, improvements in health care lead to

- A) lower population and lower per-capita production.
- B) higher population and lower per-capita production.
- C) lower population and higher per-capita production.
- D) higher population and higher per-capita production.

Answer: <https://biology-forums.com/index.php?topic=358623>

Question 85

The Ricardian Equivalence holds only if

- A) the government runs surpluses.
- B) the government is altruistic.
- C) the government runs deficits.
- D) there are no binding credit constraints.

Answer: <https://biology-forums.com/index.php?topic=358771>

Question 86

According to Keynesian coordination failure theory, the primary causes of business cycles are

- A) shocks to aggregate demand.
- B) technology shocks.
- C) monetary factors.
- D) waves of self-fulfilling optimism and pessimism.

Answer: <https://biology-forums.com/index.php?topic=358194>

Question 87

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

- A) the economy's productive capacity and the preferences of consumers.
- B) the behavior of business managers and government policies.
- C) the preferences of consumers and the behavior of business managers.
- D) government policies and the economy's productive capacity.

Answer: <https://biology-forums.com/index.php?topic=358197>

Question 88

Over the long run, taxes and government expenses have

- A) remained relatively stable.
- B) drifted apart.
- C) decreased.
- D) increased.

Answer: <https://biology-forums.com/index.php?topic=358219>

Question 89

Suppose that Year 2 is the base year. The CPI for Year 1 is approximately

- A) 80.0.
- B) 120.0.
- C) 90.0.
- D) 100.0.

Answer: <https://biology-forums.com/index.php?topic=358298>

Question 90

An economy without monetary exchange is called

- A) a socialist economy.
- B) a barter economy.
- C) an autarky economy.
- D) a primitive economy.

Answer: <https://biology-forums.com/index.php?topic=358432>

Question 91

Which statement is correct?

- A) A higher growth rate in GDP per capita is always preferable.
- B) To attain a permanently higher rate of growth in GDP per capita, a nation has to sacrifice something in the present.
- C) If the human capital accumulation technology is more efficient, then the growth rate of per capita output falls.
- D) It is easy for poor countries to become rich.

Answer: <https://biology-forums.com/index.php?topic=358691>

Question 92

An agreement among countries to adopt a common currency is called a

- A) currency union.
- B) common banking treaty.
- C) monetary compact.
- D) central bank consolidation.

Answer: <https://biology-forums.com/index.php?topic=359054>

Question 93

Suppose a poor economy inches towards the steady state in Solow's exogenous growth model. What happens?

- A) Capital grows slower than population.
- B) Capital grows as fast as population.
- C) Capital grows faster than population.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=358671>

Question 94

A price index can be computed by

- A) subtracting the real variable from its nominal counterpart.
- B) dividing a real variable by its real counterpart.
- C) subtracting the nominal variable from its real counterpart.
- D) dividing a nominal variable by its real counterpart.

Answer: <https://biology-forums.com/index.php?topic=358289>

Question 95

The property that macroeconomic variables fluctuate together in patterns that exhibit strong regularities is called

- A) correlation.
- B) coexistence.
- C) co-movement.
- D) coincidence.

Answer: <https://biology-forums.com/index.php?topic=358353>

Question 96

In the DMP model,

- A) Each consumer decides whether to stay in his or her existing job or search for a new job.
- B) Each consumer decides between searching for work and home production.
- C) Each consumer decides whether to start a new business or to seek employment as a worker.
- D) Each consumer decides whether or not to accept a job.

Answer: <https://biology-forums.com/index.php?topic=358583>

Question 97

Menu costs are

- A) the cost of changing prices.
- B) very small costs.
- C) the cost of differentiating prices for different goods.
- D) the relative cost of raw materials compared to finished goods.

Answer: <https://biology-forums.com/index.php?topic=358956>

Question 98

To maintain a fixed exchange rate, authorities

- A) modify money supply.
- B) modify government expenses.
- C) make laws stipulating the exchange rate.
- D) modify taxes.

Answer: <https://biology-forums.com/index.php?topic=359044>

Question 99

A utility function

- A) needs to measure the absolute level of happiness.
- B) helps compare the relative happiness of two separate consumers.
- C) needs to measure relative amounts of happiness for a single individual.
- D) is most useful if it can be influenced by others.

Answer: <https://biology-forums.com/index.php?topic=358409>

Question 100

Next period's capital is equal to current-period investment

- A) minus the amount of current capital left over after depreciation.
- B) plus the amount of current capital left over after depreciation.
- C) minus the amount of current period depreciation.
- D) plus the amount of current period depreciation.

Answer: <https://biology-forums.com/index.php?topic=358819>

Question 101

The profit-maximizing quantity of labor equates the marginal product of labor with

- A) total factor productivity.
- B) the real wage.
- C) the marginal product of capital.
- D) the average product of labor.

Answer: <https://biology-forums.com/index.php?topic=358492>

Question 102

The zero lower bound on the nominal interest rate arises because

- A) if the nominal interest rate were less than zero, an arbitrage opportunity would exist.
- B) the government would not allow it.
- C) the economy would crash.
- D) bank profits must be zero.

Answer: <https://biology-forums.com/index.php?topic=358917>

Question 103

Robert Lucas has popularized the notion that with respect to

- A) quantitative behavior of co-movements among series, business cycles are all alike.
- B) severity, business cycles are all alike.
- C) qualitative behavior of co-movements among series, business cycles are all alike.
- D) causation, business cycles are all alike.

Answer: <https://biology-forums.com/index.php?topic=358355>

Question 104

Which of the following is not a feature of the steady state in Solow's exogenous growth model?

- A) Capital grows continuously.
- B) Total saving is steady.
- C) Consumption per worker is steady.
- D) The capital/output ratio is steady.

Answer: <https://biology-forums.com/index.php?topic=358655>

Question 105

Under a Pareto Optimum

- A) one can only reduce someone's welfare.
- B) it is never possible to improve someone's welfare.
- C) it is always possible to improve someone's welfare.
- D) it is impossible to reduce someone's welfare.

Answer: <https://biology-forums.com/index.php?topic=358533>

Question 106

In a two-period model with default, if the market interest rate is low, then

- A) default is more likely
- B) there is no effect on the nation's default decision.
- C) the income effect is larger than the substitution effect.
- D) default is less likely.

Answer: <https://biology-forums.com/index.php?topic=358994>

Question 107

Suppose that GDP is equal to 1000, national saving is equal to 200, the current account deficit is equal to 100, and the government budget deficit is equal to 50. Investment must equal

- A) 200.
- B) 250.
- C) 300.
- D) 150.

Answer: <https://biology-forums.com/index.php?topic=358325>

Question 108

What characterizes a competitive equilibrium?

- A) It is costly to experiment with policies.
- B) Governments stay out of the market.
- C) Economic agents are price-takers.
- D) Markets are rationed.

Answer: <https://biology-forums.com/index.php?topic=358186>

Question 109

GDP and GNP may differ

- A) because some workers are illegal aliens.
- B) because some income generated by domestic production may be received as income by foreign residents.
- C) because some intermediate good inputs are imported.
- D) whenever tariff rates become excessively high.

Answer: <https://biology-forums.com/index.php?topic=358273>

Question 110

Acme Steel Co. produces 1000 tons of steel. Steel sells for \$30 per ton. Acme pays wages of \$10,000. Acme buys \$15,000 worth of coal, which is needed to produce the steel. Acme pays \$2,000 in taxes. Acme's profit is

- A) \$3,000.
- B) \$0.
- C) \$15,000.
- D) \$2,000.

Answer: <https://biology-forums.com/index.php?topic=358249>

Question 111

If an economy is stuck in a "bad" equilibrium in the coordination failure model

- A) there is nothing that can be done.
- B) the government should intervene by spending more.
- C) the government should promote optimism.
- D) the government should intervene by spending less.

Answer: <https://biology-forums.com/index.php?topic=358946>

Question 112

Two key properties of indifference curves are that an indifference curve slopes

- A) upward and is bowed out from the origin.
- B) downward and is bowed in toward the origin.
- C) downward and is bowed out from the origin.
- D) upward and is bowed in toward the origin.

Answer: <https://biology-forums.com/index.php?topic=358423>

Question 113

iPods are less expensive in Canada than the United States, once the exchange rate is taken into account. This is an indication that

- A) the exchange rate is fixed.
- B) the nominal exchange rate is equal to one.
- C) the law of one price holds.
- D) purchasing power parity does not hold.

Answer: <https://biology-forums.com/index.php?topic=359016>

Question 114

The most narrowly defined monetary aggregate is

- A) L.
- B) M2.
- C) M0.
- D) M1.

Answer: <https://biology-forums.com/index.php?topic=358870>

Question 115

The negative impact of the loss of value of collateralized assets is due to

- A) Ricardian Equivalence.
- B) limited commitment.
- C) asymmetric information.
- D) financial intermediation through banks.

Answer: <https://biology-forums.com/index.php?topic=358791>

Question 116

At the competitive equilibrium with a positive proportional labor income tax

- A) the real wage after tax exceeds the marginal product of labor.
- B) We cannot say.
- C) the real wage after tax equals the marginal product of labor.
- D) the real wage after tax is lower than the marginal product of labor.

Answer: <https://biology-forums.com/index.php?topic=358558>

Question 117

When a macroeconomic aggregate is procyclical

- A) it grows faster than GDP.
- B) its deviations from trend are more often of the same sign as the deviations from trend in GDP.
- C) its deviations from trend generally change more than the deviations from trend in GDP.
- D) its deviations from trend generally change before the deviations from trend in GDP do.

Answer: <https://biology-forums.com/index.php?topic=358357>

Question 118

Suppose that Year 2 is the base year. Year 1 real GDP is

- A) \$270.
- B) \$390.
- C) \$200.
- D) \$310.

Answer: <https://biology-forums.com/index.php?topic=358294>

Question 119

In the monetary intertemporal model, the long-run effects of an increase in the growth rate of money include

- A) an increase in output and an increase in the real wage.
- B) a decrease in output and an increase in the real wage.
- C) an increase in output and a decrease in the real wage.
- D) a decrease in output and a decrease in the real wage.

Answer: <https://biology-forums.com/index.php?topic=359094>

Question 120

Circulating private bank notes

- A) were widely used in the United States during the Great Depression.
- B) are still currently in use in Canada.
- C) were widely used in the Free Banking Era.
- D) have never been used in the United States.

Answer: <https://biology-forums.com/index.php?topic=359071>

Question 121

A static decision is one that

- A) involves planning over exactly two time periods.
- B) involves planning over more than one time period.
- C) involves planning over one time period.
- D) is made very slowly.

Answer: <https://biology-forums.com/index.php?topic=358398>

Question 122

For a borrower in a (c, c') graph, the optimal consumption bundle is

- A) on the endowment point.
- B) to the left of the endowment point.
- C) dependent on other factors.
- D) to the right of the endowment point.

Answer: <https://biology-forums.com/index.php?topic=358738>

Question 123

The importance of barriers to the adoption of technologies is supported by research by

- A) S. Parente and E. Prescott.
- B) G. Glomm and B. Ravikumar.
- C) R. Lucas.
- D) P. Romer.

Answer: <https://biology-forums.com/index.php?topic=358674>

Question 124

The real return on money is

- A) $-i$.
- B) $-R$.
- C) $-r$.
- D) 0.

Answer: <https://biology-forums.com/index.php?topic=358877>

Question 125

Application of the time inconsistency problem to monetary policy suggests that, without some mechanism to ensure commitment, the

- A) level of real output will be lower than it would be with commitment.
- B) rate of inflation will be higher than it would be with commitment.
- C) rate of inflation will be higher and the level of real output will be lower than they would be with commitment.
- D) rate of inflation and the level of real output will be higher than they would be with commitment.

Answer: <https://biology-forums.com/index.php?topic=359132>

Question 126

The government's present value budget constraint states that

- A) taxes must equal government spending in each period.
- B) the government may run deficits each and every year, as long as the deficits are sufficiently small.
- C) the present value of government spending must be equal to the present value of consumers' disposable incomes.
- D) the present value of government spending must be equal to the present value of taxes.

Answer: <https://biology-forums.com/index.php?topic=358761>

Question 127

The idea that an improvement in technology causes an increase in population but causes no increase in the average standard of living is attributed to

- A) Adam Smith.
- B) Thomas Malthus.
- C) Milton Friedman.
- D) Robert Solow.

Answer: <https://biology-forums.com/index.php?topic=358603>

Question 128

A furniture maker used to buy its wood, but has now bought the lumber company. How does this impact GDP?

- A) We cannot tell.
- B) It does not change.
- C) It increases it.
- D) It reduces it.

Answer: <https://biology-forums.com/index.php?topic=358262>

Question 129

Which feature of the business cycle does the one-period model replicate with shocks to government expenditures?

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

Answer: <https://biology-forums.com/index.php?topic=358544>

Question 130

Suppose the representative firm suddenly has less capital at its disposal. What happens to labor demand?

- A) We cannot tell.
- B) It stays the same.
- C) It increases.
- D) It decreases.

Answer: <https://biology-forums.com/index.php?topic=358495>

Question 131

In the real intertemporal model with investment

- A) the firm maximizes current profits plus future profits.
- B) the firm maximizes the present value of profits.
- C) the firm maximizes the present value of revenues.
- D) the firm maximizes current profits.

Answer: <https://biology-forums.com/index.php?topic=358812>

Question 132

For the period 1947-2012 in the United States, the price level was

- A) bicyclical.
- B) procyclical.
- C) countercyclical.
- D) acyclical.

Answer: <https://biology-forums.com/index.php?topic=358381>

Question 133

In a two-period model with production, an increase in the world real interest rate

- A) increases domestic output and increases the current account surplus.
- B) increases domestic output and decreases the current account surplus.
- C) decreases domestic output and increases the current account surplus.
- D) decreases domestic output and decreases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359000>

Question 134

Seigniorage is government revenue raised by

- A) lump-sum taxation.
- B) a tax on transactions.
- C) issuance of money.
- D) issuance of treasury bonds.

Answer: <https://biology-forums.com/index.php?topic=358893>

Question 135

An increase in total factor productivity could be the result of

- A) new hires.
- B) the addition of new machinery.
- C) adverse weather.
- D) the introduction of new manufacturing methods.

Answer: <https://biology-forums.com/index.php?topic=358479>

Question 136

Which of the following assertions is false?

- A) The Great Depression was a typical business cycle.
- B) Very rapid growth occurred during World War II.
- C) On average, the U.S. economy grows at a rate of 2.1%.
- D) Real GDP per capita dipped about 30% during the Great Depression.

Answer: <https://biology-forums.com/index.php?topic=358177>

Question 137

Difficulties in determining the cyclical pattern in real wage rates from aggregate data are primarily caused by biases due to

- A) substitution behavior.
- B) variations in the composition of the labor force over the business cycle.
- C) substantial differences across different business cycles.
- D) changing policy responses to business cycles.

Answer: <https://biology-forums.com/index.php?topic=358388>

Question 138

In the DMP model, an increase in productivity does not

- A) increase the vacancy rate.
- B) increase the size of the labor force.
- C) reduce the unemployment rate.
- D) increase labor market tightness.

Answer: <https://biology-forums.com/index.php?topic=358593>

Question 139

A temporary increase in income today leads to

- A) a small increase in current consumption.
- B) a large increase in current consumption.
- C) a small decrease in future consumption.
- D) a large decrease in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358743>

Question 140

If the central bank cannot commit, then

- A) the inflation rate is higher than with commitment, and aggregate output is lower.
- B) the central bank can permanently increase the quantity of real output.
- C) money is neutral in the short run.

D) the inflation rate is higher than with commitment, but aggregate output is the same.

Answer: <https://biology-forums.com/index.php?topic=359128>

Question 141

The concept of Pareto optimality is a

- A) useful concept because it guarantees economic equality.
- B) useful concept that carefully balances a society's desires for equality and efficiency.
- C) utopian concept.
- D) useful concept because it defines economic efficiency.

Answer: <https://biology-forums.com/index.php?topic=358531>

Question 142

One plausible explanation of the U.S. productivity slowdown starting in 1973 is that it is an artifact of mismeasurement. This explanation would require that production of

- A) services is underestimated.
- B) goods is underestimated.
- C) goods is overestimated.
- D) services is overestimated.

Answer: <https://biology-forums.com/index.php?topic=358636>

Question 143

Some early forms of money, like commodity money, did not survive because

- A) people disagreed on which good to use.
- B) paper quality was poor.
- C) quality control was difficult.
- D) they were outlawed.

Answer: <https://biology-forums.com/index.php?topic=359081>

Question 144

The representative consumer acts competitively

- A) when he or she is a price-taker.
- B) when he or she can haggle for a lower price.
- C) if the consumer is large relative to the size of the market.
- D) when he or she is a price-maker.

Answer: <https://biology-forums.com/index.php?topic=358429>

Question 145

In the United States, the Phillips curve is not stable in that

- A) the slope of the Phillips curve changes, but its intercept does not change.
- B) the intercept of the Phillips curve changes over time, but the slope does not change.
- C) it changes from a curve to a circle.
- D) the intercept and slope of the observed Phillips curve change over time.

Answer: <https://biology-forums.com/index.php?topic=359121>

Question 146

For a household in a (c,c') graph, the optimal consumption bundle is

- A) to the right of the endowment point.
- B) to the left of the endowment point.
- C) on the endowment point.
- D) dependent on other factors.

Answer: <https://biology-forums.com/index.php?topic=358740>

Question 147

Negative correlation between x and y implies that

- A) when x is high, y is low.
- B) when x is high, y is high.
- C) $x/y < 0$.
- D) $xy < 0$.

Answer: <https://biology-forums.com/index.php?topic=358358>

Question 148

Paul Romer argues that a key feature of knowledge is

- A) nonrivalry.
- B) private ownership.
- C) divisibility.
- D) durability.

Answer: <https://biology-forums.com/index.php?topic=358682>

Question 149

Which of the following questions is of most interest for MACROECONOMISTS?

- A) Why do foreigners immigrate to the United States?
- B) Why is there inflation?
- C) Why does the steel industry want tariffs?
- D) What is the appropriate stance of antitrust policy?

Answer: <https://biology-forums.com/index.php?topic=358173>

Question 150

Of the following, which is the least likely example of an increase in total factor productivity?

- A) the introduction of the assembly line
- B) a reduction in the relative price of energy
- C) good weather
- D) an increase in immigration

Answer: <https://biology-forums.com/index.php?topic=358478>

Question 151

To study a macroeconomy, we calculate aggregate quantities in real terms because

- A) we want to get rid of the illusion of price effects.
- B) it is the only way to reconcile the three approaches to measuring GDP.
- C) we want to concentrate on the production of real goods, as opposed to services.
- D) it is then easier to take logarithms.

Answer: <https://biology-forums.com/index.php?topic=358288>

Question 152

An asset's liquidity depends upon

- A) how long it takes to sell the asset at market value and the costs of selling the asset.
- B) the costs of selling the asset and the fraction of its value that can be obtained if it is sold immediately.
- C) the fraction of its value that can be obtained if it is sold immediately and the absolute size of its value.
- D) the absolute size of its value and how long it takes to sell the asset at market value.

Answer: <https://biology-forums.com/index.php?topic=359109>

Question 153

Which of the following, if implemented in the Solow growth model, would not lead to a steady state?

- A) A savings rate that increases as income increases.
- B) A population growth rate that increases as income increases.
- C) A higher depreciation rate.
- D) A higher savings rate.

Answer: <https://biology-forums.com/index.php?topic=358652>

Question 154

Which period was not a recession in the United States?

- A) 1974-1975
- B) 1984-1985
- C) 1990-1991
- D) 2001

Answer: <https://biology-forums.com/index.php?topic=358232>

Question 155

The equilibrium effects of a prospective future increase in total factor productivity include

- A) an increase in the real wage and an increase in the real interest rate.
- B) an increase in the real wage and a decrease in the real interest rate.
- C) a decrease in the real wage and a decrease in the real interest rate.
- D) a decrease in the real wage and an increase in the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358851>

Question 156

A one-unit increase in government expenditures should, according to the model, increase GDP by

- A) between zero and one unit.
- B) one unit.
- C) more than one unit.
- D) 0.

Answer: <https://biology-forums.com/index.php?topic=358553>

Question 157

Suppose that GDP is equal to 1000, national saving is equal to 200, the current account deficit is equal to 100, and the government budget deficit is equal to 50. Private savings must equal

- A) 300.
- B) 250.
- C) 200.
- D) 150.

Answer: <https://biology-forums.com/index.php?topic=358324>

Question 158

If N is the working-age population, Q is the labor force, and U is the number of unemployed, then the participation rate is measured as

- A) U/N
- B) Q/N
- C) Q/U
- D) $(Q-U)/N$

Answer: <https://biology-forums.com/index.php?topic=358570>

Question 159

The current demand for money increases when

- A) the nominal rate of interest decreases.
- B) future real income decreases.
- C) current real income decreases.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=358889>

Question 160

Labor demand depends on the interest rate because

- A) firms discount future profits.
- B) household savings depend on the interest rate.
- C) of Ricardian equivalence.
- D) Labor demand actually does not depend on the interest rate.

Answer: <https://biology-forums.com/index.php?topic=358831>

Question 161

The demand for current consumption, as plotted against current income, shifts to the right due to all of the following except

- A) an increase in current income.
- B) a decrease in future taxes.
- C) a decrease in current taxes.
- D) an increase in future income.

Answer: <https://biology-forums.com/index.php?topic=358816>

Question 162

The idea that contact with others with high levels of human capital increases ones own human capital is called human capital

- A) convergence.
- B) externality.
- C) transference.

D) contagion.

Answer: <https://biology-forums.com/index.php?topic=358701>

Question 163

According to the Lucas critique, changes in economic policy are likely to have important effects on

- A) the preferences of consumers.
- B) the behavior of consumers and firms.
- C) the available amounts of natural resources.
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=358189>

Question 164

If prices in the New Keynesian model were perfectly flexible, then

- A) the output gap would be positive.
- B) there would be a role for monetary policy.
- C) the equilibrium real interest rate would be the natural rate of interest.
- D) the output gap would be negative.

Answer: <https://biology-forums.com/index.php?topic=358959>

Question 165

The Beveridge curve is

- A) a positive relationship between the government deficit and aggregate output.
- B) a positive relationship between unemployment and the inflation rate.
- C) a positive relationship between the inflation rate and the nominal interest rate.
- D) a negative relationship between the vacancy rate and the unemployment rate.

Answer: <https://biology-forums.com/index.php?topic=358214>

Question 166

Why do we analyze the steady state in the Malthusian model?

- A) Because this is the Pareto optimum.
- B) Because there is a non-steady state that is not interesting.
- C) Because the long run equilibrium of the model is the steady state.
- D) Because that is all we know how to do.

Answer: <https://biology-forums.com/index.php?topic=358615>

Question 167

According to Solow's exogenous growth theory, what happens to a country at steady state that suffered extensive capital destruction due to a war or climate event?

- A) Anything can happen.
- B) It will get back to its original status.
- C) It will stay poor forever.
- D) It will grow back to be richer than before.

Answer: <https://biology-forums.com/index.php?topic=358672>

Question 168

In the Keynesian DMP model

- A) There is no unemployment.
- B) The government post vacancies in the labor market.
- C) There is a fiscal multiplier.
- D) There can be more than one wage consistent with equilibrium.

Answer: <https://biology-forums.com/index.php?topic=358597>

Question 169

When the representative firm maximizes profits

- A) production is at its maximum.
- B) labor costs are minimized.
- C) the slope of the production function is at its flattest.
- D) the marginal product of labor equals the wage.

Answer: <https://biology-forums.com/index.php?topic=358494>

Question 170

An economy that engages in international trade is called

- A) an engaged economy.
- B) a cooperative economy.
- C) an open economy.
- D) a modern economy.

Answer: <https://biology-forums.com/index.php?topic=358500>

Question 171

In the DMP model

- A) the wage is equal to the marginal rate of transformation.
- B) the market wage is equal to the marginal rate of substitution of leisure for consumption.
- C) the wage is determined by bargaining between the firm and the worker.
- D) the market wage is equal to the marginal product of labor.

Answer: <https://biology-forums.com/index.php?topic=358588>

Question 172

In a two-period model with default, if the nation defaults on its debts in the future period

- A) it bears a cost v .
- B) there are no consequences.
- C) it faces a higher interest rate.
- D) collateral is seized.

Answer: <https://biology-forums.com/index.php?topic=358992>

Question 173

The Phillips curve shifts because

- A) of economic development.
- B) fiscal policy changes over time.
- C) of total factor productivity shocks.
- D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=359123>

Question 174

Strategic complementarities may help explain business cycles because such complementarities may lead to

- A) increasing returns to scale.
- B) constant returns to scale.
- C) a downward-sloping labor supply curve.
- D) decreasing returns to scale.

Answer: <https://biology-forums.com/index.php?topic=358937>

Question 175

For a lender, an increase in the real interest rate

- A) definitely reduces current consumption and increases future consumption.
- B) reduces current consumption and has an uncertain effect on future consumption.
- C) has an uncertain effect on both current and future consumption.
- D) has an uncertain effect on current consumption and increases future consumption.

Answer: <https://biology-forums.com/index.php?topic=358757>

Question 176

The two primary explanations for the excess volatility of consumption are

- A) consumers' limited life spans and credit market imperfections.
- B) distorting taxes and consumers' limited life spans.
- C) changes in market prices and distorting taxes.
- D) credit market imperfections and changes in market prices.

Answer: <https://biology-forums.com/index.php?topic=358751>

Question 177

A reduction in financial liquidity, producing deficient liquid assets

- A) reduces aggregate output, reduces the real interest rate, and reduces the price level.
- B) increases aggregate output, reduces the real interest rate, and reduces the price level.
- C) reduces aggregate output, increases the real interest rate, and increases the price level.
- D) reduces aggregate output, increases the real interest rate, and reduces the price level.

Answer: <https://biology-forums.com/index.php?topic=358952>

Question 178

What characteristic do human and physical capital share?

- A) Both are controlled by the government.
- B) Current costs are incurred for future benefits.
- C) The use of both exhibits rivalry.
- D) Their growth depends crucially on the growth of total factor productivity.

Answer: <https://biology-forums.com/index.php?topic=358685>

Question 179

Macroeconomic forecasting is made more difficult due to the fact that

- A) consumption is smooth.
- B) turning points are hard to predict.
- C) there is no regularity in comovements.
- D) deviations from trend in real GDP are persistent.

Answer: <https://biology-forums.com/index.php?topic=358348>

Question 180

The idea that a permanent increase in income causes a larger increase in consumption than a temporary change in income is called the

- A) intertemporal substitution effect.
- B) Friedman-Lucas theory.
- C) Ricardian equivalence theorem.
- D) permanent income hypothesis.

Answer: <https://biology-forums.com/index.php?topic=358753>

Question 181

In response to a positive technology shock, which prediction of the sticky price model is difficult to reconcile with the data?

- A) The price level decreases.
- B) Employment decreases.
- C) Output increases.
- D) Money is procyclical.

Answer: <https://biology-forums.com/index.php?topic=358984>

Question 182

Employment tends to

- A) be coincident with the cycle.
- B) lag the cycle.
- C) lead the cycle.
- D) sometimes lead, sometimes lag the cycle.

Answer: <https://biology-forums.com/index.php?topic=358375>

Question 183

Average labor productivity is computed as the

- A) ratio of real output in manufacturing to the level of real GDP.
- B) ratio of real GDP to the level of employment.
- C) ratio of real GDP to the unemployment rate.
- D) ratio of industrial production to the employment rate.

Answer: <https://biology-forums.com/index.php?topic=358376>

Question 184

If the real wage is equal to 7 widgets, and only an integer number of workers can be hired, the Widget company should hire

- A) 3 workers.
- B) 2 workers.
- C) 5 workers.
- D) 4 workers.

Answer: <https://biology-forums.com/index.php?topic=358496>

Question 185

The money supply is vertical because

- A) the money supply is set by policy.
- B) prices have no real impact.
- C) prices are counter-cyclical.
- D) prices are indeterminate.

Answer: <https://biology-forums.com/index.php?topic=358891>

Question 186

An example of an increase in b , the efficiency of human capital accumulation, is

- A) more mandatory school years.
- B) better school material.
- C) better total factor productivity.
- D) better teachers.

Answer: <https://biology-forums.com/index.php?topic=358698>

Question 187

All of the following increase total factor productivity except

- A) new inventions.
- B) new management techniques.
- C) favorable changes in government regulations.
- D) more capital.

Answer: <https://biology-forums.com/index.php?topic=358632>

Question 188

Acme Steel Co. produces 1000 tons of steel. Steel sells for \$30 per ton. Acme pays wages of \$10,000. Acme buys \$15,000 worth of coal, which is needed to produce the steel. Acme pays \$2,000 in taxes. Acme's contribution to GDP is

- A) \$20,000.
- B) \$30,000.
- C) \$15,000.
- D) \$45,000.

Answer: <https://biology-forums.com/index.php?topic=358248>

Question 189

An increase in first-period income results in

- A) an increase in first-period consumption, an increase in second-period consumption, and a decrease in saving.
- B) an increase in first-period consumption, a decrease in second-period consumption, and an increase in saving.
- C) a decrease in first-period consumption, an increase in second-period consumption, and an increase in saving.
- D) an increase in first-period consumption, an increase in second-period consumption, and an increase in saving.

Answer: <https://biology-forums.com/index.php?topic=358741>

Question 190

An increase in total factor productivity shifts the production function

- A) upward and decreases the marginal product of labor.
- B) upward and increases the marginal product of labor.
- C) downward and increases the marginal product of labor.
- D) downward and decreases the marginal product of labor.

Answer: <https://biology-forums.com/index.php?topic=358477>

Question 191

The original work on the application of the time inconsistency problem in macroeconomics is due to

- A) Milton Friedman and Robert Lucas.
- B) Finn Kydland and Edward Prescott.
- C) Michael Hutchinson and Carl Walsh.
- D) Robert Barro and Donald Gordon.

Answer: <https://biology-forums.com/index.php?topic=359131>

Question 192

- If the proportion of bad borrowers increases,
- A) the lending interest rate increases.
 - B) the borrowing interest rate decreases.
 - C) the lending interest rate decreases.
 - D) the borrowing interest rate increases.

Answer: <https://biology-forums.com/index.php?topic=358790>

Question 193

- The Golden Rule of capital accumulation maximizes the steady-state level of
- A) output per worker.
 - B) consumption per worker.
 - C) capital per worker.
 - D) investment per worker.

Answer: <https://biology-forums.com/index.php?topic=358657>

Question 194

- The belief that the regulators of the U.S. financial system would not tolerate any losses by depositors at large depository institutions is called
- A) the regulatory capture hypothesis.
 - B) the lender of last-resort doctrine.
 - C) the too-big-to-fail doctrine.
 - D) corporate banking system welfare.

Answer: <https://biology-forums.com/index.php?topic=359117>

Question 195

- A good is inferior for a consumer if
- A) it is never included in his or her consumption bundle.
 - B) some minimal level of the good must be consumed to assure the consumer's survival.
 - C) its consumption falls when income rises.
 - D) its consumption rises when income rises.

Answer: <https://biology-forums.com/index.php?topic=358420>

Question 196

- To assure a well-defined solution to the consumers' intertemporal choice problems, we must assume that consumers' preferences exhibit the properties that
- A) consumers like diversity and that more is sometimes preferred to less.
 - B) consumers are all identical and that more is always preferred to less.
 - C) more is preferred to less and that consumers prefer diversity.
 - D) more is sometimes preferred to less and that first-period consumption and second-period consumption are both normal goods.

Answer: <https://biology-forums.com/index.php?topic=358730>

Question 197

- Under fiscal stabilization policy in the New Keynesian model, after a positive shock to output,
- A) the government decreases expenditures and the central bank decreases the money supply.
 - B) the government decreases expenditures and the central bank increases the money supply.
 - C) the government increases expenditures and the central bank increases the money supply.
 - D) the government increases expenditures and the central bank decreases the money supply.

Answer: <https://biology-forums.com/index.php?topic=358978>

Question 198

- The idea that government budget deficits do not matter under certain circumstances is
- A) attributed to Edward Prescott and Finn Kydland.
 - B) called the Ricardian equivalence theorem.
 - C) preposterous.
 - D) called the Friedman-Lucas theory.

Answer: <https://biology-forums.com/index.php?topic=358222>

Question 199

In the United States

- A) Social security is fully-funded.
- B) Social security is bankrupt.
- C) Social security is pay-as-you-go.
- D) Social security is implemented through individual savings accounts.

Answer: <https://biology-forums.com/index.php?topic=358797>

Question 200

In the two-period model, r denotes

- A) the real interest rate.
- B) current taxes.
- C) real income.
- D) the nominal interest rate.

Answer: <https://biology-forums.com/index.php?topic=358729>

Question 201

If the Phillips curve aids in forecasting inflation then

- A) the Phillips curve is upward-sloping.
- B) forecast errors from an alternative forecasting procedure should not be correlated with output fluctuations.
- C) the Phillips curve is downward-sloping.
- D) there should be no correlation between forecast errors from an alternative forecasting procedure and output fluctuations.

Answer: <https://biology-forums.com/index.php?topic=359135>

Question 202

A principal reason that purchasing power parity does not hold exactly in practice is

- A) that foreign and domestic assets are not perfect substitutes.
- B) the existence of non-traded goods.
- C) that costs of production are not the same in all countries.
- D) that consumers in different countries have different preferences.

Answer: <https://biology-forums.com/index.php?topic=359015>

Question 203

A temporary decrease in taxes leads to

- A) a small increase in current consumption.
- B) a large increase in current consumption.
- C) a small decrease in future consumption.
- D) a large decrease in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358746>

Question 204

In the New Keynesian open economy model with a flexible exchange rate, an increase in anticipate future total factor productivity

- A) has no effects.
- B) reduces aggregate consumption.
- C) causes an exchange rate appreciation.
- D) increases aggregate output.

Answer: <https://biology-forums.com/index.php?topic=359067>

Question 205

The average unemployment rate was lowest during what period?

- A) 2000-2010
- B) 1950-1970
- C) 1980-2000
- D) 1980-1990

Answer: <https://biology-forums.com/index.php?topic=358575>

Question 206

A useful macroeconomic model

- A) is simple.
- B) never generates testable hypotheses.
- C) provides a lot of intricate details.

D) is extremely realistic.

Answer: <https://biology-forums.com/index.php?topic=358183>

Question 207

A competitive equilibrium is Pareto optimal if there is no way to rearrange or to reallocate goods so that

- A) anyone can be made better off.
- B) no one can be made worse off.
- C) someone can be made better off without making everyone else worse off.
- D) someone can be made better off without making someone else worse off.

Answer: <https://biology-forums.com/index.php?topic=358524>

Question 208

Which of the following was specifically instituted to ensure a successful hard peg?

- A) the European Monetary System
- B) the International Monetary Fund
- C) the Bretton Woods Agreement
- D) the European Monetary Union

Answer: <https://biology-forums.com/index.php?topic=359023>

Question 209

The endowment point is the consumption bundle in which

- A) no savings occur.
- B) the interest rate equals zero.
- C) both consumptions are the same.
- D) current consumption equals current output less current government expenses.

Answer: <https://biology-forums.com/index.php?topic=358722>

Question 210

Unemployment, at the aggregate level.,

- A) is avoidable.
- B) would not happen with good policy.
- C) is part of a well-functioning economy.
- D) is always a sign of market failure.

Answer: <https://biology-forums.com/index.php?topic=358208>

Question 211

In a two-period model with production, a permanent increase in domestic government spending

- A) increases domestic output and increases the current account surplus.
- B) increases domestic output and decreases the current account surplus.
- C) decreases domestic output and increases the current account surplus.
- D) decreases domestic output and decreases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359002>

Question 212

If deviations from trend in a macroeconomic variable are negatively correlated with deviations from trend in real GDP, that variable is said to be

- A) procyclical.
- B) acyclical.
- C) countercyclical.
- D) useless in predicting future movements in real GDP.

Answer: <https://biology-forums.com/index.php?topic=358367>

Question 213

Lifetime wealth is

- A) the present value of disposable income.
- B) current income plus future income.
- C) the quantity of assets the consumer has in the current period.
- D) current income minus discounted future taxes.

Answer: <https://biology-forums.com/index.php?topic=358715>

Question 214

We limit ourselves to two periods in the intertemporal model of the business cycle because

- A) we can assume that people can live two periods of, say, 30 years.
- B) this is all we need to emphasize the intertemporal trade-off.
- C) we need an even number of periods.
- D) we need to concentrate on the two phases of the business cycle.

Answer: <https://biology-forums.com/index.php?topic=358716>

Question 215

If GDP increases in the model of public goods

- A) all of the increase in GDP goes into public goods.
- B) there is substitution from private goods to public goods.
- C) people are richer, so they need less public goods.
- D) if the government provides public goods optimally, public and private goods production both increase.

Answer: <https://biology-forums.com/index.php?topic=358567>

Question 216

In the endogenous growth model with human capital, spending more time on education

- A) decreases the growth rate and increases output in the short term.
- B) increases the growth rate and increases output in the short term.
- C) increases the growth rate and decreases output in the short term.
- D) decreases the growth rate and decreases output in the short term.

Answer: <https://biology-forums.com/index.php?topic=358697>

Question 217

The property of diminishing marginal rate of substitution follows from the property that the indifference curve is

- A) bowed in toward the origin.
- B) downward sloping.
- C) upward sloping.
- D) bowed out from the origin.

Answer: <https://biology-forums.com/index.php?topic=358427>

Question 218

Compared to dollarization, a currency board

- A) is the same institution.
- B) conducts independent monetary policy.
- C) has a flexible exchange rate.
- D) has a separate currency.

Answer: <https://biology-forums.com/index.php?topic=359027>

Question 219

Why do consumers benefit from pay-as-you-go social security?

- A) With sufficiently high population growth, many young contribute to the benefits of the old.
- B) It is a better way than taxes to finance the government.
- C) It forces people to save more than they would otherwise.
- D) It keeps inflation in check as money is redistributed.

Answer: <https://biology-forums.com/index.php?topic=358800>

Question 220

Who among the following is considered to be in the labor force?

- A) discouraged workers
- B) full-time students
- C) retirees
- D) unemployed workers

Answer: <https://biology-forums.com/index.php?topic=358337>

Question 221

A capital inflow occurs when a

- A) domestic resident purchases a domestic asset.
- B) domestic resident purchases a foreign asset.
- C) foreign resident purchases a foreign asset.
- D) foreign resident purchases a domestic asset.

Answer: <https://biology-forums.com/index.php?topic=359056>

Question 222

When the nominal interest rate increases, the quantity of credit card services

- A) increases.
- B) moves in unpredictable ways.
- C) decreases.
- D) stays constant.

Answer: <https://biology-forums.com/index.php?topic=358886>

Question 223

Limit commitment occurs when

- A) one cannot be forced to repay a loan.
- B) collateral is required to get a loan.
- C) one cannot borrow as much as necessary to conduct business.
- D) the bank can sell your loan to another bank.

Answer: <https://biology-forums.com/index.php?topic=358237>

Question 224

Capital, K, includes

- A) know-how.
- B) business loans.
- C) machinery.
- D) money.

Answer: <https://biology-forums.com/index.php?topic=358466>

Question 225

A trade-off between aggregate output and inflation

- A) exists in both the short run and the long run.
- B) may exist in the long run, but not in the short run.
- C) is theoretically possible, but has never been observed in practice.
- D) may exist in the short run, but not in the long run.

Answer: <https://biology-forums.com/index.php?topic=358209>

Question 226

A central bank can bring output back up to efficient level in the New Keynesian model by

- A) decreasing government expenses.
- B) increasing the money supply.
- C) increasing government expenses.
- D) decreasing the money supply.

Answer: <https://biology-forums.com/index.php?topic=358976>

Question 227

The balance of payments improves

- A) when there is an exchange rate depreciation.
- B) when the interest rate rises.
- C) when there is an exchange rate appreciation.
- D) never.

Answer: <https://biology-forums.com/index.php?topic=359059>

Question 228

The production possibilities frontier in the one-period model is a

- A) behavioral relationship between consumption and government spending.
- B) behavioral relationship between consumption and leisure.
- C) technological relationship between consumption and leisure.
- D) technological relationship between consumption and government spending.

Answer: <https://biology-forums.com/index.php?topic=358516>

Question 229

The introduction of sweep accounts

- A) had no effect.
- B) caused a reduction in the demand for money.
- C) was an open market purchase.
- D) was a failure.

Answer: <https://biology-forums.com/index.php?topic=358907>

Question 230

In the United States, the Federal Deposit Insurance Corporation (FDIC) usually insures the value of deposits up to

- A) \$100,000.
- B) \$50,000.
- C) \$1,000,000.
- D) \$500,000.

Answer: <https://biology-forums.com/index.php?topic=359113>

Question 231

In the coordination failure model, how is a particular equilibrium attained?

- A) It depends on total factor productivity shocks.
- B) It depends on money supply shocks.
- C) because people expect it to be the equilibrium.
- D) The Federal Reserve picks it.

Answer: <https://biology-forums.com/index.php?topic=358945>

Question 232

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) $b(1 - u) - 1$.

Answer: <https://biology-forums.com/index.php?topic=358692>

Question 233

Employment tends to be

- A) countercyclical and less variable than real GDP.
- B) countercyclical and more variable than real GDP.
- C) procyclical and less variable than real GDP.
- D) procyclical and more variable than real GDP.

Answer: <https://biology-forums.com/index.php?topic=358374>

Question 234

In the New Keynesian model, the central bank achieves its interest rate target.

- A) by closing the output gap.
- B) by the supplying the quantity of money demanded at the target interest rate.
- C) through money growth targeting.
- D) by announcing it.

Answer: <https://biology-forums.com/index.php?topic=358962>

Question 235

In a general equilibrium model

- A) all markets but one clear.
- B) there are no fluctuations.
- C) all prices are endogenous.
- D) all prices are exogenous.

Answer: <https://biology-forums.com/index.php?topic=358512>

Question 236

The Beveridge curve shifted outward during what period?

- A) after January 2008.
- B) between January 2000 and December 2007.
- C) during the Great Moderation.
- D) during the Great Depression.

Answer: <https://biology-forums.com/index.php?topic=358215>

Question 237

When there are credit market frictions, Ricardian equivalence may not hold because

- A) consumers cannot understand the implications of the government budget constraint.
- B) an increase in government saving is matched one-for-one by a decrease in private saving.
- C) social security is fully-funded.
- D) a tax cut in the present with a future increase in taxes works effectively like a loan.

Answer: <https://biology-forums.com/index.php?topic=358784>

Question 238

Theoretically, an increase in the real wage

- A) has an ambiguous effect on leisure.
- B) decreases leisure.
- C) has no effect on leisure.
- D) increases leisure.

Answer: <https://biology-forums.com/index.php?topic=358460>

Question 239

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), b represents the efficiency of human capital accumulation, H represents the amount of human capital, and z represents the marginal product of efficiency units of labor. Consumption equals

- A) buz .
- B) buH .
- C) zuH .
- D) $buzH$.

Answer: <https://biology-forums.com/index.php?topic=358688>

Question 240

In Dakistan, 3M people work, 0.5M are unemployed and get UI benefits, 0.1M are unemployed without UI benefits and 3M have no intention to work. The unemployment rate is (to the nearest %)

- A) 14%.
- B) 17%.
- C) 9%.
- D) 7%.

Answer: <https://biology-forums.com/index.php?topic=358334>

Question 241

The expenditure components of GDP include all of the following except

- A) government spending on goods and services.
- B) the sum of government spending on goods and services, transfer payments, and interest on the national debt.
- C) investment.
- D) consumption.

Answer: <https://biology-forums.com/index.php?topic=358267>

Question 242

The Laffer curve is a curve showing

- A) government expenses as a function of how liberal the government is.
- B) output as a function of the tax rate.
- C) tax revenue as a function of the tax rate.
- D) the tax rate as a function of government expenses.

Answer: <https://biology-forums.com/index.php?topic=358562>

Question 243

An increase in total factor productivity shifts the PPF

- A) upward, and also changes its slope.
- B) upward, but does not change its slope.
- C) downward, and also changes its slope.
- D) downward, but does not change its slope.

Answer: <https://biology-forums.com/index.php?topic=358545>

Question 244

Look at the production schedule of the Widget Company below:

Number of workers 0 1 2 3 4 5

Number of widgets 0 12 22 30 36 40

What is the marginal product of the second worker?

- A) 22
- B) 12
- C) 8
- D) 10

Answer: <https://biology-forums.com/index.php?topic=358480>

Question 245

A current account deficit is

- A) bad because every country should have a surplus.
- B) good because it allows to smooth consumption.
- C) it does not matter.
- D) good because a country wants to own the others.

Answer: <https://biology-forums.com/index.php?topic=358989>

Question 246

In general equilibrium

- A) supply equals demand for most goods in all periods.
- B) prices are exogenous.
- C) supply equals demand for all goods in all periods.
- D) supply equals demand in present value, but not in all periods.

Answer: <https://biology-forums.com/index.php?topic=358864>

Question 247

If firm-level asymmetric information becomes more severe, then

- A) investment demand decreases.
- B) investment demand does not change.
- C) it is impossible to tell.
- D) investment demand increases.

Answer: <https://biology-forums.com/index.php?topic=358830>

Question 248

Which of the following is not equal to the others in equilibrium?

- A) the real wage
- B) the marginal rate of substitution between leisure and consumption
- C) the price of consumption
- D) the marginal product of labor

Answer: <https://biology-forums.com/index.php?topic=358525>

Question 249

In the two-period model with limited commitment, if the collateral constraint binds

- A) increases in the present value of collateral increase current consumption and reduce future consumption.
- B) increases in the present value of collateral decrease current consumption and increase future consumption.
- C) increases in the present value of collateral increase current consumption less than one-for-one.
- D) increases in the present value of collateral increase current consumption one-for-one.

Answer: <https://biology-forums.com/index.php?topic=358794>

Question 250

On average, for the last 100 years or more, real GDP per capita in the United States has increased by

- A) 1% per year.
- B) 0.5% per year.
- C) 4% per year.
- D) 2% per year.

Answer: <https://biology-forums.com/index.php?topic=358600>

Question 251

What do we need to assume about firms in the sticky price model?

- A) They adapt the price to current conditions.
- B) They maximize only current profits.
- C) They hire until the real wage equals the average labor productivity.
- D) They accommodate any demand at the given price.

Answer: <https://biology-forums.com/index.php?topic=358957>

Question 252

The acquisition of a new physical asset by a foreign resident is called

- A) a portfolio inflow.
- B) a portfolio outflow.
- C) foreign capital investment.
- D) foreign direct investment.

Answer: <https://biology-forums.com/index.php?topic=359061>

Question 253

If N is the working-age population, Q is the labor force, and U is the number of unemployed, then the employment/population ratio is measured as

- A) Q/N
- B) N/Q
- C) U/Q
- D) $(Q-U)/N$

Answer: <https://biology-forums.com/index.php?topic=358572>

Question 254

In the Keynesian DMP model, if the wage is high then

- A) the unemployment rate is low.
- B) the labor force must be low.
- C) labor market tightness is high.
- D) the vacancy rate is low.

Answer: <https://biology-forums.com/index.php?topic=358598>

Question 255

Ricardian equivalence suggests that government budget deficits generated by decreases in current taxes

- A) decrease the current account surplus.
- B) have no effect on the current account surplus.
- C) have unpredictable effects on the current account surplus.
- D) increase the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358998>

Question 256

For a competitive equilibrium to occur, all of the following has to happen except

- A) markets clear.
- B) the government sets taxes at zero.
- C) agents are price takers.
- D) the actions of all agents are consistent.

Answer: <https://biology-forums.com/index.php?topic=358511>

Question 257

An important critique of real business cycle theory is the belief that cyclical movements in total factor productivity

- A) lead to imperceptible changes in labor demand.
- B) may, in part, be an artifact of measurement error.
- C) are too small to account for the size of fluctuations in real GDP.
- D) rarely occur.

Answer: <https://biology-forums.com/index.php?topic=358933>

Question 258

The current account surplus is not

- A) the excess of national savings over investment.
- B) output less taxes and trade deficit.
- C) the trade balance.
- D) private saving less government deficit.

Answer: <https://biology-forums.com/index.php?topic=358988>

Question 259

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 sometimes preferred to less and that consumption and leisure are both normal goods.
- C) the consumer likes diversity and that more is sometimes preferred to less.
- D) more is preferred to less and that the consumer prefers diversity.

Answer: <https://biology-forums.com/index.php?topic=358412>

Question 260

Under monetary stabilization policy in the New Keynesian model, following a drop in output, the central bank should

- A) decrease the interest rate.
- B) decrease the price level.
- C) increase the price level.
- D) increase the interest rate.

Answer: <https://biology-forums.com/index.php?topic=358975>

Question 261

In the monetary small open-economy model with a fixed exchange rate, an increase in the domestic price level has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359041>

Question 262

Which of the following policies would increase the growth rate of an economy in the endogenous growth model with human capital?

- A) minimum wages.
- B) lump-sum taxation.
- C) redistributive taxation.
- D) mandatory schooling.

Answer: <https://biology-forums.com/index.php?topic=358699>

Question 263

Consumer choice theory predicts that, with identical consumers, pay-as-you-go social security

- A) may make some generations worse off and cannot make any generation better off.
- B) makes some generations better off, and cannot make any generation worse off.
- C) may be Pareto improving.
- D) always makes all generations worse off.

Answer: <https://biology-forums.com/index.php?topic=358801>

Question 264

An increase in the real interest rate is an example of a

- A) substitution effect and a positive income effect.
- B) substitution effect and an income effect whose sign depends on whether the consumer is initially a borrower or a lender.
- C) substitution effect and a negative income effect.

D) pure substitution effect.

Answer: <https://biology-forums.com/index.php?topic=358754>

Question 265

Approaches to measuring GDP include all of the following except the

- A) expenditure approach.
- B) cost approach.
- C) product approach.
- D) income approach.

Answer: <https://biology-forums.com/index.php?topic=358243>

Question 266

In the contemporary U.S. economy, the best example of fiat money would be

- A) deposits at commercial banks, but not deposits at other depository institutions.
- B) Federal Reserve Notes.
- C) deposits at all depository institutions.
- D) coins issued by the U.S. Treasury.

Answer: <https://biology-forums.com/index.php?topic=359083>

Question 267

Most transactions between large financial institutions in the United States are handled by

- A) currency.
- B) check.
- C) ACH.
- D) Fedwire.

Answer: <https://biology-forums.com/index.php?topic=359074>

Question 268

Much of the writings of Adam Smith are in close agreement with

- A) the second theorem of welfare economics.
- B) the necessity of trade restrictions.
- C) the first fundamental theorem of welfare economics.
- D) both B and C above.

Answer: <https://biology-forums.com/index.php?topic=358528>

Question 269

Why are aggregate demand shocks not a good explanation of business cycles in the New Keynesian model?

- A) Employment does not fluctuate.
- B) The wage is not constant.
- C) Prices in the model are procyclical.
- D) Consumption is not procyclical.

Answer: <https://biology-forums.com/index.php?topic=358970>

Question 270

Growth in the Solow residual was fastest in the

- A) 1970s.
- B) 1980s.
- C) 1950s.
- D) 1960s.

Answer: <https://biology-forums.com/index.php?topic=358635>

Question 271

In the DMP model, a decrease in productivity

- A) increases the unemployment rate.
- B) increases the size of the labor force.
- C) decreases the unemployment rate.
- D) reduces the vacancy rate.

Answer: <https://biology-forums.com/index.php?topic=358592>

Question 272

In the monetary small open-economy model with a fixed exchange rate, an increase in the exchange rate has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359042>

Question 273

With a linear production function in labor only, which of the following must be true?

- A) The representative household works as much as possible.
- B) The real wage equals total factor productivity.
- C) The representative firm makes large profits.
- D) The marginal product of labor exceeds the real wage.

Answer: <https://biology-forums.com/index.php?topic=358556>

Question 274

The rational expectations hypothesis means that

- A) everyone expects everyone else to act rationally.
- B) economic agents do not make systematic errors.
- C) economic agents can predict the future.
- D) economic agents reason with expectations.

Answer: <https://biology-forums.com/index.php?topic=359130>

Question 275

In the monetary small open-economy model, a fixed exchange rate insulates the domestic price level from

- A) real shocks from abroad, but not nominal shocks from abroad.
- B) nominal shocks from abroad, but not from real shocks from abroad.
- C) both real and nominal shocks from abroad.
- D) neither real nor nominal shocks from abroad.

Answer: <https://biology-forums.com/index.php?topic=359050>

Question 276

The two most important American business cycle events of the twentieth century were

- A) the productivity slowdown and the Great Depression.
- B) the Great Depression and stagflation.
- C) government budget deficits and World War II.
- D) World War II and the Great Depression.

Answer: <https://biology-forums.com/index.php?topic=358175>

Question 277

In the monetary small open-economy model, a flexible exchange rate insulates the domestic price level from

- A) both real and nominal shocks from abroad.
- B) nominal shocks from abroad, but not from real shocks from abroad.
- C) real shocks from abroad, but not from nominal shocks from abroad.
- D) neither real nor nominal shocks from abroad.

Answer: <https://biology-forums.com/index.php?topic=359052>

Question 278

In a two-period model, government spending is financed through

- A) taxes and issuing debt.
- B) taxes and transfer payments.
- C) taxes and redeeming debt.
- D) taxes only.

Answer: <https://biology-forums.com/index.php?topic=358760>

Question 279

The structure of a macroeconomic model involves all of the following except

- A) the available technology.
- B) the preferences of consumers.
- C) the available resources.
- D) the behavior of consumers and firms.

Answer: <https://biology-forums.com/index.php?topic=358185>

Question 280

Which of the following properties must a good have to be used as money?

- A) It should be shiny.
- B) It should have intrinsic value.
- C) It should be issued by a government of central bank.
- D) It should be a durable good.

Answer: <https://biology-forums.com/index.php?topic=359073>

Question 281

Which of the following is not a reason for studying credit market frictions?

- A) explaining why collateral does not matter.
- B) explaining key elements of financial market behavior.
- C) explaining features of financial crises.
- D) understanding why Ricardian equivalence may not work.

Answer: <https://biology-forums.com/index.php?topic=358778>

Question 282

If the correlation between GDP and y is 0.55, we say y is

- A) tricyclical.
- B) acyclical.
- C) procyclical.
- D) countercyclical.

Answer: <https://biology-forums.com/index.php?topic=358360>

Question 283

What is approximately the growth rate of real GDP using base year 1?

- A) 33%
- B) 20%
- C) 39%
- D) 13%

Answer: <https://biology-forums.com/index.php?topic=358303>

Question 284

A government policy that is consistent with real business cycle theory would be for

- A) the monetary authority to expand and contract the nominal money supply in response to shocks to total factor productivity.
- B) government to smooth out tax distortions over time.
- C) government to vary its spending in response to shocks to total factor productivity.
- D) government to vary its lump-sum tax collections in response to changes in total factor productivity.

Answer: <https://biology-forums.com/index.php?topic=358932>

Question 285

In the basic two-period model,

- A) the government borrows at a lower interest rate than do consumers.
- B) consumers do not default on their debts.
- C) credit markets have frictions.
- D) some consumers will always default on their debts.

Answer: <https://biology-forums.com/index.php?topic=358710>

Question 286

A one-period bond is a promise to repay

- A) the original amount lent.
- B) $(1 + r)$ units of goods in the second period.
- C) $(1/(1 + r))$ units of goods in the second period.

D) r units of goods in the second period.

Answer: <https://biology-forums.com/index.php?topic=358719>

Question 287

A positive relationship between the rate of change in money prices and real GDP is

- A) a Phillips curve.
- B) a lagging relationship.
- C) a leading relationship
- D) an example of countercyclicality.

Answer: <https://biology-forums.com/index.php?topic=358378>

Question 288

An example of a stock would be

- A) investment.
- B) the amount of money in circulation.
- C) real GDP.
- D) savings.

Answer: <https://biology-forums.com/index.php?topic=358322>

Question 289

Human capital is

- A) knowledge found in books.
- B) wealth.
- C) machines owned by people.
- D) knowledge found in people.

Answer: <https://biology-forums.com/index.php?topic=358679>

Question 290

The PPF determines

- A) the set of feasible outcomes.
- B) given leisure, how much consumption a household wants.
- C) the share of consumption in output.
- D) all possible outcomes for a given wage.

Answer: <https://biology-forums.com/index.php?topic=358519>

Question 291

Endogenous growth theory is about

- A) the welfare of indigenous people.
- B) giving more importance to capital accumulation.
- C) studying fertility choices.
- D) explaining growth.

Answer: <https://biology-forums.com/index.php?topic=358677>

Question 292

A competitive equilibrium

- A) is always economically efficient.
- B) does not exist without government taxation.
- C) is economically efficient only given some special conditions.
- D) is efficient only if there is an externality.

Answer: <https://biology-forums.com/index.php?topic=358532>

Question 293

In the real intertemporal model, an adverse sectoral shock acts to

- A) shift the output supply curve to the right.
- B) shift the labor demand curve to the right, and the labor demand curve to the left.
- C) shift the labor demand and labor supply curves to the left.
- D) shift the output demand curve to the left, and the labor supply curve to the left.

Answer: <https://biology-forums.com/index.php?topic=358854>

Question 294

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Prices are countercyclical.
- B) Money is countercyclical.
- C) Labor productivity is procyclical.
- D) Employment is procyclical.

Answer: <https://biology-forums.com/index.php?topic=358390>

Question 295

When drawn against the real interest rate, the optimal investment schedule shifts to the right if

- A) future total factor productivity z' decreases.
- B) future total factor productivity z' increases.
- C) current total factor productivity z increases.
- D) current total factor productivity z decreases.

Answer: <https://biology-forums.com/index.php?topic=358826>

Question 296

The optimal trade-off between current leisure and current consumption goods is expressed as

- A) $MRS_{1,C} = (w/1 + P)$.
- B) $MRS_{1,C} = w$.
- C) $MRS_{1,C} = (w/(1 + r))$.
- D) $MRS_{1,C} = (w/(1 + R))$.

Answer: <https://biology-forums.com/index.php?topic=359092>

Question 297

GDP may inaccurately measure the value of aggregate output because it may not properly account for

- A) the depreciation of consumer durables and production in the underground economy.
- B) the proper value of purchases and sales of used goods and depreciation of consumer durables.
- C) production in the underground economy and the true value of government production.
- D) the true value of government production and the proper value of purchases and sales of used goods.

Answer: <https://biology-forums.com/index.php?topic=358278>

Question 298

Collateralizable wealth is

- A) wealth that increases and income increases.
- B) wealth in non-tangible assets.
- C) any asset that can be used to obtain a loan.
- D) wealth based on mortgage lending.

Answer: <https://biology-forums.com/index.php?topic=358783>

Question 299

When there are credit-market imperfections, an increase in government debt may be advantageous because it

- A) eliminates the problems that cause credit-market imperfections.
- B) encourages more private saving.
- C) discourages credit-constrained consumers from borrowing too much.
- D) allows credit-constrained consumers to consume more.

Answer: <https://biology-forums.com/index.php?topic=358785>

Question 300

In more modern times as opposed to the times of Malthus, higher standards of living appear to

- A) have had effects on neither death rates nor birth rates.
- B) decrease death rates and also decrease birth rates.
- C) decrease death rates and have no effect on birth rates.
- D) decrease death rates and increase birth rates.

Answer: <https://biology-forums.com/index.php?topic=358628>

Question 301

Under a liquidity trap in the New Keynesian model,

- A) the economy is always efficient.
- B) monetary policy is ineffective.
- C) fiscal policy is ineffective.
- D) prices cannot be sticky.

Answer: <https://biology-forums.com/index.php?topic=358982>

Question 302

A steady state is

- A) a temporary equilibrium.
- B) a long-run equilibrium.
- C) a Pareto Optimum.
- D) an economy with ongoing fluctuations.

Answer: <https://biology-forums.com/index.php?topic=358614>

Question 303

The slope of the output per worker function is equal to the

- A) marginal product of capital.
- B) marginal product of labor.
- C) growth rate of the population.
- D) savings rate.

Answer: <https://biology-forums.com/index.php?topic=358643>

Question 304

All of the following present significant problems with measuring real GDP and the price level except

- A) changes in the quality of goods over time.
- B) the introduction of new goods.
- C) changes in relative price levels.
- D) changes in absolute price levels.

Answer: <https://biology-forums.com/index.php?topic=358321>

Question 305

In the real business cycle model, an increase in current total factor productivity leads to

- A) a decrease in investment.
- B) no change in investment.
- C) an ambiguous response of investment.
- D) an increase in investment.

Answer: <https://biology-forums.com/index.php?topic=358926>

Question 306

For a consumer not bound by the collateral constraint, a reduction in the price of the collateral leads to

- A) an increase in current consumption and a decrease in future consumption.
- B) nothing.
- C) a decrease in current consumption and no change in future consumption.
- D) a decrease in current and future consumption.

Answer: <https://biology-forums.com/index.php?topic=358795>

Question 307

For the following questions, suppose an economy produces only pens and pencils, and that the quantity and price data is given by this table

pens pencils
Year 1 quantity 15 10
Year 1 price \$12 \$12
Year 2 quantity 17 12
Year 2 price \$14 \$15

What is the real GDP in year 2 using base year 1?

- A) \$300.
- B) \$360.
- C) \$338.
- D) \$418

Answer: <https://biology-forums.com/index.php?topic=358299>

Question 308

Business cycle models with flexible prices
A) the only business cycle models in use.
B) are all non-Keynesian models.
C) were first introduced in the General Theory of Employment, Interest, and Money.
D) none of the above.

Answer: <https://biology-forums.com/index.php?topic=358920>

Question 309

In a two-period model with default, the nation defaults on its debt in the current period if
A) the market interest rate is low, the cost of defaulting is low, and national debt is high.
B) the market interest rate is low, the cost of defaulting is high, and national debt is low.
C) the market interest rate is high, the cost of defaulting is low, and national debt is high.
D) the market interest rate is high, the cost of defaulting is high, and national debt is low.

Answer: <https://biology-forums.com/index.php?topic=358993>

Question 310

The real return of money is

- A) $-r$.
- B) $-i$.
- C) 0.
- D) $-R$.

Answer: <https://biology-forums.com/index.php?topic=359088>

Question 311

Construction of chain-weighted real GDP employs the technique of a

- A) Gini index.
- B) Fisher index.
- C) Hilfindahl index.
- D) Body mass index.

Answer: <https://biology-forums.com/index.php?topic=358307>

Question 312

Intertemporal decisions involve economic decisions

- A) that ignore concerns about the future.
- B) involving trade-offs across periods of time.
- C) made within a given period of time.
- D) made in between two periods of time.

Answer: <https://biology-forums.com/index.php?topic=358709>

Question 313

What is the real GDP in year 1 using base year 2?

- A) \$338.
- B) \$418.
- C) \$360.
- D) \$300.

Answer: <https://biology-forums.com/index.php?topic=358300>

Question 314

Macroeconomists are interested in how consumers respond to changes in the market real interest rate because

- A) future income affects current consumption.
- B) of the permanent income hypothesis.
- C) substitution effects and income effects net out in the aggregate.
- D) interest rates are an important channel for the effects of monetary and fiscal policies.

Answer: <https://biology-forums.com/index.php?topic=358756>

Question 315

Fiscal policy refers to a government's choices over its

- A) expenditures, taxes, issuance of money, and borrowing.
- B) expenditures, foreign affairs, issuance of money, and borrowing.
- C) expenditures, taxes, transfers, and borrowing.
- D) issuance of money, taxes, environmental regulations, and foreign affairs.

Answer: <https://biology-forums.com/index.php?topic=358506>

Question 316

Why is it important that consumers respond differently to temporary and permanent increases in their incomes?

- A) This implies that consumption will be highly sensitive to temporary changes in income.
- B) this has implications for the relative effects of temporary and permanent tax cuts.
- C) This implies that a temporary tax cut will have a larger effect than a permanent one on current consumption.
- D) this tells us that the timing of income increases for consumers is irrelevant.

Answer: <https://biology-forums.com/index.php?topic=358732>

Question 317

In the Malthusian model, population growth is endogenous because

- A) the death rate is endogenous.
- B) neither is endogenous.
- C) the birth and death rates are endogenous.
- D) the birth rate is endogenous.

Answer: <https://biology-forums.com/index.php?topic=358611>

Question 318

Private disposable income is equal to

- A) $Y - TR - INT + T$.
- B) $Y + CA - G$.
- C) $Y + TR + INT - T$.
- D) $Y + NFP + TR + INT - T$.

Answer: <https://biology-forums.com/index.php?topic=358327>

Question 319

As the quantity of labor increases, the marginal product of capital

- A) is constant.
- B) may either increase or decrease.
- C) decreases.
- D) increases.

Answer: <https://biology-forums.com/index.php?topic=358472>

Question 320

The negative correlation between the vacancy rate and the unemployment rate is called

- A) The Phillips curve.
- B) The Beveridge curve.
- C) The Laffer curve.
- D) The Fisher relation.

Answer: <https://biology-forums.com/index.php?topic=358580>

Question 321

Government printing of money to finance government spending is called

- A) an open-market purchase.
- B) seigniorage.
- C) irresponsible.
- D) sterilization.

Answer: <https://biology-forums.com/index.php?topic=358892>

Question 322

Total factor productivity encompasses

- A) labor.
- B) output.
- C) capital.
- D) know-how.

Answer: <https://biology-forums.com/index.php?topic=358486>

Question 323

Real interest rates were negative during most of the

- A) 1960s.
- B) 1980s.
- C) 1970s.
- D) 1990s.

Answer: <https://biology-forums.com/index.php?topic=358230>

Question 324

The real business cycle model replicates the key business cycle regularities

- A) neither qualitatively nor quantitatively.
- B) both qualitatively and quantitatively.
- C) quantitatively but not qualitatively.
- D) qualitatively but not quantitatively.

Answer: <https://biology-forums.com/index.php?topic=358927>

Question 325

Assume that in an economy with 200M inhabitants, 90M work, 4M are looking for a job, 3M receive unemployment insurance compensation, and 6M receive unemployment insurance compensation and are looking for a job. What is the participation rate?

- A) 51.5%
- B) 38.5%
- C) 50%
- D) 45%

Answer: <https://biology-forums.com/index.php?topic=358333>

Question 326

In the DMP model,

- A) There are N firms, Q is the labor force, and $N-Q$ is the vacancy rate.
- B) There are N consumers, Q is the labor force, and $N+Q$ is the number of consumers choosing home production.
- C) There are N consumers, Q is the labor force, and $N-Q$ is the number of consumers choosing home production.
- D) There are Q consumers, N is the labor force, and $N-Q$ is the number of consumers choosing home production.

Answer: <https://biology-forums.com/index.php?topic=358582>

Question 327

The GDP deflator is a broader measure of the price level than the CPI because

- A) it covers rents.
- B) it factors out fluctuations in seasonal items.
- C) it covers investment.
- D) it covers sales tax.

Answer: <https://biology-forums.com/index.php?topic=358316>

Question 328

If x is useful for predicting future GDP then

- A) x is coincident.
- B) x is countercyclical.
- C) x is a leading variable.
- D) x is a lagging variable.

Answer: <https://biology-forums.com/index.php?topic=358359>

Question 329

An example of a flow would be the

- A) rate at which water goes down the drain.
- B) percentage of pollutants in tap water.
- C) pressure of water in a pipe.
- D) amount of water in a bathtub.

Answer: <https://biology-forums.com/index.php?topic=358323>

Question 330

Suppose that the BMW plant in Spartanburg, SC, produces \$10 million worth of vehicles in a given year. Of this total amount, \$1 million in profits are returned to the owners of the company in Germany. The \$1 million in profits

- A) contributes to neither U.S. GDP, nor U.S. GNP.
- B) contributes to both U.S. GDP and U.S. GNP.
- C) contributes to U.S. GNP, but not U.S. GDP.
- D) contributes to U.S. GDP, but not U.S. GNP.

Answer: <https://biology-forums.com/index.php?topic=358274>

Question 331

A good proxy for the flow of consumption services would be

- A) consumption of services and consumption of durables.
- B) consumption of nondurables and consumption of services.
- C) aggregate consumption.
- D) consumption of durables and consumption of nondurables.

Answer: <https://biology-forums.com/index.php?topic=358748>

Question 332

The income components of GDP include all of the following except

- A) wage income.
- B) after-tax profits.
- C) foreign income.
- D) net interest income.

Answer: <https://biology-forums.com/index.php?topic=358268>

Question 333

When drawn against the real interest rate, the output supply curve unambiguously shifts to the right if

- A) future total factor productivity decreases.
- B) current capital decreases.
- C) current total factor productivity decreases.
- D) current or future taxes increase.

Answer: <https://biology-forums.com/index.php?topic=358834>

Question 334

In the real business cycle model, an increase in current total factor productivity

- A) has no impact on investment demand.
- B) increases investment demand.
- C) has an ambiguous effect on investment demand.
- D) decreases investment demand.

Answer: <https://biology-forums.com/index.php?topic=358924>

Question 335

An increase in credit market frictions

- A) decreases investment demand.
- B) decreases labor demand.
- C) decreases consumption demand.
- D) decreases labor supply.

Answer: <https://biology-forums.com/index.php?topic=358862>

Question 336

A consumer is a borrower if

- A) optimum current consumption is greater than current disposable income.
- B) optimum current consumption is less than current disposable income.
- C) the consumer's indifference curves are relatively steep.
- D) future disposable income is greater than current disposable income.

Answer: <https://biology-forums.com/index.php?topic=358735>

Question 337

In the monetary small open-economy model with a fixed exchange rate, an increase in the foreign price level has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359040>

Question 338

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

- A) increases the domestic money supply and decreases the domestic price level.
- B) increases the domestic money supply and increases the domestic price level.
- C) decreases the domestic money supply and decreases the domestic price level.
- D) decreases the domestic money supply and increases the domestic price level.

Answer: <https://biology-forums.com/index.php?topic=359046>

Question 339

An interest rate spread is

- A) the difference between lending and borrowing interest rates.
- B) the difference between long-term and short-term interest rates.
- C) the difference between public and commercial interest rates.
- D) the difference between nominal and real interest rates.

Answer: <https://biology-forums.com/index.php?topic=358779>

Question 340

Suppose a country is much richer than the others in the Solow growth model. What happens in the long run?

- A) The rich country becomes poorer than the others.
- B) The other countries catch up to the rich one.
- C) The rich country grows the fastest.
- D) Nothing.

Answer: <https://biology-forums.com/index.php?topic=358666>

Question 341

The per-worker production function relates output per worker

- A) in different countries.
- B) to production per worker.
- C) to capital per worker.
- D) to the participation rate.

Answer: <https://biology-forums.com/index.php?topic=358641>

Question 342

For the firm in the real intertemporal model with investment

- A) depreciation takes place at a constant rate.
- B) depreciation can be slowed with more maintenance.
- C) depreciation is always 100%.
- D) depreciation occurs more quickly if the firm produces more output.

Answer: <https://biology-forums.com/index.php?topic=358811>

Question 343

Average labor productivity tends to be

- A) countercyclical and more variable than real GDP.
- B) procyclical and more variable than real GDP.
- C) countercyclical and less variable than real GDP.
- D) procyclical and less variable than real GDP.

Answer: <https://biology-forums.com/index.php?topic=358377>

Question 344

A productivity slowdown was observed from the

- A) mid-1980s to the late 1990s.
- B) late 1960s to the early 1980s.

- C) early 1950s to the late 1960s.
- D) early 1960s to the early 1970s.

Answer: <https://biology-forums.com/index.php?topic=358212>

Question 345

The optimal trade-off between current consumption goods and future consumption goods is expressed as

- A) $MRSC, C' = 1 + r$.
- B) $MRSC, C' = 1 + i$.
- C) $MRSC, C' = 1 + R$.
- D) $MRSC, C' = ((1 + R)/(1 + r))$.

Answer: <https://biology-forums.com/index.php?topic=359091>

Question 346

When drawn against the real interest rate, output supply increases if

- A) the present value of taxes decreases.
- B) future total productivity increases.
- C) current capital increases.
- D) the interest rate decreases.

Answer: <https://biology-forums.com/index.php?topic=358836>

Question 347

The Solow model emphasizes the role of which of the following factors of production?

- A) land
- B) labor
- C) natural resources
- D) capital

Answer: <https://biology-forums.com/index.php?topic=358606>

Question 348

The most likely cause of a hyperinflation is

- A) an acute shortage of natural resources.
- B) central bank incompetence.
- C) the inability to finance government spending through taxation or borrowing.
- D) over-aggressive labor unions.

Answer: <https://biology-forums.com/index.php?topic=359103>

Question 349

Suppose that Year 2 is the base year. What is the growth rate of GDP?

- A) 58%
- B) 44.4%
- C) 67.5%
- D) 120%

Answer: <https://biology-forums.com/index.php?topic=358296>

Question 350

After 1980, the following is true

- A) money is coincident.
- B) money is a leading variable.
- C) money is a lagging variable.
- D) any lead/lag relationship between money and real GDP is difficult to detect.

Answer: <https://biology-forums.com/index.php?topic=358385>

Question 351

The real wage denotes

- A) the number of units of consumption goods that can be exchanged for one unit of labor time.
- B) the number of units of labor time that can be exchanged for one unit of leisure time.
- C) the number of units of labor time that can be exchanged for one unit of consumption goods.
- D) the number of units of leisure time that can be exchanged for one unit of labor time.

Answer: <https://biology-forums.com/index.php?topic=358436>

Question 352

In real business cycle theory, the persistence of shocks to total factor productivity is justified by

- A) the behavior of Solow residuals.
- B) the fact that Taylor rules have been used in post-war United States.
- C) the fact that capital takes some time to build.
- D) the fact that some capital depreciates every period.

Answer: <https://biology-forums.com/index.php?topic=358922>

Question 353

Under fiscal stabilization policy in the New Keynesian model, after a negative shock to output,

- A) the government increases expenditures and the central bank decreases the money supply.
- B) the government decreases expenditures and the central bank increases the money supply.
- C) the government decreases expenditures and the central bank decreases the money supply.
- D) the government increases expenditures and the central bank increases the money supply.

Answer: <https://biology-forums.com/index.php?topic=358977>

Question 354

The double coincidence of wants problem is solved by

- A) specialization.
- B) the use of money.
- C) credit markets.
- D) government intervention.

Answer: <https://biology-forums.com/index.php?topic=358874>

Question 355

Including investment and production in the two-good, two-period model with trade

- A) allows the country to react to changes in the interest rate.
- B) allows the country to equalize absorption and output demand.
- C) renders terms of trade endogenous.
- D) allows the government to run budget deficits.

Answer: <https://biology-forums.com/index.php?topic=358999>

Question 356

Salt, for example, as it is used in part of Ethiopia, is an example of

- A) commodity-backed paper currency.
- B) barter currency.
- C) commodity money.
- D) fiat money.

Answer: <https://biology-forums.com/index.php?topic=359080>

Question 357

An increase in the real wage

- A) has an ambiguous effect on consumption and increases labor supply.
- B) has an ambiguous effect on both consumption and labor supply.
- C) increases consumption and has an ambiguous effect on labor supply.
- D) unambiguously increases consumption and increases labor supply.

Answer: <https://biology-forums.com/index.php?topic=358457>

Question 358

In the monetary intertemporal model, the long-run effects of an increase in the level of money include

- A) an increase in employment.
- B) higher nominal wages.
- C) higher real wages.
- D) lower output.

Answer: <https://biology-forums.com/index.php?topic=359095>

Question 359

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

- A) each consumer has one strictly favorite period of time for consumption and that current and future consumption are both normal goods.
B) current and future consumption are both normal goods and that the consumer likes diversity in his or her consumption bundle.
C) more is always preferred to less and that each consumer has one strictly favorite period of time for consumption.
D) they are convex and that more is always preferred to less.

Answer: <https://biology-forums.com/index.php?topic=358731>

Question 360

In the intertemporal model with money, the optimal amount of money is

- A) equal to consumption and investment.
B) zero.
C) irrelevant as long as it is not zero.
D) equal to total output.

Answer: <https://biology-forums.com/index.php?topic=358905>

Question 361

If the correlation between GDP and y is 0, we say y is

- A) acyclical.
B) countercyclical.
C) tricyclical.
D) procyclical.

Answer: <https://biology-forums.com/index.php?topic=358362>

Question 362

When drawn against the real interest rate, output demand increases if

- A) current taxes increase.
B) future taxes increase.
C) current government expenses increase.
D) future government expenses increase.

Answer: <https://biology-forums.com/index.php?topic=358839>

Question 363

If the Friedman rule for long-term monetary policy were implemented, the result would be

- A) inflation.
B) deflation.
C) hyperinflation.
D) neither inflation nor deflation.

Answer: <https://biology-forums.com/index.php?topic=359100>

Question 364

A consumer's real disposable income equals

- A) wage income plus consumption expenditures.
B) wage income plus profit income minus taxes.
C) total income minus wage income minus taxes.
D) total income minus profit income minus taxes.

Answer: <https://biology-forums.com/index.php?topic=358439>

Question 365

Which is a good example of an increase in total factor productivity?

- A) a tax cut
B) better credit conditions
C) good weather
D) a company reducing its workforce

Answer: <https://biology-forums.com/index.php?topic=358484>

Question 366

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

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

Answer: <https://biology-forums.com/index.php?topic=359038>

Question 367

If current income increases as much as future income decreases

- A) current consumption increases.
- B) current consumption decreases.
- C) current consumption stays the same.
- D) We do not know.

Answer: <https://biology-forums.com/index.php?topic=358747>

Question 368

One example of a Phillips Curve would be a

- A) positive relationship between deviations from trend in real and nominal interest rates.
- B) negative relationship between deviations from trend in real and nominal interest rates.
- C) negative relationship between deviations from trend in the level of prices and the level of aggregate economic activity.
- D) positive relationship between deviations from trend in the level of prices and the level of aggregate economic activity.

Answer: <https://biology-forums.com/index.php?topic=358379>

Question 369

How does an increase in the proportional labor income tax modify the consumer's budget constraint?

- A) the slope decreases (constraint gets steeper)
- B) the slope increases (constraint gets flatter)
- C) a parallel move up
- D) a parallel move down

Answer: <https://biology-forums.com/index.php?topic=358557>

Question 370

In the Friedman-Lucas money surprise model

- A) a Phillips curve relationship does not arise.
- B) an increase in money growth increases aggregate output because workers interpret an increase in nominal wages as an increase in real wages.
- C) workers are perfectly informed.
- D) productivity growth causes real GDP to fluctuate.

Answer: <https://biology-forums.com/index.php?topic=359137>

Question 371

Fiscal policy encompasses all of the following except

- A) expenditures by the government.
- B) taxation by the government.
- C) monetary injection by the government.
- D) borrowing by the government.

Answer: <https://biology-forums.com/index.php?topic=358507>

Question 372

Saying the consumer is rational means

- A) the consumer is a stand-in for all consumers.
- B) the consumer is getting rationed.
- C) the consumer makes the best choices.
- D) the consumer makes reasonable choices.

Answer: <https://biology-forums.com/index.php?topic=358449>

Question 373

A Keynesian model that is consistent with fully flexible wages and prices is based upon the notion of

- A) cooperation failures.
- B) coordination failures.
- C) decreasing returns to scale.
- D) collaboration failures.

Answer: <https://biology-forums.com/index.php?topic=358935>

Question 374

In the Friedman-Lucas money surprise model

- A) If actual inflation is higher than anticipated inflation, then output must be below its trend value.
- B) monetary policy does not work.
- C) money is neutral.
- D) If actual inflation is higher than anticipated inflation, then output must be above its trend value.

Answer: <https://biology-forums.com/index.php?topic=359136>

Question 375

In recent U.S. history

- A) GNP has been much higher than GDP.
- B) the difference between GNP and GDP has been very volatile.
- C) GDP has been much higher than GNP.
- D) there has been little practical difference between GNP and GDP.

Answer: <https://biology-forums.com/index.php?topic=358275>

Question 376

To calculate value added, we need to subtract

- A) the cost of domestic- and foreign-produced intermediate inputs.
- B) total imports.
- C) only the cost of domestically-produced intermediate inputs.
- D) only the cost of foreign-produced intermediate inputs.

Answer: <https://biology-forums.com/index.php?topic=358272>

Question 377

When countries converge,

- A) they all grow at the same rate.
- B) poorer ones grow faster.
- C) richer ones do not grow.
- D) richer ones grow faster.

Answer: <https://biology-forums.com/index.php?topic=358665>

Question 378

Which of the following is best characterized as being nonrivalrous?

- A) knowledge
- B) services
- C) physical capital
- D) consumption goods

Answer: <https://biology-forums.com/index.php?topic=358686>

Question 379

A pure positive income shock leads to

- A) an increase in work and consumption.
- B) an increase in leisure and consumption.
- C) an increase in leisure and taxes.
- D) an increase in leisure and work.

Answer: <https://biology-forums.com/index.php?topic=358453>

Question 380

In the (consumption,leisure) space, indifference curves as we have assumed them are

- A) upward sloping and bowed out of the origin.
- B) upward sloping and bowed towards the origin.
- C) downward sloping and bowed towards the origin.
- D) downward sloping and bowed out of the origin.

Answer: <https://biology-forums.com/index.php?topic=358416>

Question 381

An example of a leading variable in the US is

- A) housing starts.
- B) GDP.
- C) the consumer price index.

D) investment is structures.

Answer: <https://biology-forums.com/index.php?topic=358370>

Question 382

A business cycle trough is a

- A) small negative deviation from trend in real GDP.
- B) relatively large positive deviation from trend in real GDP.
- C) small positive deviation from trend in real GDP.
- D) relatively large negative deviation from trend in real GDP.

Answer: <https://biology-forums.com/index.php?topic=358344>

Question 383

An increase in the inflation rate shifts the labor

- A) supply curve to the right.
- B) demand curve to the right.
- C) supply curve to the left.
- D) demand curve to the left.

Answer: <https://biology-forums.com/index.php?topic=359093>

Question 384

Which of the following institutions plays the role of an international lender of last resort?

- A) the International Monetary Fund
- B) the Federal Reserve System
- C) the European Monetary System
- D) the World Bank

Answer: <https://biology-forums.com/index.php?topic=359032>

Question 385

The Bretton Woods Agreement

- A) required foreign central banks to hold certain minimum amounts of gold as foreign exchange reserves.
- B) required member nations, other than the United States, to disband their central banks.
- C) fixed the value of the U.S. dollar relative to the euro.
- D) fixed the value of the U.S. dollar relative to gold.

Answer: <https://biology-forums.com/index.php?topic=359029>

Question 386

When drawn against the current real wage, the labor demand curve shift to the right if

- A) total factor productivity increases.
- B) the interest rate increases.
- C) future capital increases.
- D) current taxes increase.

Answer: <https://biology-forums.com/index.php?topic=358821>

Question 387

A consumer is said to be indifferent between two consumption bundles

- A) when the consumer is indecisive.
- B) when the two bundles provide equal amounts of utility.
- C) when the consumer chooses the bundles equally often.
- D) when the consumer doesn't care about his or her consumption bundle.

Answer: <https://biology-forums.com/index.php?topic=358414>

Question 388

Changes in government spending are not likely causes of business cycles because changes in government spending predict

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

Answer: <https://biology-forums.com/index.php?topic=358542>

Question 389

Growth in the Solow residual was slowest in the

- A) 1950s.
- B) 1960s.
- C) 1980s.
- D) 1970s.

Answer: <https://biology-forums.com/index.php?topic=358634>

Question 390

In the European Monetary Union, the supply of euros

- A) is managed by the European Central Bank.
- B) is managed by the individual central banks of the member countries.
- C) automatically varied in response to short-run fluctuations in the exchange rates of the member nations.
- D) is determined by market forces.

Answer: <https://biology-forums.com/index.php?topic=359024>

Question 391

If a consumer borrows at an interest rate greater than the interest rate at which he or she can lend, then

- A) the consumer must be a lender.
- B) the budget constraint has a kink at the endowment point.
- C) banks cannot make a profit.
- D) this makes no difference for consumer behavior.

Answer: <https://biology-forums.com/index.php?topic=358776>

Question 392

Compared to a fixed exchange rate, a monetary union

- A) does not allow adjustments to exchange rates.
- B) involves soft pegs.
- C) is managed at the International Monetary Fund.
- D) has no central bank.

Answer: <https://biology-forums.com/index.php?topic=359028>

Question 393

Schooling is subsidized in the United States in part

- A) because otherwise people would not get educated.
- B) because there is a positive externality from schooling.
- C) because there is a constitutional right to education.
- D) so that the golden rule capital level can be reached.

Answer: <https://biology-forums.com/index.php?topic=358702>

Question 394

When drawn against the real interest rate, the optimal investment schedule shifts to the right if the

- A) current capital stock K increases.
- B) future capital stock K' increases.
- C) future capital stock K' increases.
- D) current capital stock K decreases.

Answer: <https://biology-forums.com/index.php?topic=358828>

Question 395

In a model with money neutrality, a 10% increase in the money supply leads to an increase of output by

- A) more than 10%.
- B) zero.
- C) 10%.
- D) less than 10%, but more than zero.

Answer: <https://biology-forums.com/index.php?topic=358900>

Question 396

In the United States, real GDP is currently calculated using

- A) a chain-weighting scheme.
- B) a fixed-weighting scheme.
- C) an autoregressive scheme.
- D) a variable-weighting scheme.

Answer: <https://biology-forums.com/index.php?topic=358305>

Question 397

When there is positive inflation

- A) the real interest rate is negative.
- B) the real interest rate is greater than the nominal interest rate.
- C) the nominal interest rate is approximately equal to the real interest rate.
- D) the nominal interest rate is greater than the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358229>

Question 398

In Solow's exogenous growth model, the economy reaches a stable steady state because

- A) capital is growing at a constant rate.
- B) the substitution effect is stronger than the income effect.
- C) the marginal return of capital is decreasing.
- D) conditional convergence holds.

Answer: <https://biology-forums.com/index.php?topic=358653>

Question 399

At the competitive equilibrium with a positive proportional labor income tax

- A) the real wage before tax is lower than the marginal product of labor.
- B) We cannot say.
- C) the real wage before tax equals the marginal product of labor.
- D) the real wage before tax exceeds the marginal product of labor.

Answer: <https://biology-forums.com/index.php?topic=358559>

Question 400

For the study of economic growth, it is most helpful to examine movements in _____; for the study of business cycles, it is most helpful to examine movements in _____.

- A) trend GNP; trend GNP
- B) deviations from trend in GNP; trend GNP
- C) deviations from trend in GNP; deviations from trend in GNP
- D) trend GNP; deviations from trend in GNP

Answer: <https://biology-forums.com/index.php?topic=358180>

Question 401

If labor supply is increasing in the real wage, then

- A) the income effect is larger than the substitution effect.
- B) the substitution effect is larger than the income effect.
- C) the production function is increasing in labor.
- D) the marginal product of labor is decreasing.

Answer: <https://biology-forums.com/index.php?topic=358463>

Question 402

In a model with money neutrality, a 10% increase in the money supply leads to an increase of prices by

- A) 10%.
- B) less than 10%, but more than zero.
- C) zero.
- D) more than 10%.

Answer: <https://biology-forums.com/index.php?topic=358901>

Question 403

In the steady state of Solow's exogenous growth model, an increase in total factor productivity

- A) decreases output per worker and decreases capital per worker.
- B) increases output per worker and decreases capital per worker.
- C) increases output per worker and increases capital per worker.

D) decreases output per worker and increases capital per worker.

Answer: <https://biology-forums.com/index.php?topic=358660>

Question 404

M1 includes all but which of the following?

- A) transactions accounts.
- B) travelers checks.
- C) currency in the hands of the public.
- D) savings deposits.

Answer: <https://biology-forums.com/index.php?topic=358873>

Question 405

The supply of euros is managed by

- A) the European Monetary Union.
- B) the European Central Bank.
- C) the European Monetary System.
- D) the European Bank for Reconstruction and Development.

Answer: <https://biology-forums.com/index.php?topic=359025>

Question 406

A likely explanation for the 2008-2009 recession is

- A) an increase in taxes.
- B) a drastic reduction in government expenses.
- C) an increase in energy prices.
- D) financial market problems.

Answer: <https://biology-forums.com/index.php?topic=358235>

Question 407

Inflation is defined as

- A) the nominal interest rate minus the price level.
- B) the rate of change in the average level of prices.
- C) the increase in the money supply.
- D) the rate of increase in the government budget deficit.

Answer: <https://biology-forums.com/index.php?topic=358238>

Question 408

The participation rate equals

- A) (number unemployed/labor force).
- B) (labor force/total working age population).
- C) (labor force/number unemployed).
- D) (number unemployed/total working age population).

Answer: <https://biology-forums.com/index.php?topic=358331>

Question 409

Why don't consumers work in the two-period model?

- A) It's a convenient simplification.
- B) It would make no difference to the model if consumers could work.
- C) We don't know how to include workers in the model.
- D) People who participate in real-world credit markets do not work.

Answer: <https://biology-forums.com/index.php?topic=358717>

Question 410

When different consumers pay different amounts of taxes, Ricardian equivalence may fail because

- A) such differences in taxes create credit market imperfections.
- B) alternative ways of collecting the same tax revenue can affect the distribution of income.
- C) higher taxes on more talented people may be politically popular.
- D) consumers can become jealous of one another.

Answer: <https://biology-forums.com/index.php?topic=358773>

Question 411

An increase in energy prices is a likely cause of
A) the Great Moderation.
B) Great Depression.
C) Korean War inflation.
D) the recession in 1973-1975.

Answer: <https://biology-forums.com/index.php?topic=358231>

Question 412

We assume leisure is a normal good. This implies that
A) households maximize utility.
B) an increase in the wage increases demand for leisure.
C) preferences over consumption are well defined.
D) an increase in taxes decreases the demand for leisure.

Answer: <https://biology-forums.com/index.php?topic=358419>

Question 413

In the real intertemporal model, if future total factor productivity increases, this captures the effects of
A) news shocks.
B) the government expenditure multiplier.
C) intertemporal substitution.
D) Ricardian equivalence.

Answer: <https://biology-forums.com/index.php?topic=358852>

Question 414

In a competitive equilibrium all these relationships hold but one. Which one?
A) $G=T$
B) $N_d=N_s$
C) $Y=G+C$
D) $w=z$

Answer: <https://biology-forums.com/index.php?topic=358513>

Question 415

Which of the following, if implemented in the Solow growth model, would not lead to a steady state?
A) A constant marginal product of capital.
B) A higher population growth rate.
C) Decreasing returns to scale in production.
D) A savings rate that decreases as income increases.

Answer: <https://biology-forums.com/index.php?topic=358651>

Question 416

Which was the deepest recession in the United States before the recession of 2008-09?
A) 1981-1982
B) 1978-1979
C) 2001
D) 1990-1991

Answer: <https://biology-forums.com/index.php?topic=358233>

Question 417

Suppose we have the following information about a shoe manufacturer: wages \$100,000, sales \$500,000, taxes \$50,000, loan interest \$10,000, leather purchases \$170,000, rubber purchases \$130,000. What is the contribution of this manufacturer to GDP using the income approach?
A) \$40,000.
B) \$300,000.
C) \$500,000.
D) \$200,000.

Answer: <https://biology-forums.com/index.php?topic=358259>

Question 418

The utility function captures

- A) how output is produced from labor and capital inputs.
- B) how an individual consumer ranks consumption bundles.
- C) how happy a consumer is about a given consumption bundle.
- D) how consumers interact.

Answer: <https://biology-forums.com/index.php?topic=358401>

Question 419

A Pareto optimum requires all of the following except

- A) $MRS_{1,C} = MPN$.
- B) $MRS_{1,C} = MRT_{1,C}$.
- C) MP with subscript $(N) = -\text{slope of PPF}$.
- D) $MPN = w$.

Answer: <https://biology-forums.com/index.php?topic=358527>

Question 420

The phenomenon of underutilization of labor during a recession is called

- A) labor force stabilization.
- B) labor stockpiling.
- C) investing in human capital.
- D) labor hoarding.

Answer: <https://biology-forums.com/index.php?topic=358934>

Question 421

Suppose we have the following information about a plumber: wages \$30,000, repair sales \$200,000, taxes \$5,000, loan interest \$15,000, plumbing materials \$20,000. What is the contribution to GDP of this plumber using the product approach?

- A) \$30,000.
- B) \$180,000.
- C) \$200,000.
- D) \$50,000.

Answer: <https://biology-forums.com/index.php?topic=358260>

Question 422

If an epidemic hits a Malthusian economy, the long-term consequence is

- A) no change in the standard of living.
- B) dependent on the population growth rate.
- C) an increase in the standard of living.
- D) a reduction in the standard of living.

Answer: <https://biology-forums.com/index.php?topic=358625>

Question 423

In the one-period model, what do we assume about household preferences?

- A) Households like money.
- B) Households care about others.
- C) Households prefer more to less.
- D) Households dislike taxes.

Answer: <https://biology-forums.com/index.php?topic=358413>

Question 424

In the one-period competitive model we have been studying

- A) consumption is exogenous and total factor productivity is endogenous.
- B) both consumption and total factor productivity are endogenous.
- C) consumption is endogenous and total factor productivity is exogenous.
- D) both consumption and total factor productivity are exogenous.

Answer: <https://biology-forums.com/index.php?topic=358514>

Question 425

The production possibilities frontier represents

- A) all technologically feasible combinations of consumption and leisure.
- B) all combinations of consumption and leisure for fixed output.

- C) all equally affordable combinations of consumption and leisure for a given wage.
- D) all equally liked combinations of consumption and leisure.

Answer: <https://biology-forums.com/index.php?topic=358517>

Question 426

Government expenditures includes all of the following except

- A) federal defense spending.
- B) federal nondefense spending.
- C) transfers.
- D) state and local spending.

Answer: <https://biology-forums.com/index.php?topic=358283>

Question 427

The desire to smooth consumption is reflected in

- A) the production possibilities frontier.
- B) choice between present and future.
- C) the curvature in a consumer's indifference curves.
- D) the consumer's budget constraint.

Answer: <https://biology-forums.com/index.php?topic=358708>

Question 428

In a two-period model, holding everything else constant, an increase in current-period income

- A) has no effect on the current account surplus.
- B) has an uncertain effect on the current account surplus.
- C) unambiguously decreases the current account surplus.
- D) unambiguously increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358990>

Question 429

The phenomenon that some consumers pay a higher interest rate when they borrow than the interest rate they receive when they lend is best described as an example of

- A) the burden of public debt.
- B) a vast banking conspiracy.
- C) irrational behavior.
- D) a credit market imperfection.

Answer: <https://biology-forums.com/index.php?topic=358775>

Question 430

An important feature of the DMP model is that

- A) workers can choose to shirk on the job.
- B) would-be workers care not just about the market wage, but about the chances of finding work.
- C) firms can fire workers.
- D) firms maximize revenue.

Answer: <https://biology-forums.com/index.php?topic=358587>

Question 431

Look at the production schedule below:

Workers 0 1 2 3 4 5

Output 0 45 80 100 130 165

Which property of a standard production function does it violate?

- A) decreasing marginal product of capital
- B) decreasing marginal product of labor
- C) production increasing in labor
- D) constant returns to scale

Answer: <https://biology-forums.com/index.php?topic=358482>

Question 432

The employment/population ratio is

- A) less volatile than the participation rate.
- B) roughly constant over time.

- C) smaller in 2012 than in 1970.
- D) more volatile than the participation rate.

Answer: <https://biology-forums.com/index.php?topic=358578>

Question 433

If the correlation between GDP and y is -0.75 , we say y is

- A) procyclical.
- B) tricyclical.
- C) countercyclical.
- D) acyclical.

Answer: <https://biology-forums.com/index.php?topic=358361>

Question 434

Problems with interpreting the unemployment rate as a measure of labor market tightness include

- A) biases in the CPI.
- B) marginally attached workers.
- C) dissatisfied workers.
- D) those not in the labor force.

Answer: <https://biology-forums.com/index.php?topic=358341>

Question 435

The unemployment rate is

- A) countercyclical
- B) smooth
- C) procyclical
- D) a leading variable

Answer: <https://biology-forums.com/index.php?topic=358573>

Question 436

The Ricardian Equivalence says

- A) whatever the timing of taxes, consumption is the same.
- B) higher government expenses reduce consumption.
- C) whatever the level of government expenses, consumption is the same.
- D) an increase in current consumption has to lead to a decrease in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358767>

Question 437

An increase in taxes has the following impact on the budget constraint

- A) a parallel move up.
- B) a tilting to the left.
- C) a tilting to the right.
- D) a parallel move down.

Answer: <https://biology-forums.com/index.php?topic=358444>

Question 438

The second fundamental theorem of welfare economics states that

- A) a Pareto optimum is always a competitive equilibrium.
- B) a competitive equilibrium is always Pareto optimal.
- C) under certain conditions, a Pareto optimum is a competitive equilibrium.
- D) under certain conditions, a competitive equilibrium is Pareto optimal.

Answer: <https://biology-forums.com/index.php?topic=358530>

Question 439

In the DMP model,

- A) Firms decide whether or not to enter the labor market by posting vacancies.
- B) Firms maximize profits.
- C) Firms decide whether or not to retain or fire workers.
- D) Firms determine how much effort they should put into filling job vacancies.

Answer: <https://biology-forums.com/index.php?topic=358584>

Question 440

In the DMP model

- A) the firm earns zero profits in a match.
- B) the firm threatens the worker with separation and takes all the surplus from the match.
- C) when a match occurs, the firm is indifferent between continuing with the match and letting the worker go.
- D) the firm's surplus from a match is equal to a constant fraction of total surplus.

Answer: <https://biology-forums.com/index.php?topic=358589>

Question 441

In the model of public goods

- A) there is a production function.
- B) GDP is fixed.
- C) public goods production is proportional to labor input.
- D) labor supply matters.

Answer: <https://biology-forums.com/index.php?topic=358565>

Question 442

The balance of payments is zero

- A) only if the current account balance is zero.
- B) as an accounting identity.
- C) because market forces ensure that this is so.
- D) only if the capital account balance is zero.

Answer: <https://biology-forums.com/index.php?topic=359058>

Question 443

Two important theories of unemployment are

- A) search theory and the efficiency wage theory.
- B) the quantity theory and game theory.
- C) the efficiency wage theory and the quantity theory.
- D) game theory and search theory.

Answer: <https://biology-forums.com/index.php?topic=358196>

Question 444

In the New Keynesian model, the stabilization effects of fiscal and monetary policy are different because

- A) the effects on the composition of output are different.
- B) monetary policy affects spending on goods indirectly; fiscal policy affects spending directly.
- C) monetary policy does not work in a liquidity trap, but fiscal policy does.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=358966>

Question 445

If Year 1 is the base year, the CPI for Year 2 is approximately

- A) 100.0.
- B) 131.3.
- C) 126.3.
- D) 181.0.

Answer: <https://biology-forums.com/index.php?topic=358309>

Question 446

When a country has a current account deficit, the country

- A) must have a government budget surplus.
- B) must have a government budget deficit.
- C) is lending abroad.
- D) is borrowing from abroad.

Answer: <https://biology-forums.com/index.php?topic=358239>

Question 447

Firms discount future profits at the interest rate r because

- A) it is the same rate as for households.
- B) Ricardian equivalence holds.
- C) it is the interest rate on their debt.
- D) it has to equal the marginal productivity of capital in equilibrium.

Answer: <https://biology-forums.com/index.php?topic=358827>

Question 448

The Ricardian equivalence theorem implies that

- A) an increase in government spending has no effect on the economy, as long as there is an equal change in taxes.
- B) government debt policy must be handled correctly for the economy to prosper.
- C) the amounts of government spending are neutral.
- D) the timing of taxes collected by the government is neutral.

Answer: <https://biology-forums.com/index.php?topic=358763>

Question 449

In a Malthusian world, why is misery recurrent?

- A) Output is increasing in labor.
- B) Fertility is endogenous.
- C) The marginal returns of capital are decreasing.
- D) Mortality depends on the standard of living.

Answer: <https://biology-forums.com/index.php?topic=358619>

Question 450

Suppose total factor productivity increases. Which of the following is incorrect?

- A) Households are better off.
- B) Output goes up.
- C) The real wage goes down.
- D) Consumption goes up.

Answer: <https://biology-forums.com/index.php?topic=358547>

Question 451

In the Golden Rule steady state, the marginal product of capital is equal to the

- A) depreciation rate plus the savings rate.
- B) savings rate plus the population growth rate.
- C) savings rate divided by the marginal product of labor.
- D) population growth rate plus the depreciation rate.

Answer: <https://biology-forums.com/index.php?topic=358658>

Question 452

At the optimal consumption bundle, the marginal rate of substitution of leisure for consumption is equal to

- A) the real wage and the budget line intersects the indifference curve.
- B) the real wage and the budget line is tangent to an indifference curve.
- C) minus the real wage and the budget line intersects the indifference curve.
- D) minus the real wage and the budget line is tangent to the indifference curve.

Answer: <https://biology-forums.com/index.php?topic=358448>

Question 453

Changes in government spending are not likely causes of business cycles because changes in government spending predict

- A) procyclical consumption.
- B) procyclical employment.
- C) countercyclical employment.
- D) countercyclical consumption.

Answer: <https://biology-forums.com/index.php?topic=358543>

Question 454

What is the real GDP in year 2 using base year 2?

- A) \$300.
- B) \$360.
- C) \$338.
- D) \$418.

Answer: <https://biology-forums.com/index.php?topic=358302>

Question 455

The participation rate is

- A) a leading variable
- B) countercyclical
- C) more variable than GDP
- D) procyclical

Answer: <https://biology-forums.com/index.php?topic=358576>

Question 456

Market exchange is typically an exchange of goods for money, as opposed to goods for goods, because use of money solves the problem of

- A) the absence of a double coincidence of wants.
- B) tax evasion.
- C) a coincidence of needs.
- D) the absence of a coincidence of wants.

Answer: <https://biology-forums.com/index.php?topic=359086>

Question 457

If an increase in the level of money supply leads to a proportionate increase in prices with no effect on real variables, we say that

- A) money is superneutral.
- B) the Fisher relationship holds.
- C) money is neutral.
- D) money is a medium of exchange.

Answer: <https://biology-forums.com/index.php?topic=358906>

Question 458

The classical dichotomy states that

- A) demand is separate from supply.
- B) real markets determine nominal outcomes, not the reverse.
- C) goods markets are separated from labor markets.
- D) money is superneutral.

Answer: <https://biology-forums.com/index.php?topic=358904>

Question 459

For the period 1947-2012 in the United States, the money supply was

- A) procyclical and lagging.
- B) countercyclical and leading.
- C) procyclical and leading.
- D) countercyclical and lagging.

Answer: <https://biology-forums.com/index.php?topic=358382>

Question 460

Positive correlation between x and y implies that

- A) x and y are positively unrelated.
- B) when x is high, y is high.
- C) when x is zero, y is positive.
- D) when x is high, y is low.

Answer: <https://biology-forums.com/index.php?topic=358356>

Question 461

The current monetary system in the United States is

- A) a mix of fiat money and exchange using transactions deposits at banks.
- B) a commodity-backed fiat money system.
- C) a gold standard.
- D) a commodity money system.

Answer: <https://biology-forums.com/index.php?topic=359075>

Question 462

A key characteristic of the production function in the endogenous growth model presented in the text is that

- A) there are constant returns to scale in human capital.
- B) there are increasing returns to scale in human capital.
- C) at low levels of human capital, there are increasing returns to scale in human capital, while at high levels of human capital, there are decreasing returns to scale in human capital.
- D) there are decreasing returns to scale in human capital.

Answer: <https://biology-forums.com/index.php?topic=358687>

Question 463

An increase in lifetime wealth

- A) decrease current labor supply and decrease current consumption demand.
- B) increase current labor supply and increase current consumption demand.
- C) increase current labor supply and decrease current consumption demand.
- D) decrease current labor supply and increase current consumption demand.

Answer: <https://biology-forums.com/index.php?topic=358814>

Question 464

If w represents a two-period consumer's lifetime wealth and r denotes the real rate of interest, the slope of the consumer's budget line is equal to

- A) $- (r/(1 + w))$.
- B) $- (1 + r)$.
- C) $r \times w$.
- D) $- (1/(1 + r))$.

Answer: <https://biology-forums.com/index.php?topic=358727>

Question 465

Suppose we have the following information about a furniture maker: furniture sales \$100M, wood purchases \$60M, wages \$25M, tax on profits \$5M, profits \$10M. What is the contribution to GDP of this company using the product approach?

- A) \$15M.
- B) \$100M.
- C) \$60M.
- D) \$40M.

Answer: <https://biology-forums.com/index.php?topic=358257>

Question 466

In a two-period model with production, an increase in current domestic total factor productivity

- A) increases domestic output and increases the current account surplus.
- B) increases domestic output and decreases the current account surplus.
- C) decreases domestic output and increases the current account surplus.
- D) decreases domestic output and decreases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359003>

Question 467

In the production function, $Y = zF(K, Nd)$, total factor productivity is

- A) Y/Nd .
- B) F/Y .
- C) z .
- D) Y/K .

Answer: <https://biology-forums.com/index.php?topic=358465>

Question 468

In the New Keynesian open economy model, government spending

- A) is an ineffective stabilization tool with a flexible exchange rate, and an ineffective stabilization tool with a fixed exchange rate; net exports depends on the relative price of foreign goods to domestic goods.
- B) is an effective stabilization tool with a flexible exchange rate, and an effective stabilization tool with a fixed exchange rate.
- C) is an effective stabilization tool with a flexible exchange rate, and an ineffective stabilization tool with a fixed exchange rate
- D) is an ineffective stabilization tool with a flexible exchange rate, and an effective stabilization tool with a fixed exchange rate; prices are flexible.

Answer: <https://biology-forums.com/index.php?topic=359068>

Question 469

For a lender in a (c, c') graph, the optimal consumption bundle is

- A) dependent on other factors.
- B) to the left of the endowment point.
- C) to the right of the endowment point.
- D) on the endowment point.

Answer: <https://biology-forums.com/index.php?topic=358739>

Question 470

When the tax rate increases, the tax revenue

- A) may increase or decrease.
- B) does not change.
- C) always increases.
- D) always decreases.

Answer: <https://biology-forums.com/index.php?topic=358561>

Question 471

In Solow's exogenous growth model, the steady-state growth rate of capital can be increased by

- A) higher population growth.
- B) higher depreciation rate.
- C) higher interest rate.
- D) higher saving rate.

Answer: <https://biology-forums.com/index.php?topic=358656>

Question 472

The production function is concave in labor because

- A) the contribution to production of each additional unit of labor decreases.
- B) the marginal product of capital is decreasing.
- C) the labor demand is downward sloping.
- D) the marginal product of labor is increasing.

Answer: <https://biology-forums.com/index.php?topic=358475>

Question 473

Asymmetric information means

- A) some market participants interpret news differently.
- B) some news are more important than others.
- C) the impact of news on economic outcomes depends on the context.
- D) some market participants have more information than others.

Answer: <https://biology-forums.com/index.php?topic=358781>

Question 474

In a two-period model, holding everything else constant, an increase in government spending

- A) unambiguously decreases the current account surplus.
- B) has no effect on the current account surplus.
- C) has an uncertain effect on the current account surplus.
- D) unambiguously increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358991>

Question 475

The simplest device to analyze dynamic decisions is a

- A) continuous time model.
- B) one-period model.
- C) two-period model.
- D) model that includes only the number of years of a typical consumer's lifetime.

Answer: <https://biology-forums.com/index.php?topic=358711>

Question 476

National saving minus private saving is equal to

- A) private disposable income.
- B) the current account deficit.
- C) interest on the government debt.
- D) the government surplus.

Answer: <https://biology-forums.com/index.php?topic=358338>

Question 477

The consumer's work-leisure choice problem focuses on how a consumer's work-leisure decision is affected by the consumer's

- A) preferences and constraints.
- B) productivity and psychology.
- C) psychology and preferences.
- D) preferences and productivity.

Answer: <https://biology-forums.com/index.php?topic=358403>

Question 478

In the monetary small open-economy model with a flexible exchange rate, an increase in the world real interest rate

- A) decreases domestic output and decreases the nominal exchange rate, as long as real money demand is much more responsive to real income than to the real interest rate.
- B) increases domestic output and increases the nominal exchange rate, as long as real money demand is much more responsive to real income than to the real interest rate.
- C) decreases domestic output and increases the nominal exchange rate, as long as real money demand is much more responsive to real income than to the real interest rate.
- D) increases domestic output and decreases the nominal exchange rate, as long as real money demand is much more responsive to real income than to the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=359039>

Question 479

The substitution effect measures

- A) how two goods can be used for the same purpose.
- B) the responses of quantities to changes in the relative qualities of goods.
- C) the responses of relative prices to changes in the demand for goods.
- D) the responses of quantities to changes in the relative prices of goods.

Answer: <https://biology-forums.com/index.php?topic=358461>

Question 480

When the Federal Reserve buys Treasury bonds, it is called

- A) an open market operation.
- B) bonding.
- C) a bond roll-over.
- D) a swap.

Answer: <https://biology-forums.com/index.php?topic=358896>

Question 481

Pay-as-you-go social security

- A) is not used by any countries in the world.
- B) is always inefficient.
- C) can improve welfare for everyone if the population growth rate is large enough.
- D) can never improve economic welfare for everyone.

Answer: <https://biology-forums.com/index.php?topic=358798>

Question 482

In the 1948-2012 data, the unemployment rate was highest in

- A) 1975
- B) 1991
- C) 1982
- D) 2009

Answer: <https://biology-forums.com/index.php?topic=358574>

Question 483

Suppose that the government collects \$3 million in taxes, pays \$2 million in social security benefits, pays \$0.5 million in interest on the national debt, and pays workers \$1 million to sit at their desks and work as little as possible. The government's contribution to GDP is

- A) \$3 million.
- B) \$0.
- C) \$1 million.

D) \$3.5 million.

Answer: <https://biology-forums.com/index.php?topic=358264>

Question 484

The property of diminishing marginal rate of substitution follows from the property that the indifference curves are

- A) bowed out from the origin.
- B) bowed in toward the origin.
- C) upward sloping.
- D) downward sloping.

Answer: <https://biology-forums.com/index.php?topic=358733>

Question 485

A market failure associated with Keynesian economics is

- A) insurance is imperfect.
- B) economic agents cannot agree on prices and wages that are socially efficient.
- C) pollution externalities.
- D) banking panics.

Answer: <https://biology-forums.com/index.php?topic=358596>

Question 486

If public goods can be produced more efficiently, then

- A) public goods production stays the same, and private goods increase.
- B) public goods production falls, and private goods production rises.
- C) public goods and private goods both increase.
- D) public goods increase, and private goods may increase or decrease.

Answer: <https://biology-forums.com/index.php?topic=358568>

Question 487

Under purely flexible exchange rates,

- A) the domestic fiscal and monetary authorities retain considerable flexibility to prevent short-run variability in the nominal exchange rate.
- B) the domestic fiscal and monetary authorities retain considerable flexibility to prevent long-run variability in the nominal exchange rate.
- C) there is only occasional intervention by the domestic fiscal or monetary authorities to specifically target the nominal exchange rate.
- D) there is no intervention by the domestic fiscal or monetary authorities to specifically target the nominal exchange rate.

Answer: <https://biology-forums.com/index.php?topic=359018>

Question 488

If the real wage is equal to 8 widgets, and only an integer number of workers can be hired, the Gizmo company should hire

- A) 2 workers.
- B) 5 workers.
- C) 3 workers.
- D) 4 workers.

Answer: <https://biology-forums.com/index.php?topic=358497>

Question 489

In the Solow growth model, the law of motion of capital takes into account

- A) the mobility of capital.
- B) the residential nature of houses.
- C) the depreciation of old capital.
- D) the cost of shipping and installing capital.

Answer: <https://biology-forums.com/index.php?topic=358644>

Question 490

Savings in our model are

- A) money.
- B) postponed consumption.
- C) durable consumption.
- D) non-durable consumption.

Answer: <https://biology-forums.com/index.php?topic=358718>

Question 491

Barriers to Riches, by S. Parente and E. Prescott, emphasizes the importance of

- A) barriers to the development of natural resources.
- B) endogenous growth.
- C) public education.
- D) barriers to technological adoption.

Answer: <https://biology-forums.com/index.php?topic=358673>

Question 492

In the model of public goods, when the government chooses public goods provision optimally

- A) there is no public goods production.
- B) the marginal rate of substitution of private goods for public goods equals the marginal rate of transformation.
- C) GDP is maximized.
- D) public goods are provided in an amount equal to private goods.

Answer: <https://biology-forums.com/index.php?topic=358566>

Question 493

In a two-period model with production, a temporary increase in domestic government spending

- A) increases domestic output and increases the current account surplus.
- B) increases domestic output and decreases the current account surplus.
- C) decreases domestic output and increases the current account surplus.
- D) decreases domestic output and decreases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359001>

Question 494

The assumption that the marginal product of labor decreases as the labor input increases implies that

- A) output decreases as the labor input increases.
- B) the production function is concave.
- C) the production function shifts upward.
- D) the wage increases as the labor input increases.

Answer: <https://biology-forums.com/index.php?topic=358474>

Question 495

When consumption and leisure are both normal goods, after an increase in real dividend income minus taxation, the rational consumer

- A) increases consumption and reduces labor supply.
- B) reduces consumption and reduces labor supply.
- C) reduces consumption and increases labor supply.
- D) increases consumption and increases labor supply.

Answer: <https://biology-forums.com/index.php?topic=358455>

Question 496

An increase in government spending

- A) decreases consumption, increases output.
- B) increases consumption, decreases output.
- C) increases consumption and output.
- D) decreases consumption and output.

Answer: <https://biology-forums.com/index.php?topic=358541>

Question 497

Before 2000, the three most recent U.S. recessions occurred in

- A) 1973-1975, 1981-1982, and 1990-1991.
- B) 1969-1973, 1979-1982, and 1994-1995.
- C) 1973-1975, 1982-1985, and 1990-1991.
- D) 1981-1982, 1990-1991, and 1998-1999.

Answer: <https://biology-forums.com/index.php?topic=358351>

Question 498

Which of the following is not a reason for solving the model with a PPF?

- A) It highlights the fact that firms make no profit in equilibrium.
- B) It is simpler to solve the social planner problem.
- C) It highlights the fact that the marginal rate of substitution should equal the marginal rate of transformation.
- D) It merges the household and firm problems into one graph.

Answer: <https://biology-forums.com/index.php?topic=358518>

Question 499

Which characteristic does money currently not have?

- A) It is issued by a government or central bank.
- B) It is backed by gold.
- C) It is considered valuable.
- D) It is a durable good.

Answer: <https://biology-forums.com/index.php?topic=359078>

Question 500

The money supply is

- A) indeterminate.
- B) endogenous.
- C) irrelevant.
- D) determined by policy.

Answer: <https://biology-forums.com/index.php?topic=358890>

Question 501

An intermediate good is a good that is

- A) a stand-in for all goods.
- B) neither normal nor inferior.
- C) used as an input.
- D) is tangible good that includes substantial services.

Answer: <https://biology-forums.com/index.php?topic=358244>

Question 502

The major disadvantage of commodity money is that

- A) anybody can issue it and walk away.
- B) it is subject to dollarization.
- C) its value fluctuates with the scarcity of the commodity.
- D) the central bank cannot be prevented from issuing too much of it.

Answer: <https://biology-forums.com/index.php?topic=359082>

Question 503

An increase in second-period income results in

- A) an increase in first-period consumption, an increase in second-period consumption, and an increase in saving.
- B) a decrease in first-period consumption, an increase in second-period consumption, and an increase in saving.
- C) an increase in first-period consumption, an increase in second-period consumption, and a decrease in saving.
- D) an increase in first-period consumption, a decrease in second-period consumption, and an increase in saving.

Answer: <https://biology-forums.com/index.php?topic=358752>

Question 504

A Cobb-Douglas production function is

- A) the production function that Henry Ford applied in his firm.
- B) a production function applicable in the service industry.
- C) a particular production function that fits the data well.
- D) a production function for the textile industry.

Answer: <https://biology-forums.com/index.php?topic=358491>

Question 505

In a two-period model, holding everything else constant, an increase in future taxes

- A) unambiguously decreases the current account surplus.
- B) has an uncertain effect on the current account surplus.
- C) has no effect on the current account surplus, as long as Ricardian equivalence holds.
- D) unambiguously increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358996>

Question 506

In the Friedman-Lucas money surprise model

- A) money is neutral.
- B) prices are sticky.
- C) consumers cannot observe all aggregate variables.
- D) credit market frictions matter.

Answer: <https://biology-forums.com/index.php?topic=358912>

Question 507

If an epidemic hits a Malthusian economy, the immediate consequence is

- A) no change in the standard of living.
- B) an increase in the standard of living.
- C) dependent on the population growth rate.
- D) a reduction in the standard of living.

Answer: <https://biology-forums.com/index.php?topic=358624>

Question 508

A good measure of productivity is

- A) the interest rate.
- B) the growth rate of aggregate output.
- C) aggregate output divided by employment.
- D) the inflation rate.

Answer: <https://biology-forums.com/index.php?topic=358210>

Question 509

In Solow's exogenous growth model, the principal obstacle to continuous growth in output per capita is due to

- A) the declining marginal product of capital.
- B) limits in the ability of government policymakers.
- C) too little savings.
- D) the declining marginal product of labor.

Answer: <https://biology-forums.com/index.php?topic=358649>

Question 510

With higher future taxes

- A) current consumption declines.
- B) current consumption increases.
- C) current consumption depends on other factors.
- D) current consumption stays the same.

Answer: <https://biology-forums.com/index.php?topic=358742>

Question 511

In an exogenous growth model, growth is caused by

- A) forces that are not explained by the model itself.
- B) capital accumulation.
- C) government policies.
- D) human capital accumulation.

Answer: <https://biology-forums.com/index.php?topic=358602>

Question 512

Government debt is different from individual debt because

- A) the government can decide the interest rate.
- B) the government cannot declare bankruptcy.
- C) the government does not need to pay interest.
- D) the government can always tax to reduce it.

Answer: <https://biology-forums.com/index.php?topic=358226>

Question 513

When the wage increases, the substitution effect in the household's choices leads to

- A) a decrease in consumption and leisure.
- B) an increase in consumption and leisure.
- C) a decrease in consumption and an increase in leisure.
- D) an increase in consumption and a decrease in leisure.

Answer: <https://biology-forums.com/index.php?topic=358458>

Question 514

Gelato ice cream maker shows the following on its balance sheet: revenue \$200M, wages \$100M, milk expenses \$50M, strawberry purchases \$5M, and taxes \$25M. What is Gelato's contribution to GDP using the income approach?

- A) \$145M
- B) \$100M
- C) \$200M
- D) \$125M

Answer: <https://biology-forums.com/index.php?topic=358255>

Question 515

In the coordination failure model, a rightward shift in the labor supply curve

- A) increases the real wage and increases employment.
- B) increases the real wage and decreases employment.
- C) decreases the real wage and decreases employment.
- D) decreases the real wage and increases employment.

Answer: <https://biology-forums.com/index.php?topic=358941>

Question 516

The causal link between money growth and inflation is most closely associated with

- A) Friedman and Schwartz.
- B) Kiyotaki and Wright.
- C) Diamond and Dybvig.
- D) Jevons.

Answer: <https://biology-forums.com/index.php?topic=359087>

Question 517

The nominal interest rate cannot fall below

- A) the real interest rate.
- B) 2%.
- C) zero.
- D) the rate of growth in the money stock.

Answer: <https://biology-forums.com/index.php?topic=358916>

Question 518

The Taylor rule

- A) dictates that the nominal interest rate stay constant in the long run.
- B) is not considered to be a practical policy rule for central banks to follow.
- C) dictates that the central bank's target interest rate be responsive to real economic activity and to inflation.
- D) is a rule stating that money should grow at a constant rate.

Answer: <https://biology-forums.com/index.php?topic=358915>

Question 519

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Money lags GDP.
- B) Employment lags GDP.
- C) Consumption is coincident.
- D) Investment is coincident.

Answer: <https://biology-forums.com/index.php?topic=358392>

Question 520

Relative to the social optimum, monopoly power tends to lead to

- A) too little leisure.
- B) too much leisure.

- C) overproduction.
- D) underproduction.

Answer: <https://biology-forums.com/index.php?topic=358538>

Question 521

Suppose we have the following information about a car manufacturer: car sales \$1000M, steel purchases \$600M, wages \$300M, interest on business loans \$50M, and profits \$50M. What is its contribution to GDP using the product approach?

- A) \$600M
- B) \$1000M
- C) \$400M
- D) \$350M

Answer: <https://biology-forums.com/index.php?topic=358251>

Question 522

The Malthusian model emphasizes fixity in which of the following factors of production?

- A) energy
- B) land
- C) labor
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=358612>

Question 523

The marginal rate of substitution measures

- A) the rate at which a consumer is willing to exchange one good for another.
- B) the willingness of a consumer to exchange a good with another consumer.
- C) the willingness of a consumer to pay the price for a good.
- D) the value in dollars of the last unit of good obtained by the consumer.

Answer: <https://biology-forums.com/index.php?topic=358428>

Question 524

In the data, which of the following is most volatile?

- A) real GDP
- B) consumption of nondurables
- C) consumption of durables
- D) consumption of services

Answer: <https://biology-forums.com/index.php?topic=358749>

Question 525

A lagging variable can be recognized by the fact that

- A) its turning points happen before the turning points of GDP.
- B) its persistence is smaller than that of GDP.
- C) the turning points of GDP happen before its turning points.
- D) its persistence is larger than that of GDP.

Answer: <https://biology-forums.com/index.php?topic=358363>

Question 526

If an increase in the growth rate of the money supply results in an equal increase in the rate of inflation with no effect on any real variables, we say that

- A) money is the most preferred store of value.
- B) money is superneutral.
- C) the classical dichotomy fails.
- D) money is neutral.

Answer: <https://biology-forums.com/index.php?topic=359096>

Question 527

Constant returns to scale means that, given any constant $x > 0$

- A) $xzF(xK, xNd) > zF(xK, xNd)$.
- B) $xzF(xK, xNd) = zF(xK, xNd)$.
- C) $xzF(xK, xNd) < zF(xK, xNd)$.
- D) $xzF(xK, xNd) = zxF(K, Nd)$.

Answer: <https://biology-forums.com/index.php?topic=358468>

Question 528

In the monetary small open-economy model with a flexible exchange rate, an increase in the domestic money supply increases

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

Answer: <https://biology-forums.com/index.php?topic=359036>

Question 529

The indifference map

- A) shows that the consumer is indifferent among all consumption bundles.
- B) is an individual indifference curve.
- C) is impossible to derive from the utility function.
- D) captures the same information as the utility function.

Answer: <https://biology-forums.com/index.php?topic=358402>

Question 530

According to real business cycle theory, the primary causes of business cycles are

- A) waves of self-fulfilling optimism and pessimism.
- B) shocks to aggregate demand.
- C) monetary factors.
- D) technology shocks.

Answer: <https://biology-forums.com/index.php?topic=358193>

Question 531

At the endowment point, we have the property that

- A) $y = y'$.
- B) $c = y - t$.
- C) $y - t = y' - t'$.
- D) $c = c'$.

Answer: <https://biology-forums.com/index.php?topic=358724>

Question 532

The saving rate has the following characteristic in Solow's exogenous growth model

- A) it first decreases, then increases with output.
- B) it first increases, then decreases with output.
- C) it increases with output.
- D) it is constant.

Answer: <https://biology-forums.com/index.php?topic=358648>

Question 533

A turning point is

- A) a zero deviation from trend.
- B) a boom or a recession.
- C) a change in policy.
- D) a peak or a trough.

Answer: <https://biology-forums.com/index.php?topic=358345>

Question 534

In the long run, the quantity of money

- A) does not matter.
- B) influences unemployment.
- C) influences GDP.
- D) influences the business cycle.

Answer: <https://biology-forums.com/index.php?topic=358203>

Question 535

In a two-period model, holding everything else constant, an increase in current taxes

- A) has an uncertain effect on the current account surplus.
- B) has no effect on the current account surplus, as long as Ricardian equivalence holds.
- C) unambiguously decreases the current account surplus.
- D) unambiguously increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358995>

Question 536

A defense for the assumption that consumers maximize is that

- A) consumers never make mistakes.
- B) mistaken consumers may receive counseling from the government.
- C) it allows for many possible outcomes.
- D) consumers do not consistently make the same mistakes.

Answer: <https://biology-forums.com/index.php?topic=358450>

Question 537

Money is each of the following except

- A) a store of value.
- B) a unit of account.
- C) a medium of exchange.
- D) a means by which the central bank can always, and permanently, affect production.

Answer: <https://biology-forums.com/index.php?topic=358866>

Question 538

The Solow residual attempts to measure the amount of output not explained by

- A) economic projections.
- B) the direct contribution of labor and capital.
- C) technological progress.
- D) the amount of a nation's human capital.

Answer: <https://biology-forums.com/index.php?topic=358630>

Question 539

When the wage increases, the income effect on the household's choices leads to

- A) a decrease in consumption and leisure.
- B) an increase in consumption and a decrease in leisure.
- C) an increase in consumption and leisure.
- D) a decrease in consumption and an increase in leisure.

Answer: <https://biology-forums.com/index.php?topic=358459>

Question 540

The variable G considered in the model encompasses

- A) government expenses on goods and services.
- B) government expenses on goods.
- C) government expenses on goods and services as well as transfers.
- D) government expenses on goods and services as well as transfers and public debt service.

Answer: <https://biology-forums.com/index.php?topic=358552>

Question 541

When drawn against the current wage, the current labor supply shifts to the right if

- A) future taxes decrease.
- B) firms make more profits.
- C) current taxes increase.
- D) total factor productivity increases.

Answer: <https://biology-forums.com/index.php?topic=358813>

Question 542

For the consumer to be at an optimum, it must be the case that

- A) $MRT_{c,c'} = (1 + r)$
- B) $MRS_{c,c'} = (1/(1 + r))$
- C) $MRS_{c,c'} = (1 + r)$
- D) $MRT_{c,c'} = (1/(1 + r))$

Answer: <https://biology-forums.com/index.php?topic=358734>

Question 543

Suppose we know the following about a lawn repair business: wages \$15,000, profits \$4,000, tax \$ 3,000, parts \$ 9,000. What is the contribution to GDP of this business using the product approach?

- A) \$22,000.
- B) \$26,000.
- C) \$27,000.
- D) \$31,000.

Answer: <https://biology-forums.com/index.php?topic=358258>

Question 544

The response of output following a natural disaster includes

- A) an increase in output demand and an increase in output supply.
- B) an increase in output demand and a decrease in output supply.
- C) a decrease in output demand and a decrease in output supply.
- D) a decrease in output demand and an increase in output supply.

Answer: <https://biology-forums.com/index.php?topic=358848>

Question 545

For a country with a fixed exchange rate, foreign exchange reserves are

- A) a liability of the domestic government.
- B) held by private banks.
- C) are unnecessary.
- D) an asset of the domestic government.

Answer: <https://biology-forums.com/index.php?topic=359043>

Question 546

In a Malthusian world, what event would improve temporarily the standard of living, as measured by output per capita?

- A) a new sewer system
- B) a new mutation of germs
- C) an increase in violent crime
- D) a peace keeping mission

Answer: <https://biology-forums.com/index.php?topic=358626>

Question 547

The marginal propensity to consume out of income

- A) varies around one.
- B) is equal to one.
- C) is larger than one.
- D) is smaller than one.

Answer: <https://biology-forums.com/index.php?topic=358818>

Question 548

The goal of the representative firm is to

- A) maximize profits.
- B) hire as much labor as possible.
- C) maximize revenue.
- D) minimize labor costs.

Answer: <https://biology-forums.com/index.php?topic=358488>

Question 549

The real interest rate is

- A) variable.
- B) always negative.
- C) zero.
- D) always positive.

Answer: <https://biology-forums.com/index.php?topic=358228>

Question 550

In the monetary small open-economy model with a flexible exchange rate, an increase in the domestic price level has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359034>

Question 551

A natural region over which a single currency dominates as a medium of exchange is called

- A) monetary union area.
- B) currency union.
- C) common currency area.
- D) sovereign nation.

Answer: <https://biology-forums.com/index.php?topic=359053>

Question 552

A scatterplot is

- A) a graph of one series against time.
- B) a graph of two series against time.
- C) a graph highlighting leads and lags.
- D) a graph with one series on each axis.

Answer: <https://biology-forums.com/index.php?topic=358365>

Question 553

The gold standard is an example of

- A) commodity money.
- B) commodity-backed paper currency.
- C) fiat money.
- D) barter currency.

Answer: <https://biology-forums.com/index.php?topic=359079>

Question 554

A numeraire is

- A) an average good.
- B) a good used as a unit of account.
- C) a tax levied on each consumer.
- D) an optimal bundle of goods.

Answer: <https://biology-forums.com/index.php?topic=358433>

Question 555

The U.S. government budget was

- A) continuously in surplus from 1959 to the late 1990s.
- B) in deficit for most of the period from 1959-1970, but was in surplus for most of the period from 1970 to the late 1990s.
- C) in surplus for most of the period from 1959-1970, but was in deficit for most of the period from 1970 to the late 1990s.
- D) continuously in deficit from 1959 to the late 1990s.

Answer: <https://biology-forums.com/index.php?topic=358218>

Question 556

Which of the following increases total factor productivity?

- A) better access to credit
- B) new production procedures
- C) investment in machinery
- D) a harsh winter

Answer: <https://biology-forums.com/index.php?topic=358633>

Question 557

Over the course of the twentieth century, the typical American

- A) became twice as rich.
- B) became five times as rich
- C) became eight times as rich.
- D) remained equally as rich.

Answer: <https://biology-forums.com/index.php?topic=358176>

Question 558

A consumer may increase her saving by

- A) working more hours and consuming more goods in the present period.
- B) working fewer hours and consuming more goods in the present period.
- C) working more hours and consuming fewer goods in the present period.
- D) working fewer hours and consuming fewer goods in the present period.

Answer: <https://biology-forums.com/index.php?topic=358803>

Question 559

The components of consumption expenditures include all of the following except

- A) durable goods consumption.
- B) services.
- C) nondurable goods consumption.
- D) government consumption.

Answer: <https://biology-forums.com/index.php?topic=358279>

Question 560

To implement the Friedman rule for long-term monetary policy, the monetary authority would need to set the

- A) real rate of interest equal to zero.
- B) money growth rate equal to zero.
- C) inflation rate equal to zero.
- D) nominal rate of interest equal to zero.

Answer: <https://biology-forums.com/index.php?topic=359098>

Question 561

An improvement in school quality translates into an increase in which model parameter?

- A) $1-u$
- B) z
- C) H
- D) b

Answer: <https://biology-forums.com/index.php?topic=358703>

Question 562

Seasonal adjustment tends to

- A) accentuate seasonal fluctuations.
- B) take out the deviations from trend in a time series.
- C) make a time series acyclical.
- D) smooth a time series with an important seasonal component.

Answer: <https://biology-forums.com/index.php?topic=358396>

Question 563

Which of the following is not a reason for differences in total factor productivity across countries?

- A) Differences in the size of population.
- B) barriers to the adoption of new technology.
- C) inefficient allocation of factors of production across firms in some countries.
- D) learning by doing.

Answer: <https://biology-forums.com/index.php?topic=358667>

Question 564

International trade between two countries

- A) benefits only the sending country.
- B) benefits only the receiving country.
- C) benefits neither country.

D) benefits both countries.

Answer: <https://biology-forums.com/index.php?topic=358207>

Question 565

In the monetary small open-economy model with a fixed exchange rate, an increase in the world real interest rate

- A) increases the domestic price level and has no effect on domestic output.
- B) decreases domestic output and has no effect on the domestic price level.
- C) decreases the domestic price level and has no effect on domestic output.
- D) increases domestic output and has no effect on the domestic price level.

Answer: <https://biology-forums.com/index.php?topic=359047>

Question 566

The demand for current consumption, as plotted against the interest rate, shifts to the right due to all of the following except

- A) an increase in current income.
- B) a increase in future taxes.
- C) an increase in future income.
- D) a decrease in current taxes.

Answer: <https://biology-forums.com/index.php?topic=358817>

Question 567

In a Malthusian world, what events would improve permanently the standard of living, as measured by output per capita?

- A) an increase in violent crime
- B) a new sewer system
- C) a new mutation of germs
- D) a peace keeping mission

Answer: <https://biology-forums.com/index.php?topic=358627>

Question 568

If Year 2 is the base year, the real GDP of Year 1 is

- A) \$2400.
- B) \$1050.
- C) \$800.
- D) \$1900.

Answer: <https://biology-forums.com/index.php?topic=358311>

Question 569

For assessing whether or not and how much of an asset to hold, the important consideration is the asset's amount of

- A) absolute risk.
- B) nondiversifiable risk.
- C) relative risk.
- D) diversifiable risk.

Answer: <https://biology-forums.com/index.php?topic=359106>

Question 570

Jim's Nursery produces and sells \$1100 worth of flowers. Jim uses no intermediate inputs. He pays his workers \$700 in wages, pays \$100 in taxes and pays \$200 in interest on a loan. Jim's profit is

- A) \$200.
- B) \$800.
- C) \$100.
- D) \$400.

Answer: <https://biology-forums.com/index.php?topic=358247>

Question 571

We use a two-period model because

- A) the business cycle has two phases: contraction and recovery.
- B) this is the horizon of the politicians that formulate policy.
- C) it is the simplest dynamic model.
- D) we want to make a distinction between young and old households.

Answer: <https://biology-forums.com/index.php?topic=358714>

Question 572

In the two-period model, the nature of the asymmetric information is that

- A) only borrowers know whether they are bad or not.
- B) only banks can value the collateral.
- C) only the bank knows who the bad borrowers are.
- D) only borrowers know the value of their collateral.

Answer: <https://biology-forums.com/index.php?topic=358789>

Question 573

A competitive equilibrium may fail to be Pareto optimal due to all of the following except

- A) non-price-taking firms.
- B) inequality.
- C) externalities.
- D) distorting taxes.

Answer: <https://biology-forums.com/index.php?topic=358534>

Question 574

There is evidence that income per worker is converging in

- A) the poorest countries, but not the richest countries.
- B) the richest countries, but not the poorest countries.
- C) neither the richest nor the poorest countries.
- D) the richest countries and the poorest countries.

Answer: <https://biology-forums.com/index.php?topic=358609>

Question 575

Total factor productivity shocks are not a good explanation of economic fluctuations in the New Keynesian model for all the following reasons except

- A) they do not generate output fluctuations.
- B) employment drops when TFP increases.
- C) they do not generate price fluctuations.
- D) the real wage drops when TFP increases.

Answer: <https://biology-forums.com/index.php?topic=358983>

Question 576

A barter economy

- A) is an economy with no business firms.
- B) cannot be a market economy.
- C) is an economy without monetary exchange.
- D) is not a competitive economy.

Answer: <https://biology-forums.com/index.php?topic=358431>

Question 577

The real return on bonds is

- A) 0.
- B) i .
- C) R .
- D) r .

Answer: <https://biology-forums.com/index.php?topic=358878>

Question 578

The components of investment expenditures include all of the following except

- A) residential investment.
- B) financial investment.
- C) non-residential investment.
- D) inventory investment.

Answer: <https://biology-forums.com/index.php?topic=358281>

Question 579

A government surplus is

- A) when it is owed more than what it owes.
- B) when it owes more than what it is owed.
- C) when its income is higher than its spending.
- D) when it spends more than its income.

Answer: <https://biology-forums.com/index.php?topic=358225>

Question 580

A classical objection to Keynesian sticky price models is that

- A) it is cheaper for firms to change output rather than change prices.
- B) sticky price models are internally inconsistent.
- C) it is easier for firms to change prices rather than change output.
- D) real shocks are more important than nominal shocks.

Answer: <https://biology-forums.com/index.php?topic=358986>

Question 581

We collapse the consumer's current-period and future-period budget constraints into a single lifetime budget constraint by

- A) eliminating consumption smoothing.
- B) assuming no default.
- C) substituting for savings.
- D) assuming the consumer knows the future.

Answer: <https://biology-forums.com/index.php?topic=358712>

Question 582

The unemployment rate equals

- A) (labor force/total working age population).
- B) (labor force/number unemployed).
- C) (number unemployed/total working age population).
- D) (number unemployed/labor force).

Answer: <https://biology-forums.com/index.php?topic=358330>

Question 583

Here is what we know about a household: wages \$25,000, unemployment insurance benefits \$3,000, dividend income \$4,000, income tax \$5,000. What is the contribution to GDP of this household following the expenditure approach?

- A) \$24,000
- B) \$29,000
- C) \$28,000
- D) \$25,000

Answer: <https://biology-forums.com/index.php?topic=358256>

Question 584

As means of payment currency, credit cards, and debit cards differ according to

- A) whose liability they represent.
- B) whether they pay interest.
- C) transactions costs.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=358875>

Question 585

Jim's Nursery produces and sells \$1100 worth of flowers. Jim uses no intermediate inputs. He pays his workers \$700 in wages, pays \$100 in taxes and pays \$200 in interest on a loan. Jim's contribution to GDP is

- A) \$1000.
- B) \$1100.
- C) \$900.
- D) \$1800.

Answer: <https://biology-forums.com/index.php?topic=358246>

Question 586

The expenditure components of GDP include all of the following except

- A) investment.
- B) consumption.

- C) net exports.
- D) net factor payments.

Answer: <https://biology-forums.com/index.php?topic=358266>

Question 587

There is a double coincidence of wants when

- A) person 1 has what person 2 wants, and person 2 has money.
- B) person 1 has what person 2 wants, who in turn wants what person 3 has.
- C) person 1 has money, and person 2 has what person 1 wants.
- D) person 1 has what person 2 wants, and person 2 has what person 1 wants.

Answer: <https://biology-forums.com/index.php?topic=359076>

Question 588

If purchasing power parity holds, the exchange rate (e) can be expressed as a function of the domestic price (P) and the foreign price (P^*) as

- A) $e = P^* - P$.
- B) $e = P^* + P$.
- C) $e = P - P^*$.
- D) $e = P/P^*$.

Answer: <https://biology-forums.com/index.php?topic=359014>

Question 589

Additions to inventory are

- A) not counted as an expenditure in GDP accounting.
- B) subtracted from sales revenue in calculating profit income.
- C) counted as a component of investment spending.
- D) counted as an intermediate input.

Answer: <https://biology-forums.com/index.php?topic=358271>

Question 590

The coordination failure model is based on the possibility of increasing returns to scale

- A) both at the aggregate level and at the level of the individual firm.
- B) in future periods, but not in the current period.
- C) at the aggregate level, but not at the level of the individual firm.
- D) at the level of the individual firm, but not at the aggregate level.

Answer: <https://biology-forums.com/index.php?topic=358939>

Question 591

The product approach to measuring GDP values government production at

- A) market prices.
- B) its estimated value to society.
- C) its cost of production.
- D) the total amount of taxes it collects.

Answer: <https://biology-forums.com/index.php?topic=358265>

Question 592

To support the argument for an active role for government in stabilizing the economy, it must be true that

- A) consumers are not rational and that not all wages and prices are flexible.
- B) not all wages and prices are flexible and that government must be able to react quickly enough.
- C) shocks to the economy be primarily due to aggregate supply shocks and that consumers are not rational.
- D) government must be able to react quickly enough and that shocks to the economy be primarily due to aggregate supply shocks.

Answer: <https://biology-forums.com/index.php?topic=358980>

Question 593

In the endogenous growth model presented in the text, an increase in the fraction of time accumulating human capital

- A) increases the growth rate of human capital and decreases the growth rate of output.
- B) decreases the growth rate of human capital and decreases the growth rate of output.
- C) increases the growth rate of human capital and increases the growth rate of output.
- D) decreases the growth rate of human capital and increases the growth rate of output.

Answer: <https://biology-forums.com/index.php?topic=358696>

Question 594

- A Pareto optimum is a point that
- A) a social planner would choose.
 - B) a malevolent dictator would choose.
 - C) a cooperative coalition of some altruistic consumers would choose.
 - D) a cooperative coalition of some socially responsible firms would choose.

Answer: <https://biology-forums.com/index.php?topic=358526>

Question 595

- The endowment point is the consumption bundle in which
- A) savings are zero.
 - B) households maximize utility.
 - C) permanent income is maximized.
 - D) households are indifferent to interest rate changes.

Answer: <https://biology-forums.com/index.php?topic=358723>

Question 596

- The large quantity of currency held per person in the United States reflects
- A) The income-expenditure identity.
 - B) The distrust of banks in the United States.
 - C) The importance of the underground economy.
 - D) The high level of GDP per person in the United States.

Answer: <https://biology-forums.com/index.php?topic=358277>

Question 597

- In the New Keynesian model, if there is a decrease in anticipated future total factor productivity, then
- A) the central bank's interest rate target should be increased.
 - B) government spending should fall, and the central bank's interest rate target should rise.
 - C) there should be no change in monetary or fiscal policy.
 - D) government spending should increase.

Answer: <https://biology-forums.com/index.php?topic=358981>

Question 598

- The principle that consumers and firms optimize
- A) only applies to perfectly competitive markets.
 - B) is not helpful because some economic agents may behave irrationally.
 - C) is helpful because it determines the available technology.
 - D) is helpful because it allows us to analyze how economic agents respond to changes in their environment.

Answer: <https://biology-forums.com/index.php?topic=358399>

Question 599

- If the central bank cannot commit, then
- A) the Phillips curve is stable.
 - B) the central bank cannot stop itself from exploiting the Phillips curve.
 - C) the outcome is good for the macroeconomy.
 - D) the leader of the central bank wants to quit.

Answer: <https://biology-forums.com/index.php?topic=359127>

Question 600

- The marginal product of a factor of production
- A) always exceeds the average product of that factor input, holding constant the quantities of the other factor inputs.
 - B) is equal to the amount of additional output that can be produced with one additional unit of that factor input, holding constant the quantities of the other factor inputs.
 - C) is equal to the amount of additional output that can be produced with one additional unit of each factor input.
 - D) is equal to the ratio of the amount of that factor of production to the amount of output produced.

Answer: <https://biology-forums.com/index.php?topic=358467>

Question 601

What is a characteristic of human capital?

- A) rapid accumulation
- B) concavity
- C) private ownership
- D) rivalry

Answer: <https://biology-forums.com/index.php?topic=358683>

Question 602

For a consumer bound by the collateral constraint, a reduction in the price of the collateral leads to

- A) nothing.
- B) an increase in current consumption and a decrease in future consumption.
- C) a decrease in current and future consumption.
- D) a decrease in current consumption and no change in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358793>

Question 603

We are assuming that returns to scale are

- A) zero.
- B) increasing.
- C) scalable.
- D) constant.

Answer: <https://biology-forums.com/index.php?topic=358470>

Question 604

The consumer wants to work because he/she

- A) likes to work.
- B) wants the income.
- C) likes leisure.
- D) is told to work.

Answer: <https://biology-forums.com/index.php?topic=358405>

Question 605

If deviations from trend in a macroeconomic variable are positively correlated with deviations from trend in real GDP, that variable is said to be

- A) procyclical.
- B) useful in predicting future movements in real GDP.
- C) countercyclical.
- D) acyclical.

Answer: <https://biology-forums.com/index.php?topic=358364>

Question 606

If money is superneutral,

- A) a one-time change in the money supply has a real impact.
- B) a change in the money growth rate has no real impact.
- C) a one-time change in the money supply has no real impact.
- D) a change in the money growth rate has a real impact.

Answer: <https://biology-forums.com/index.php?topic=359097>

Question 607

In the endogenous growth model presented in the text, an increase in the efficiency of human capital accumulation

- A) increases the growth rate of human capital and increases the growth rate of output.
- B) decreases the growth rate of human capital and increases the growth rate of output.
- C) increases the growth rate of human capital and decreases the growth rate of output.
- D) decreases the growth rate of human capital and decreases the growth rate of output.

Answer: <https://biology-forums.com/index.php?topic=358695>

Question 608

An economy that has no interaction with the rest of the world is called

- A) a parochial economy.
- B) an isolated economy.
- C) a rogue nation.

D) a closed economy.

Answer: <https://biology-forums.com/index.php?topic=358499>

Question 609

When there is positive inflation,

- A) growth in nominal GDP exceeds growth in real GDP.
- B) there can never be any growth in nominal GDP.
- C) growth in real GDP and nominal GDP are roughly equal.
- D) growth in real GDP exceeds growth in nominal GDP.

Answer: <https://biology-forums.com/index.php?topic=358284>

Question 610

As the quantity of labor increases, the marginal product of labor

- A) is constant.
- B) increases.
- C) may either increase or decrease.
- D) decreases.

Answer: <https://biology-forums.com/index.php?topic=358471>

Question 611

Which of the following is NOT a feature of recent U.S. business cycles?

- A) The time series of deviations from trend in real GDP is quite choppy.
- B) The time series of deviations from trend in real GDP is quite smooth.
- C) There is no regularity to the frequency of fluctuations in real GDP above trend.
- D) There is no regularity to the amplitude of fluctuations in real GDP above trend.

Answer: <https://biology-forums.com/index.php?topic=358349>

Question 612

Inflation tax is

- A) a tax on nominal goods.
- B) a special tax introduced in the 1970s to fight inflation.
- C) the sales tax.
- D) the revenue from seigniorage.

Answer: <https://biology-forums.com/index.php?topic=358894>

Question 613

A government deficit occurs when

- A) a government loses an election.
- B) the government spends more than what it gets in taxes.
- C) public goods are worth less than what was paid for them.
- D) the government still has Treasury bonds to reimburse.

Answer: <https://biology-forums.com/index.php?topic=358220>

Question 614

It is useful to study the Solow growth model because

- A) it can help us understand the reasons for population control.
- B) it has a steady state.
- C) it provides a useful account of the reasons for population growth.
- D) it is useful in understanding the sources of economic growth after 1800.

Answer: <https://biology-forums.com/index.php?topic=358645>

Question 615

You are a baker. You paid \$150K in wages, \$50K for dough, \$20K for power, \$5K in interest for a business loan, \$25K in taxes, and made a profit of \$10K. How much did your contribution to GDP using the product approach?

- A) \$85K
- B) \$80K
- C) \$260K
- D) \$190K

Answer: <https://biology-forums.com/index.php?topic=358253>

Question 616

We consider the preferences of the consumer because

- A) we want to understand the consumer's reaction to changing circumstances.
- B) the government wants to make the best consumption and leisure choice.
- C) we want to determine the best marketing strategy.
- D) the firm needs to determine what to produce.

Answer: <https://biology-forums.com/index.php?topic=358407>

Question 617

Price tags attached to goods for purchase at a store would be an example of money's role as a

- A) store of value.
- B) unit of account.
- C) medium of exchange.
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=358865>

Question 618

In the monetary small open-economy model with a flexible exchange rate, an increase in the exchange rate has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359035>

Question 619

The behavior of the Solow residual suggests that when current total factor productivity increases

- A) it becomes more difficult to predict future total factor productivity.
- B) such increases are temporary, so we can draw no conclusions about the likely behavior of future total factor productivity.
- C) future total factor productivity is likely to decrease.
- D) future total factor productivity is also likely to increase.

Answer: <https://biology-forums.com/index.php?topic=358921>

Question 620

Proportional income taxation is distorting because

- A) firms do all they can to avoid paying taxes.
- B) the competitive equilibrium is not Pareto optimal.
- C) people do all they can to avoid paying taxes.
- D) the government budget constraint does not hold.

Answer: <https://biology-forums.com/index.php?topic=358555>

Question 621

What do we assume about households and firms?

- A) They optimize.
- B) They look after each other.
- C) They act irrationally.
- D) They do what the government tells them to do.

Answer: <https://biology-forums.com/index.php?topic=358187>

Question 622

Convergence means that

- A) all countries grow at the same rate.
- B) all countries tend towards the same per capita income.
- C) if poor countries grow fast, then fast growing countries are poor.
- D) the savings rate is positively related to per capita income.

Answer: <https://biology-forums.com/index.php?topic=358663>

Question 623

A model with coordination failures has

- A) a tax rate that is too high.
- B) multiple equilibria.
- C) a government that is too large.
- D) agents that do not act rationally.

Answer: <https://biology-forums.com/index.php?topic=358936>

Question 624

The total government expenditure multiplier is less than one because

- A) the marginal propensity to consume is less than one.
- B) investment demand falls dramatically when the government goes into debt.
- C) government expenses affect labor demand.
- D) labor supply reacts to interest rate changes and consumption demand is affected by taxes.

Answer: <https://biology-forums.com/index.php?topic=358847>

Question 625

In the steady state of Solow's exogenous growth model, an increase in the savings rate

- A) decreases output per worker and increases capital per worker.
- B) increases output per worker and decreases capital per worker.
- C) decreases output per worker and decreases capital per worker.
- D) increases output per worker and increases capital per worker.

Answer: <https://biology-forums.com/index.php?topic=358654>

Question 626

A devaluation of the exchange rate is a policy action that

- A) decreases the nominal exchange rate.
- B) increases the nominal exchange rate.
- C) increases the real exchange rate.
- D) decreases the real exchange rate.

Answer: <https://biology-forums.com/index.php?topic=359019>

Question 627

Real investment tends to be

- A) countercyclical and less variable than real GDP.
- B) countercyclical and more variable than real GDP.
- C) procyclical and less variable than real GDP.
- D) procyclical and more variable than real GDP.

Answer: <https://biology-forums.com/index.php?topic=358373>

Question 628

A time series is

- A) a macroeconomic aggregate that does not lead or lag the business cycle.
- B) data that is subject to revision.
- C) the length of a business cycle.
- D) a sequence of dated measurements.

Answer: <https://biology-forums.com/index.php?topic=358354>

Question 629

In the coordination failure model, the "good" equilibrium is characterized by a

- A) lower real interest rate and a lower price level than the "bad" equilibrium.
- B) higher real interest rate and a lower price level than the "bad" equilibrium.
- C) lower real interest rate and a higher price level than the "bad" equilibrium.
- D) higher real interest rate and a higher price level than the "bad" equilibrium.

Answer: <https://biology-forums.com/index.php?topic=358942>

Question 630

We can express the per-worker production function as a function of only per-worker capital thanks to

- A) the constant returns to scale.
- B) the decreasing marginal return of capital.
- C) the decreasing marginal return of labor.

D) the impatience of households.

Answer: <https://biology-forums.com/index.php?topic=358642>

Question 631

A key property of a Diamond-Dybvig bank is

- A) it provides benefits very different from the provision of insurance.
- B) it trades with other banks.
- C) it lends to borrowers.
- D) it is well-diversified.

Answer: <https://biology-forums.com/index.php?topic=359110>

Question 632

In a frictionless world

- A) Fully funded social security is always preferred to pay-as-you-go social security.
- B) Fully funded social security must necessarily make everyone better off, as it provides for retirement.
- C) Fully-funded social security is a constraint on private saving behavior, and therefore cannot make anyone better off.
- D) Fully funded social security is more efficient, because it is a private program instead of a government program.

Answer: <https://biology-forums.com/index.php?topic=358802>

Question 633

Money is neutral in the model economy we discussed because

- A) it is a barter economy.
- B) prices are fully flexible.
- C) the money supply is intertemporal.
- D) the money supply is exogenous.

Answer: <https://biology-forums.com/index.php?topic=358898>

Question 634

The Malthusian model performs poorly in explaining economic growth after the

- A) Industrial Revolution.
- B) Bio-technology Revolution.
- C) American Revolution.
- D) French Revolution.

Answer: <https://biology-forums.com/index.php?topic=358605>

Question 635

An increase in real dividend income minus taxes represents

- A) neither a pure income effect nor a pure substitution effect.
- B) a pure income effect.
- C) a pure substitution effect.
- D) a combination of income and substitution effects.

Answer: <https://biology-forums.com/index.php?topic=358451>

Question 636

A double coincidence of wants problem can be overcome by

- A) fiat money.
- B) commodity money.
- C) banks.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=359077>

Question 637

A consumption bundle

- A) measures the quality of a particular good.
- B) is a method of bringing home consumption goods.
- C) only measures a quantity of goods and services, but not the amount of leisure.
- D) is a particular combination of consumption and leisure.

Answer: <https://biology-forums.com/index.php?topic=358421>

Question 638

When drawn against the real interest rate, output supply increases if

- A) the money supply increases.
- B) current total factor productivity increases.
- C) current government expenses increase.
- D) future government expenses increase.

Answer: <https://biology-forums.com/index.php?topic=358835>

Question 639

A competitive equilibrium is a state of affairs in which

- A) output is maximized, and all agents are equally well-off.
- B) all agents are equally well-off and agents are price-takers.
- C) economic agents are price takers and markets clear.
- D) markets clear, and output is maximized.

Answer: <https://biology-forums.com/index.php?topic=358510>

Question 640

Output supply is increasing in the interest rate because

- A) labor demand is decreasing in the interest rate.
- B) labor demand is increasing in the interest rate.
- C) labor supply is increasing in the interest rate.
- D) labor supply is decreasing in the interest rate.

Answer: <https://biology-forums.com/index.php?topic=358833>

Question 641

A positive, pure income effect can be obtained by

- A) increasing the dividend.
- B) increasing the tax.
- C) increasing the real wage.
- D) decreasing leisure.

Answer: <https://biology-forums.com/index.php?topic=358452>

Question 642

For the coordination failure model to work, it must be the case that the aggregate labor demand curve must be

- A) downward sloping and steeper than the labor supply curve.
- B) upward sloping and flatter than the labor supply curve.
- C) downward sloping and flatter than the labor supply curve.
- D) upward sloping and steeper than the labor supply curve.

Answer: <https://biology-forums.com/index.php?topic=358940>

Question 643

Changes in total factor productivity are plausible causes of business cycles because productivity-induced business cycles correctly predict

- A) real wages and total hours must be procyclical.
- B) total hours worked and consumption must be procyclical.
- C) consumption and government spending must be procyclical.
- D) real wages and consumption must be procyclical.

Answer: <https://biology-forums.com/index.php?topic=358549>

Question 644

The phenomenon in which an insured individual takes less care in preventing the event against which she is insured is an example of

- A) moral hazard.
- B) double coincidence of wants.
- C) adverse selection.
- D) foolish behavior.

Answer: <https://biology-forums.com/index.php?topic=359116>

Question 645

The Phillips curve shifts because

- A) private behavior adapts to monetary policy.
- B) the central bank attempts to exploit the Phillips curve.
- C) expected inflation changes.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=359124>

Question 646

According to real business cycle theorists, the tendency of money to lead output may be due to

- A) the Federal Reserve's use of all available information in trying to stabilize the level of economic activity and government spending shocks, which lead to later changes in economic activity.
- B) government spending shocks, which lead to later changes in economic activity, and the tendency for bank loans to expand in advance of real activity that will occur at a later date.
- C) the Federal Reserve's use of all available information in trying to stabilize the price level and the Federal Reserve's use of all available information in trying to stabilize the level of economic activity.
- D) the tendency for bank loans to expand in advance of real activity that will occur at a later date and the Federal Reserve's use of all available information in trying to stabilize the price level.

Answer: <https://biology-forums.com/index.php?topic=358930>

Question 647

The time constraint for the consumer is

- A) expressed as leisure time - time spent working = total time available.
- B) the amount of time for decision making.
- C) expressed as leisure time - sleep time = time spent working.
- D) expressed as leisure time + time spent working = total time available.

Answer: <https://biology-forums.com/index.php?topic=358435>

Question 648

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Average labor productivity fluctuates less than GDP.
- B) Employment fluctuates less than GDP.
- C) Consumption fluctuates less than GDP.
- D) Investment fluctuates less than GDP.

Answer: <https://biology-forums.com/index.php?topic=358391>

Question 649

What is the real GDP in year 1 using base year 1?

- A) \$360.
- B) \$338.
- C) \$300.
- D) \$418.

Answer: <https://biology-forums.com/index.php?topic=358301>

Question 650

The founding of the U.S. FDIC was primarily in response to

- A) the Great Depression.
- B) serious inflation after the Civil War.
- C) the Volker recession in 1981-1982.
- D) the bank panic of 1907.

Answer: <https://biology-forums.com/index.php?topic=359114>

Question 651

For the period 1947-2012, the behavior of the U.S. money supply is best characterized as

- A) somewhat more volatile than GDP.
- B) nearly constant over time.
- C) extremely volatile and unstable.
- D) somewhat smoother than GDP.

Answer: <https://biology-forums.com/index.php?topic=358384>

Question 652

Which of the following is false?

- A) a lump-sum tax does not depend on any action taken by a consumer.
- B) all taxes have distorting effects on the behavior of economic agents.
- C) lump-sum taxes are realistic.
- D) in practice, no taxes are lump-sum.

Answer: <https://biology-forums.com/index.php?topic=358434>

Question 653

In the coordination failure model, the most likely explanation of business cycles are

- A) money supply shocks.
- B) fluctuations between "good" and "bad" equilibria.
- C) government spending shocks.
- D) total factor productivity shocks.

Answer: <https://biology-forums.com/index.php?topic=358944>

Question 654

Current macroeconomic models use microeconomic principles because

- A) they highlight the sociological aspects of production.
- B) we live in a democratic society and everybody has a say.
- C) they use the same language for all economists.
- D) the behavior of economic agents changes with policy.

Answer: <https://biology-forums.com/index.php?topic=358190>

Question 655

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Average labor productivity is procyclical.
- B) Investment fluctuates a lot.
- C) Prices are procyclical.
- D) Consumption fluctuates little.

Answer: <https://biology-forums.com/index.php?topic=358393>

Question 656

The two most common types of money in circulation in the United States today consist of

- A) private bank notes and commodity-backed paper currency.
- B) transaction deposits at banks and commodity money.
- C) commodity-backed paper currency and fiat money.
- D) fiat money and transaction deposits at banks.

Answer: <https://biology-forums.com/index.php?topic=358868>

Question 657

Malthus was too pessimistic because he did not foresee the effects of

- A) ever increasing amounts of land for cultivation.
- B) improved family planning practices.
- C) improved nutrition and health care.
- D) increases in the capital stock and the effects of such increases on production.

Answer: <https://biology-forums.com/index.php?topic=358629>

Question 658

Active stabilization policy can be rationalized in the New Keynesian model because

- A) the government knows best.
- B) it counteracts the influence of unions.
- C) it makes it possible to obtain zero inflation.
- D) it allows a faster return to economic efficiency.

Answer: <https://biology-forums.com/index.php?topic=358974>

Question 659

The matching function captures the idea that

- A) it is costly and time-consuming to get firms and workers together to produce output.
- B) consumers have to be paid to work.
- C) firms are profit-maximizing.
- D) supply and demand for labor determine the market wage.

Answer: <https://biology-forums.com/index.php?topic=358586>

Question 660

If the firm hires more labor, everything else held constant, then

- A) output decreases.
- B) there is an increase in the marginal product of labor.
- C) the marginal product of labor falls.
- D) total factor productivity falls.

Answer: <https://biology-forums.com/index.php?topic=358485>

Question 661

What is the major problem in a currency union?

- A) It is akin to dollarization.
- B) The capital account becomes difficult to define.
- C) Participating central banks may not agree on monetary policy.
- D) Money demand becomes more erratic.

Answer: <https://biology-forums.com/index.php?topic=359055>

Question 662

Some of the most renowned examples of hyperinflation occurred in Austria, Hungary, Germany and Poland shortly after

- A) the fall of the Berlin Wall.
- B) World War I.
- C) World War II.
- D) the collapse of the Austro-Hungarian Empire.

Answer: <https://biology-forums.com/index.php?topic=359105>

Question 663

If the interest rate goes up, what happens to the investment demand curve?

- A) It shift to the left.
- B) It shifts to the right.
- C) It stays put.
- D) We cannot tell.

Answer: <https://biology-forums.com/index.php?topic=358829>

Question 664

Time inconsistency means

- A) taking different decisions at different times despite facing the same situation.
- B) deciding to do something tomorrow, and then doing something different tomorrow.
- C) making policy choices that violate the intertemporal budget constraint.
- D) adding a random factor to decisions.

Answer: <https://biology-forums.com/index.php?topic=359126>

Question 665

As the quantity of capital increases, the marginal product of capital

- A) may either increase or decrease.
- B) does not change.
- C) increases.
- D) decreases.

Answer: <https://biology-forums.com/index.php?topic=358473>

Question 666

In the two-period model, the budget constraint is kinked for all of these reasons, except

- A) there is asymmetric information in the credit market.
- B) there are costs to banks from lending and borrowing.
- C) there is limited commitment in the credit market.
- D) the real interest rate is greater than zero.

Answer: <https://biology-forums.com/index.php?topic=358777>

Question 667

We learn the following about a ski resort: ticket sales \$100M, snow making expenses \$70M, wages \$20M, interest on business loans \$5M, and profits \$5M. What is the contribution to GDP using the product approach?

- A) \$95M
- B) \$100M
- C) \$70M
- D) \$80M

Answer: <https://biology-forums.com/index.php?topic=358254>

Question 668

When current account deficits are used to finance investment spending, such deficits may be self-correcting because

- A) the resulting increase in national indebtedness increases labor demand.
- B) they promote more responsible government policies.
- C) the resulting increase in the capital stock over time shifts the output supply curve to the right.
- D) the resulting increase in the capital stock over time shifts the output demand curve to the right.

Answer: <https://biology-forums.com/index.php?topic=359005>

Question 669

In an economic model, an exogenous variable is

- A) determined outside the model.
- B) a stand-in for more complicated variables.
- C) a variable that has no effect on the workings of the model.
- D) determined by the model itself.

Answer: <https://biology-forums.com/index.php?topic=358502>

Question 670

In the Friedman-Lucas money surprise model, a surprise increase in money supply growth

- A) increases inflation more than in proportion to the growth rate of the money supply.
- B) increases inflation in an equal proportion to the growth rate of the money supply.
- C) has no effect on inflation.
- D) increases inflation less than in proportion to the growth rate of the money supply.

Answer: <https://biology-forums.com/index.php?topic=359122>

Question 671

The rate at which one good can be converted technologically into another is called

- A) the marginal rate of substitution.
- B) the rate of conversion.
- C) the marginal product of labor.
- D) the marginal rate of transformation.

Answer: <https://biology-forums.com/index.php?topic=358521>

Question 672

If future total factor productivity increases

- A) labor demand increases.
- B) government expenses increase.
- C) investment demand increases.
- D) consumption demand decreases.

Answer: <https://biology-forums.com/index.php?topic=358853>

Question 673

If real GDP helps to predict the path of a particular macroeconomic variable, it is said to be a

- A) lagging variable.
- B) leading variable.
- C) coincident variable.
- D) conventional variable.

Answer: <https://biology-forums.com/index.php?topic=358369>

Question 674

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

- A) they are convex and that more is always preferred to less.
- B) each consumer has one strictly preferred good and that consumption and leisure are both normal goods.

- C) consumption and leisure are both normal goods and that the consumer likes diversity in his or her consumption bundle.
D) more is always preferred to less and that each consumer has one strictly favorite good.

Answer: <https://biology-forums.com/index.php?topic=358415>

Question 675

- Any increase in the present value of taxes for the consumer implies
- A) an increase in lifetime wealth and a decrease in current labor supply.
 - B) an increase in lifetime wealth and an increase in current labor supply.
 - C) a decrease in lifetime wealth and a decrease in current labor supply.
 - D) a decrease in lifetime wealth and an increase in current labor supply.

Answer: <https://biology-forums.com/index.php?topic=358815>

Question 676

Which of the following is not a property of a competitive equilibrium?

- A) the government budget constraint is satisfied.
- B) increasing total factor productivity.
- C) consumers and firms optimize given market prices.
- D) markets clear.

Answer: <https://biology-forums.com/index.php?topic=358509>

Question 677

Additions to the nation's capital stock are brought about through

- A) investment and the government budget surplus.
- B) investment and the current account surplus.
- C) the current account surplus.
- D) investment.

Answer: <https://biology-forums.com/index.php?topic=358328>

Question 678

In the monetary small open-economy model with a fixed exchange rate, the domestic

- A) government loses control over the level of domestic taxes.
- B) central bank loses control over the domestic stock of money.
- C) government loses control over the level of domestic government spending and domestic taxes.
- D) government loses control over the level of domestic government spending.

Answer: <https://biology-forums.com/index.php?topic=359045>

Question 679

In U.S. history, use of a commodity-backed paper currency is associated with the

- A) Confederacy during the Civil War.
- B) gold standard.
- C) Free Banking Era.
- D) Bretton Woods Agreement.

Answer: <https://biology-forums.com/index.php?topic=359072>

Question 680

If Year 1 is the base year, the real GDP of Year 2 is

- A) \$1900.
- B) \$1050.
- C) \$800.
- D) \$2400.

Answer: <https://biology-forums.com/index.php?topic=358310>

Question 681

Supply-side economists argue that

- A) one can increase tax revenue by decreasing the tax rate.
- B) one should get rid of all taxes.
- C) increasing tax rates always hurts tax revenue.
- D) tax rates should not be progressive.

Answer: <https://biology-forums.com/index.php?topic=358563>

Question 682

The nominal return of money is

- A) r .
- B) i .
- C) 0.
- D) R .

Answer: <https://biology-forums.com/index.php?topic=358879>

Question 683

Which condition would generate a violation of the Ricardian Equivalence?

- A) downward sloping labor supply curve
- B) inflationary monetary policy
- C) deflationary monetary policy
- D) underdeveloped credit markets

Answer: <https://biology-forums.com/index.php?topic=358772>

Question 684

The idea that economic agents do not make systematic errors because they use all information efficiently is called the

- A) consistency hypothesis.
- B) principle of maximizing behavior.
- C) rational expectations hypothesis.
- D) information efficiency hypothesis.

Answer: <https://biology-forums.com/index.php?topic=359129>

Question 685

The major contributor to the long-run improvement of a country's standard of living is

- A) technological progress.
- B) growth in government.
- C) population growth.
- D) low inflation.

Answer: <https://biology-forums.com/index.php?topic=358216>

Question 686

The calculation of real GDP allows us to

- A) compare national output across periods of time.
- B) adjust for underground economic activity.
- C) separate consumption and investment spending.
- D) adjust for the change in the quality of output over time.

Answer: <https://biology-forums.com/index.php?topic=358286>

Question 687

When drawn against the current real wage, the labor demand curve is

- A) upward sloping because the marginal product of labor declines with the quantity of labor employed.
- B) upward sloping because the marginal product of labor rises with the quantity of labor employed.
- C) downward sloping because the marginal product of labor declines with the quantity of labor employed.
- D) downward sloping because the marginal product of labor rises with the quantity of labor employed.

Answer: <https://biology-forums.com/index.php?topic=358820>

Question 688

Suppose that there is an increase in the demand for money. What is the appropriate monetary policy response in the New Keynesian sticky price model?

- A) an increase in the interest rate target
- B) a decrease in the interest rate target
- C) an increase in government spending
- D) no change in the interest rate target

Answer: <https://biology-forums.com/index.php?topic=358973>

Question 689

- A price may be sticky because
- A) of total factor productivity shocks.
 - B) of menu costs.
 - C) of monetary policy.
 - D) of the monetary illusion.

Answer: <https://biology-forums.com/index.php?topic=358955>

Question 690

- The macroeconomic models that are most supportive of the role of government policy aimed at smoothing business cycles are
- A) real business cycle models.
 - B) Solow growth models.
 - C) Keynesian models.
 - D) endogenous growth models.

Answer: <https://biology-forums.com/index.php?topic=358195>

Question 691

- Extraneous events that are completely unrelated to economic fundamentals are called
- A) moonbeams.
 - B) black holes.
 - C) time warps.
 - D) sunspots.

Answer: <https://biology-forums.com/index.php?topic=358943>

Question 692

- Regarding money, what matters most?
- A) that coins are available.
 - B) that it exists.
 - C) that its quantity is stable.
 - D) that its quantity is known.

Answer: <https://biology-forums.com/index.php?topic=358204>

Question 693

- The most likely explanation of the recession of 1981-1982 was
- A) a collapse in investment spending.
 - B) that it was an unfortunate byproduct of a decrease in inflation.
 - C) an increase in energy prices.
 - D) a dramatic decrease in stock prices.

Answer: <https://biology-forums.com/index.php?topic=358234>

Question 694

- Look at the production schedule below:
- | | | | | | | |
|---------|---|----|----|-----|-----|-----|
| Workers | 0 | 1 | 2 | 3 | 4 | 5 |
| Output | 0 | 45 | 80 | 100 | 130 | 165 |
- Which worker violates a property of the standard production function?
- A) 1
 - B) 2
 - C) 3
 - D) 4

Answer: <https://biology-forums.com/index.php?topic=358483>

Question 695

- An increase in the nominal interest rate increases the quantity of credit card services because
- A) of intertemporal substitution.
 - B) the opportunity cost of making transactions with money has risen.
 - C) the substitution effect is greater than the income effect.
 - D) bank profits go up.

Answer: <https://biology-forums.com/index.php?topic=358887>

Question 696

- The Federal Reserve System has a network of how many Federal Reserve Banks?

- A) 12
- B) 50
- C) 84
- D) 36

Answer: <https://biology-forums.com/index.php?topic=359084>

Question 697

In response to a temporary change in total factor productivity, the adoption of capital controls under a flexible exchange rate

- A) dampens the effect of this disturbance on both domestic output and the nominal exchange rate.
- B) amplifies the effect of this disturbance on domestic output and dampens the effect on the nominal exchange rate.
- C) dampens the effect of this disturbance on domestic output and amplifies the effect on the nominal exchange rate.
- D) amplifies the effect of this disturbance on both domestic output and the nominal exchange rate.

Answer: <https://biology-forums.com/index.php?topic=359063>

Question 698

In the DMP model, an increase in the unemployment insurance benefit does not, under any circumstances

- A) increase the unemployment rate.
- B) increase the vacancy rate.
- C) reduce the size of the labor force.
- D) reduce labor market tightness.

Answer: <https://biology-forums.com/index.php?topic=358591>

Question 699

A production function describes the

- A) intellectual possibilities for converting factor inputs into outputs.
- B) actual process of converting factor inputs into outputs.
- C) technological possibilities for converting factor inputs into outputs.
- D) amount of resources available to the representative firm.

Answer: <https://biology-forums.com/index.php?topic=358464>

Question 700

The demand for money will fall for each of the following reasons, except

- A) more risky banks.
- B) lower interest rates on transactions accounts at banks.
- C) more ATMs.
- D) higher real GDP.

Answer: <https://biology-forums.com/index.php?topic=358908>

Question 701

When we try to measure real GDP and the price level, if we underestimate the growth in real GDP, we will

- A) sometimes underestimate the rate of inflation.
- B) always overestimate the rate of inflation.
- C) always underestimate the rate of inflation.
- D) sometimes overestimate the rate of inflation.

Answer: <https://biology-forums.com/index.php?topic=358320>

Question 702

The tax base is

- A) the lowest tax rate.
- B) the average tax rate.
- C) the tax rate for the base year.
- D) the object being taxed.

Answer: <https://biology-forums.com/index.php?topic=358560>

Question 703

Moral hazard is a problem in providing deposit insurance because insured banks are

- A) more likely to provide bank managers with lavish perquisites.
- B) overly cautious due to extra regulations adopted by the FDIC.
- C) more likely to make bookkeeping errors.
- D) encouraged to take on more risk.

Answer: <https://biology-forums.com/index.php?topic=359115>

Question 704

Ricardian equivalence implies

- A) that if the government saves less, then the nation saves less.
- B) that when the government borrows more, the market real interest rate goes up.
- C) that consumers will save their tax cuts to pay their future taxes.
- D) that when taxes are cut people consume more.

Answer: <https://biology-forums.com/index.php?topic=358766>

Question 705

In the New Keynesian model,

- A) prices are countercyclical.
- B) money is fixed.
- C) money is neutral.
- D) monetary policy has a real impact.

Answer: <https://biology-forums.com/index.php?topic=358961>

Question 706

The International Monetary Fund plays the key role of

- A) providing loans to member countries to help finance development projects.
- B) providing deposit insurance for banks in its member nations.
- C) acting as lender of last resort for its member countries' central banks.
- D) enforcing international monetary agreements.

Answer: <https://biology-forums.com/index.php?topic=359031>

Question 707

In the period 1950-2011, the inflation rate in the U.S. CPI has

- A) been less variable than the inflation rate in the GDP price deflator.
- B) been substantially equal to the inflation rate in the GDP price deflator every year.
- C) varied very little.
- D) been more variable than the inflation rate in the GDP price deflator.

Answer: <https://biology-forums.com/index.php?topic=358318>

Question 708

Credit markets are

- A) bad, as they cause people to accumulate debt.
- B) markets that work perfectly.
- C) important, but given too little attention in the past by macroeconomists.
- D) not important for the financial crisis.

Answer: <https://biology-forums.com/index.php?topic=358200>

Question 709

In the steady state of the Solow growth model

- A) aggregate consumption grows at a constant rate.
- B) consumption equals depreciation.
- C) aggregate output is constant.
- D) per capita variables grow at the rate of population growth.

Answer: <https://biology-forums.com/index.php?topic=358647>

Question 710

Limited commitment means

- A) only some households are allowed to save.
- B) one cannot credibly promise something.
- C) one saves only part of what is optimal.
- D) there is rationing on the credit market.

Answer: <https://biology-forums.com/index.php?topic=358782>

Question 711

In the monetary small open-economy model with a flexible exchange rate, an increase in the foreign price level has which impact on domestic money demand?

- A) It increases it.
- B) It decreases it.
- C) It has no impact.
- D) It depends.

Answer: <https://biology-forums.com/index.php?topic=359033>

Question 712

The real business cycle model best explains the procyclicality of the nominal money supply by

- A) uncorrelated money.
- B) exogenous money.
- C) endogenous money.
- D) an unpredictable Federal Reserve.

Answer: <https://biology-forums.com/index.php?topic=358928>

Question 713

The endogenous growth model predicts that

- A) output per capita is constant.
- B) rich countries will always become poor.
- C) differences in per capital incomes across countries persist forever.
- D) there is convergence in incomes per capita across countries.

Answer: <https://biology-forums.com/index.php?topic=358689>

Question 714

What immediate consequence does an increase in education time have in the endogenous growth model with human capital?

- A) lower output
- B) lower human capital
- C) lower output in the future
- D) lower wages

Answer: <https://biology-forums.com/index.php?topic=358704>

Question 715

What fundamental problem does the New Keynesian model have, when compared to the data?

- A) Aggregate output demand does not matter.
- B) Prices do not fluctuate in the right way.
- C) The real wage moves too little.
- D) Investment fluctuates more than consumption.

Answer: <https://biology-forums.com/index.php?topic=358971>

Question 716

In the steady state of Solow's exogenous growth model, an increase in the growth rate of labor force

- A) increases output per worker and increases capital per worker.
- B) increases output per worker and decreases capital per worker.
- C) decreases output per worker and decreases capital per worker.
- D) decreases output per worker and increases capital per worker.

Answer: <https://biology-forums.com/index.php?topic=358659>

Question 717

In an open economy, the law of one price implies that

- A) perfect competition holds in all domestic markets.
- B) the nominal exchange rate should equal one.
- C) purchasing power parity should hold.
- D) the domestic economy may have a comparative advantage in only half the goods it produces.

Answer: <https://biology-forums.com/index.php?topic=359012>

Question 718

At the end of the future period, in the real intertemporal model with investment

- A) the firm's capital is converted into labor.
- B) the firm's capital becomes useless and is thrown away.

- C) the firm's capital is used to produce more capital for the distant future.
D) the firm can convert capital one-for-one into consumption goods.

Answer: <https://biology-forums.com/index.php?topic=358808>

Question 719

- In macroeconomic analysis, the representative consumer
- A) plays the role of a stand-in for all consumers in the economy.
B) is always a misleading fiction.
C) is the consumer who bargains with firms for all workers in the economy.
D) denotes the consumer with the average amount of income.

Answer: <https://biology-forums.com/index.php?topic=358406>

Question 720

- The time consistency problem implies that
- A) central bank commitment is useful.
B) discretion is better than tying your hands.
C) there are problems we cannot solve.
D) the central bank should not commit.

Answer: <https://biology-forums.com/index.php?topic=359138>

Question 721

Year 2 nominal GDP is

- A) \$200.
B) \$310.
C) \$390.
D) \$270.

Answer: <https://biology-forums.com/index.php?topic=358292>

Question 722

For a competitive equilibrium in a two-period model, all of the following must be true except

- A) there must be an equal number of borrowers and lenders.
B) the credit market clears.
C) each consumer picks first- and second-period consumption given the real interest rate.
D) the government's present-value budget constraint holds.

Answer: <https://biology-forums.com/index.php?topic=358762>

Question 723

The nominal GDP of Year 2 is

- A) \$1050.
B) 1900.
C) \$800.
D) \$2400.

Answer: <https://biology-forums.com/index.php?topic=358313>

Question 724

The substitution effect of a change in the real interest rate is an example of

- A) a temporary substitution effect.
B) an atemporal substitution effect.
C) an intertemporal substitution effect.
D) an intratemporal substitution effect.

Answer: <https://biology-forums.com/index.php?topic=358759>

Question 725

In the absence of a financial system, the two-period model without taxes predicts that

- A) consumption is less volatile than output.
B) consumption is as volatile as output.
C) consumption is more volatile than output.
D) We do not know.

Answer: <https://biology-forums.com/index.php?topic=358750>

Question 726

If government spending does not change, an increase in the government deficit leads to

- A) an increase in current consumption.
- B) a decrease in current consumption.
- C) no change in current consumption.
- D) it depends on the marginal propensity to consume.

Answer: <https://biology-forums.com/index.php?topic=358765>

Question 727

How many of the following business cycle facts can be explained if the primary cause of business cycles is temporary changes in total factor productivity: procyclical consumption, procyclical investment, procyclical employment, and procyclical real wages?

- A) one
- B) three
- C) two
- D) four

Answer: <https://biology-forums.com/index.php?topic=358850>

Question 728

Suppose a poor economy inches towards the steady state in Solow's exogenous growth model. What happens?

- A) Consumption per capita decreases.
- B) The depreciation rate increases.
- C) Saving per capita decreases.
- D) The growth rate of output decreases.

Answer: <https://biology-forums.com/index.php?topic=358670>

Question 729

The participation rate was higher in 2012 than in 1948 because

- A) of the Great Moderation
- B) the labor force was larger in 2012 than in 1948.
- C) the unemployment rate became less variable over time.
- D) the participation rate of women rose between 1948 to 2012.

Answer: <https://biology-forums.com/index.php?topic=358577>

Question 730

The nominal GDP of Year 1 is

- A) \$1050.
- B) \$1900.
- C) \$2400.
- D) \$800.

Answer: <https://biology-forums.com/index.php?topic=358312>

Question 731

Macroeconomic models are

- A) simple abstractions of reality.
- B) accurate descriptions of the economy.
- C) consistent with all economic data.
- D) never wrong.

Answer: <https://biology-forums.com/index.php?topic=358184>

Question 732

Growth accounting, popularized by Robert Solow, attempts to attribute a change in aggregate output

- A) to its most important single cause.
- B) separately between changes in the supplies of factors of production and changes in government policy.
- C) separately between changes in government policy and changes in total factor productivity.
- D) separately between changes in total factor productivity and changes in the supplies of factors of production.

Answer: <https://biology-forums.com/index.php?topic=358631>

Question 733

An externality is any activity for which an individual firm or consumer does not take into account all

- A) associated benefits.
- B) associated costs and benefits.
- C) of the ramifications of its actions on others.
- D) associated costs.

Answer: <https://biology-forums.com/index.php?topic=358535>

Question 734

Labor supply

- A) must necessarily increase when the real wage increases.
- B) is increasing and then decreasing in the real wage.
- C) increases if the substitution effect exceeds the income effect.
- D) increases when taxes increase.

Answer: <https://biology-forums.com/index.php?topic=358462>

Question 735

An increase in the real wage

- A) represents a pure income effect.
- B) causes a parallel shift in the consumer's budget line.
- C) represents a combination of income and substitution effects.
- D) represents a pure substitution effect.

Answer: <https://biology-forums.com/index.php?topic=358456>

Question 736

The balance of payments equals

- A) the current account surplus plus the capital account deficit.
- B) the current account surplus plus the capital account surplus.
- C) the current account deficit plus the capital account surplus.
- D) the current account deficit plus the capital account deficit.

Answer: <https://biology-forums.com/index.php?topic=359060>

Question 737

According to the endogenous growth model with human capital, what can we say about countries with more efficient schools?

- A) They grow faster.
- B) They are richer.
- C) They are richer and grow more slowly.
- D) They are richer and grow faster.

Answer: <https://biology-forums.com/index.php?topic=358700>

Question 738

The equilibrium price of credit card services is

- A) the nominal interest rate.
- B) determined only by the demand for credit card services.
- C) equal to the average cost of credit card services.
- D) the real quantity of money.

Answer: <https://biology-forums.com/index.php?topic=358885>

Question 739

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) banking sector expansion of deposit money and the cyclical behavior of tax collections.
- B) the Federal Reserve's attempts to stabilize the price level and banking sector expansion of deposit money.
- C) the Federal Reserve's attempts to stabilize real output and the price level.
- D) the cyclical behavior of tax collections and attempts by the Federal Reserve to stabilize real output.

Answer: <https://biology-forums.com/index.php?topic=358929>

Question 740

A key international institution that plays an important role in exchange rate determination is the

- A) International Monetary Fund.
- B) U.S. Currency Board.
- C) European Central Bank.

D) World Bank.

Answer: <https://biology-forums.com/index.php?topic=359030>

Question 741

In the two-period model with asymmetric information, the presence of bad borrowers who always default

- A) affects good borrowers adversely.
- B) matters only for the loan interest rate faced by bad borrowers.
- C) makes good borrowers better off.
- D) affects the equilibrium profits of banks.

Answer: <https://biology-forums.com/index.php?topic=358786>

Question 742

In the Malthusian model of economic growth, an increase in the quantity of land

- A) increases steady state per capita consumption, and increases the steady state population.
- B) has no effect on steady state per capita consumption or on steady state population.
- C) increases per capita consumption, and reduces the steady state population.
- D) has no effect on steady state per capita consumption, and increases the steady state population.

Answer: <https://biology-forums.com/index.php?topic=358613>

Question 743

An important reason why Ricardian equivalence may fail is if

- A) borrowing and lending are done through intermediaries.
- B) government debt incurred today may not be paid off until after some current consumers are deceased.
- C) some consumers are borrowers, while other consumers are lenders.
- D) state and local governments also engage in debt finance.

Answer: <https://biology-forums.com/index.php?topic=358769>

Question 744

If changes in economic policy could cause the growth rate of real GDP to increase by 1% per year for 100 years, then GDP would be _____ % higher after 100 years than it would have been otherwise.

- A) 2.7
- B) 2.0
- C) 3.8
- D) 1.3

Answer: <https://biology-forums.com/index.php?topic=358599>

Question 745

The endowment point is the consumption bundle in which

- A) second-period consumption is equal to zero.
- B) first-period consumption is equal to zero.
- C) the consumer finds the most utility.
- D) consumption is equal to disposable income in each period.

Answer: <https://biology-forums.com/index.php?topic=358721>

Question 746

Endogenous growth theory is about

- A) welfare of indigenous people.
- B) studying fertility choices.
- C) studying education.
- D) explaining growth.

Answer: <https://biology-forums.com/index.php?topic=358706>

Question 747

For the period 1947-2012, employment in the United States was

- A) countercyclical and lagging.
- B) countercyclical and leading.
- C) procyclical and leading.
- D) procyclical and lagging.

Answer: <https://biology-forums.com/index.php?topic=358386>

Question 748

In the DMP model, a decrease in matching efficiency

- A) increases the size of the labor force.
- B) reduces the unemployment rate.
- C) has no effect on vacancies.
- D) increases labor market tightness.

Answer: <https://biology-forums.com/index.php?topic=358595>

Question 749

NIPA means

- A) National Income and Product Accounts.
- B) National Investment and Productivity Approach.
- C) Neutral Increase of Production Allocation.
- D) New Income and Price Accounting.

Answer: <https://biology-forums.com/index.php?topic=358241>

Question 750

Macroeconomic forecasting is made easier due to the fact that

- A) turning points are easy to predict.
- B) deviations from trend in real GDP are persistent.
- C) real GDP is variable about trend.
- D) the business cycle has a regular frequency.

Answer: <https://biology-forums.com/index.php?topic=358347>

Question 751

Under a flexible exchange rate, an increase in the domestic money supply leads to

- A) a revaluation of the domestic currency.
- B) a devaluation of the domestic currency.
- C) a depreciation of the domestic currency.
- D) an appreciation of the domestic currency.

Answer: <https://biology-forums.com/index.php?topic=359037>

Question 752

The opportunity cost of holding money is

- A) the inflation rate.
- B) the nominal interest rate.
- C) zero.
- D) the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358880>

Question 753

Points on the production possibilities frontier have the property that they

- A) show the maximum amount of goods that can be consumed for given amounts of government spending.
- B) show the maximum amount of leisure that can be consumed for given amounts of goods consumed.
- C) are inherently unattainable.
- D) show the maximum amount of leisure that can be consumed for given amounts of hours worked.

Answer: <https://biology-forums.com/index.php?topic=358522>

Question 754

A revaluation of the exchange rate is a policy action that

- A) increases the nominal exchange rate.
- B) decreases the nominal exchange rate.
- C) decreases the real exchange rate.
- D) increases the real exchange rate.

Answer: <https://biology-forums.com/index.php?topic=359020>

Question 755

When drawn against current income, the slope of the $C_d(r) + I_d(r) + G$ curve is equal to the marginal

- A) propensity to save.
- B) product of capital.
- C) propensity to consume.
- D) product of labor.

Answer: <https://biology-forums.com/index.php?topic=358837>

Question 756

With an increase in total factor productivity in the Solow growth model,

- A) the economy reaches a steady state with lower output.
- B) the economy reaches a steady state with higher output.
- C) output increases temporarily and returns to the previous steady state.
- D) output decreases temporarily and returns to the previous steady state.

Answer: <https://biology-forums.com/index.php?topic=358661>

Question 757

In response to an increase in total factor productivity

- A) both the substitution effect and the income effect suggest that hours worked should increase.
- B) the substitution effect suggests that hours worked should increase, while the income effect suggests that hours worked should decrease.
- C) both the substitution effect and the income effect suggest that hours worked should decrease.
- D) the substitution effect suggests that hours worked should decrease, while the income effect suggests that hours worked should increase.

Answer: <https://biology-forums.com/index.php?topic=358548>

Question 758

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Consumption is procyclical.
- B) Investment is highly variable.
- C) Consumption is highly variable.
- D) Investment is procyclical.

Answer: <https://biology-forums.com/index.php?topic=358394>

Question 759

In determining the benefit of additional investment to the representative firm, we consider the marginal product of

- A) current labor.
- B) future capital
- C) current capital.
- D) future labor.

Answer: <https://biology-forums.com/index.php?topic=358822>

Question 760

The household budget constraint may have a kink because

- A) households prefer diversity.
- B) there is uncertainty.
- C) leisure is limited by the number of available hours.
- D) households may substitute consumption for leisure, or the reverse.

Answer: <https://biology-forums.com/index.php?topic=358446>

Question 761

A lump-sum tax is a tax that

- A) can be avoided by strategic behavior.
- B) does not depend on the actions of the government.
- C) distorts economic decisions.
- D) does not depend on the actions of the economic agent being taxed.

Answer: <https://biology-forums.com/index.php?topic=358437>

Question 762

In 2011, the per-capita GDP in the United States, in 2005 dollars, was about

- A) \$17,500.
- B) \$43,000.
- C) \$47,500.
- D) \$27,500.

Answer: <https://biology-forums.com/index.php?topic=358171>

Question 763

What characteristic of the endogenous growth model is crucial in giving the possibility of sustained growth?

- A) It takes time to accumulate it.
- B) It is embodied in people.
- C) It grows at the same rate as consumption.
- D) It has constant returns to scale in production.

Answer: <https://biology-forums.com/index.php?topic=358684>

Question 764

Income per worker has been

- A) converging in the rich countries, but not converging in the poor countries.
- B) converging in the poor countries, but not converging in the rich countries.
- C) converging in both the rich countries and the poor countries.
- D) converging in neither the poor nor the rich countries.

Answer: <https://biology-forums.com/index.php?topic=358662>

Question 765

The Friedman Rule is optimal because

- A) the central bank has better control of the money supply.
- B) households would be able to buy more as prices decrease.
- C) money is neutral.
- D) households are indifferent between holding bonds and money.

Answer: <https://biology-forums.com/index.php?topic=359101>

Question 766

The Malthusian model predicts that

- A) population control improves the standard of living.
- B) the standard of living will keep increasing.
- C) health improvements increase the standard of living.
- D) population will keep increasing.

Answer: <https://biology-forums.com/index.php?topic=358618>

Question 767

In the coordination failure model, increasing returns to scale are best explained by strategic

- A) complementarities.
- B) collusion.
- C) mismanagement.
- D) substitutabilities.

Answer: <https://biology-forums.com/index.php?topic=358938>

Question 768

An increase in the real interest rate

- A) increases savings for lenders, but has an uncertain effect on the savings of borrowers.
- B) increases savings for both borrowers and lenders.
- C) has an uncertain effect on the savings of both borrowers and lenders.
- D) increases savings for borrowers, but has an uncertain effect on the savings of lenders.

Answer: <https://biology-forums.com/index.php?topic=358755>

Question 769

In the DMP model, a decrease in the unemployment insurance benefit

- A) reduces labor market tightness.
- B) reduces the vacancy rate.
- C) reduces the unemployment rate.
- D) increases the unemployment rate.

Answer: <https://biology-forums.com/index.php?topic=358590>

Question 770

Before the Industrial Revolution, standards of living differed

- A) little over time, but differed greatly across countries.
- B) little over time and across countries.
- C) greatly over time and across countries.
- D) greatly over time, but differed little across countries.

Answer: <https://biology-forums.com/index.php?topic=358607>

Question 771

If there is limited commitment and the government is no better at collecting on its debts than is the private sector, then

- A) the private sector can benefit from a government loan program.
- B) Ricardian equivalence does not hold.
- C) the Fisher relation does not hold.
- D) Ricardian equivalence holds.

Answer: <https://biology-forums.com/index.php?topic=358796>

Question 772

The Diamond-Dybvig model provides a rationale for the phenomenon of

- A) bank runs.
- B) banks making overly risky loans.
- C) undercapitalized banks.
- D) deflation.

Answer: <https://biology-forums.com/index.php?topic=359112>

Question 773

Leisure includes all of the following except

- A) home yardwork.
- B) sleep.
- C) recreational activities.
- D) market work.

Answer: <https://biology-forums.com/index.php?topic=358404>

Question 774

An indifference curve

- A) connects a set of consumption bundles among which the consumer is indifferent.
- B) is only useful in analyzing apathetic consumers.
- C) is only useful in microeconomics.
- D) connects a set of consumers who each have the same preferences.

Answer: <https://biology-forums.com/index.php?topic=358422>

Question 775

In a two-period model with production, an anticipated future increase in domestic total factor productivity

- A) has no effect on domestic output and decreases the current account surplus.
- B) increases domestic output and decreases the current account surplus.
- C) has no effect on domestic output and increases the current account surplus.
- D) increases domestic output and increases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=359004>

Question 776

A closed economy is characterized by

- A) no growth in population.
- B) a Cobb-Douglas production function.
- C) the absence of use of money for transactions.
- D) the absence of trade with other economies.

Answer: <https://biology-forums.com/index.php?topic=358501>

Question 777

In the New Keynesian open economy model

- A) net exports depends on the relative price of foreign goods to domestic goods.
- B) prices are flexible.
- C) the nominal exchange rate is always fixed.

D) the nominal exchange rate is always flexible.

Answer: <https://biology-forums.com/index.php?topic=359066>

Question 778

Look at the production schedule of the Widget Company below:

Number of workers 0 1 2 3 4 5

Number of widgets 0 12 22 30 36 40

If the real wage is 7, how many workers should Widget Company hire?

- A) 4
- B) 2
- C) none
- D) 3

Answer: <https://biology-forums.com/index.php?topic=358481>

Question 779

If an increase in the level of the money supply results in a proportionate increase in prices with no effect on any real variables, we say that

- A) money is neutral.
- B) money is the most preferred store of value.
- C) the Fisher relationship holds.
- D) money is superneutral.

Answer: <https://biology-forums.com/index.php?topic=358897>

Question 780

In the (consumption, leisure) space, indifference curves as we have assumed them have the property of presenting the highest levels of satisfaction

- A) in the south-east corner.
- B) in the north-west corner.
- C) in the south-west corner.
- D) in the north-east corner.

Answer: <https://biology-forums.com/index.php?topic=358417>

Question 781

In the endogenous growth model, human capital accumulation is best described as a form of

- A) consumption.
- B) government spending.
- C) investment.
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=358678>

Question 782

An increase in total factor productivity

- A) reduces consumption, increases output, and increases the real wage.
- B) increases consumption, increases output, and increases the real wage.
- C) reduces consumption, increases output and reduces the real wage.
- D) reduces consumption, reduces output, and reduces the real wage.

Answer: <https://biology-forums.com/index.php?topic=358546>

Question 783

Credit cards are not a form of money because

- A) credit cards just extend a loan.
- B) credit card balances are in fact counted as money.
- C) money needs to be tangible (not virtual).
- D) credit cards just relate to an account.

Answer: <https://biology-forums.com/index.php?topic=358869>

Question 784

If w_e represents a two-period consumer's lifetime wealth and r denotes the real rate of interest, the horizontal (current consumption) intercept of the consumer's budget line is equal to

- A) w_e .
- B) $(w_e/(1+r))$.
- C) $(1+r)w_e$.

D) $((1 + r)/w_e)$.

Answer: <https://biology-forums.com/index.php?topic=358726>

Question 785

What issue is there regarding housing and the measurement of GDP?

- A) mobile homes are not counted.
- B) one does not know whether a house will be owned or rented when it is built.
- C) residential investment is measured using current house prices, not construction prices.
- D) houses are a capital and a consumption good.

Answer: <https://biology-forums.com/index.php?topic=358329>

Question 786

A decrease in matching efficiency

- A) is not related to sectoral shocks.
- B) can never happen.
- C) is due to a change in the productivity of firms.
- D) can explain the shift in the Beveridge curve.

Answer: <https://biology-forums.com/index.php?topic=358594>

Question 787

The real interest rate is

- A) always equal to the pure rate of time preference.
- B) equal to the nominal rate of interest minus the rate of inflation.
- C) equal to the rate of inflation minus the nominal rate of interest.
- D) less important for decision making than the nominal rate of interest.

Answer: <https://biology-forums.com/index.php?topic=358227>

Question 788

When a firm produces output,

- A) The firm's output contributes to GDP only to the extent that there is value-added.
- B) The firm's output will not count as GDP if it is stored as inventory.
- C) The firm's output will not count as GDP if it is exported.
- D) The value of the output produced is included in GDP

Answer: <https://biology-forums.com/index.php?topic=358245>

Question 789

Stabilization policy is to be applied if all of the following applies except

- A) authorities have good information about the state of the economy.
- B) markets are out of equilibrium.
- C) policies can be applied quickly.
- D) there is no output gap.

Answer: <https://biology-forums.com/index.php?topic=358979>

Question 790

In the coordination failure model, we mention sunspots because

- A) they influence business cycles.
- B) seasonal sunshine has an impact on the business cycle.
- C) in central banker speak, they are synonymous with open market operations.
- D) apparently irrelevant events may influence business cycles.

Answer: <https://biology-forums.com/index.php?topic=358947>

Question 791

The central bank in the New Keynesian model pursues a policy of

- A) zero inflation.
- B) fixed money supply.
- C) inflation between 2 and 3%.
- D) targeting the market interest rate.

Answer: <https://biology-forums.com/index.php?topic=358960>

Question 792

Discouraged workers are

- A) those who quit working because they are dissatisfied with their jobs.
- B) those who would like to find a second job to supplement their income, but have not yet found one.
- C) those who have given up looking for work, even though they would like to be employed.
- D) those unmotivated workers who bring down a country's productivity.

Answer: <https://biology-forums.com/index.php?topic=358335>

Question 793

We use indifference curves because

- A) households sometimes make mistakes.
- B) they help represent preferences.
- C) households on average do not care.
- D) they formalize the production process.

Answer: <https://biology-forums.com/index.php?topic=358410>

Question 794

Forecasting the future path of real GDP by exploiting past statistical relationships

- A) is never very reliable.
- B) can be accomplished by the construction and use of an index of coincident variables.
- C) can be accomplished by the construction and use of an index of lagging variables.
- D) can be accomplished by the construction and use of an index of leading variables.

Answer: <https://biology-forums.com/index.php?topic=358371>

Question 795

The marginal rate of substitution

- A) can be computed by measuring the curvature of the indifference curve.
- B) is minus the slope of the indifference curve.
- C) can only be computed if we know the prices of all goods.
- D) cannot be deduced from the properties of the indifference curve.

Answer: <https://biology-forums.com/index.php?topic=358426>

Question 796

The optimal trade-off between future consumption goods and current leisure is expressed as

- A) $MRS_{1,C} = (w/(1 + R))$.
- B) $MRS_{1,C} = (Pw/P')$.
- C) $MRS_{1,C} = (w/1 + P)$.
- D) $MRS_{1,C} = (P'w/(1 + r))$.

Answer: <https://biology-forums.com/index.php?topic=359090>

Question 797

Two plausible hypotheses to explain the productivity slowdown are

- A) globalization of capital markets and reductions in tariffs.
- B) adjustments to new technologies and failures in the educational system.
- C) measurement problems and adjustments to new technologies.
- D) large government budget deficits and large balance of trade deficits.

Answer: <https://biology-forums.com/index.php?topic=358213>

Question 798

For a borrower, an increase in the real interest rate

- A) has an uncertain effect on both current and future consumption.
- B) reduces current consumption and has an uncertain effect on future consumption.
- C) has an uncertain effect on current consumption and increases future consumption.
- D) definitely reduces current consumption and increases future consumption.

Answer: <https://biology-forums.com/index.php?topic=358758>

Question 799

In a model with money neutrality, how much should the money supply be increased to obtain a 1% increase in real output?

- A) between 0 and 1%
- B) -1%
- C) 1%
- D) It cannot be done.

Answer: <https://biology-forums.com/index.php?topic=358902>

Question 800

Central banks sometimes attempt quantitative easing when

- A) inflation is too low.
- B) money growth is too high.
- C) there is a liquidity trap.
- D) inflation is too high.

Answer: <https://biology-forums.com/index.php?topic=358918>

Question 801

If Year 1 is the base year, the growth of real GDP is approximately

- A) 109.5%.
- B) 137.5%.
- C) 148%.
- D) 100%.

Answer: <https://biology-forums.com/index.php?topic=358314>

Question 802

Average labor productivity is defined as

- A) nominal GDP divided by employment.
- B) real GDP divided by employment.
- C) per-capita real GDP divided by employment.
- D) per-capita nominal GDP divided by employment.

Answer: <https://biology-forums.com/index.php?topic=358224>

Question 803

When we compare poor and rich countries in the world

- A) The investment rate is higher for poor countries than for rich countries.
- B) There is much greater dispersion in growth rates in per capita income for the rich countries than for the poor countries.
- C) Population growth rates are higher in rich countries than in poor countries.
- D) There is much greater dispersion in growth rates in per capita income for the poor countries than for the rich countries.

Answer: <https://biology-forums.com/index.php?topic=358601>

Question 804

The Solow residual is a measure of

- A) average labor productivity.
- B) average capital productivity.
- C) the rate of growth of real GDP.
- D) total factor productivity.

Answer: <https://biology-forums.com/index.php?topic=358490>

Question 805

What could result in an increase of consumption demand and a decrease in labor supply?

- A) a decrease in total factor productivity
- B) an increase in future taxes
- C) an increase in government expenses
- D) a drop in current taxes

Answer: <https://biology-forums.com/index.php?topic=358863>

Question 806

In the long run, inflation is caused by

- A) growth in the money supply.
- B) greedy monopolists.
- C) global warming.
- D) aggressive labor unions.

Answer: <https://biology-forums.com/index.php?topic=358201>

Question 807

In a Malthusian world, what would improve the standard of living permanently?

- A) birth control
- B) democracy
- C) a new medical drug
- D) a war

Answer: <https://biology-forums.com/index.php?topic=358620>

Question 808

In recent years, which of the following has comprised less than 5% of GDP?

- A) imports
- B) net exports
- C) exports
- D) none of the above

Answer: <https://biology-forums.com/index.php?topic=358282>

Question 809

One plausible explanation of the U.S. productivity slowdown starting in 1973 is that it was a result of the increase in the relative price of energy. This explanation would require that, in light of higher energy costs, the

- A) capital stock is overestimated.
- B) labor force is overestimated.
- C) labor force is underestimated.
- D) capital stock is underestimated.

Answer: <https://biology-forums.com/index.php?topic=358637>

Question 810

The construct of a representative firm is most helpful in describing the behavior of all of the firms in the economy when

- A) there are decreasing returns to scale.
- B) there are increasing returns to scale.
- C) the marginal product of labor is increasing in the amount of labor input.
- D) there are constant returns to scale.

Answer: <https://biology-forums.com/index.php?topic=358469>

Question 811

We know the following about a tie manufacturer: tie sales \$1,300, cotton purchases \$750, wages \$400, interest on business loans \$100, and profits \$50. What is the contribution to GDP of this producer using the income approach?

- A) \$450
- B) \$400
- C) \$550
- D) \$500

Answer: <https://biology-forums.com/index.php?topic=358252>

Question 812

Why is it difficult to determine whether fluctuations in the target interest rate have led to business cycle fluctuations in the United States, according to the New Keynesian model?

- A) Because the Federal Reserve may change the target interest rate according to economic conditions.
- B) Because money is neutral.
- C) Because the target interest rate is nominal, not real.
- D) Because inflation is not well measured.

Answer: <https://biology-forums.com/index.php?topic=358969>

Question 813

A predominant view among Federal Reserve officials is that

- A) the Phillips curve does not exist in the data.
- B) the Phillips curve helps us forecast inflation.
- C) the Phillips curve helps us forecast the nominal interest rate.
- D) the Phillips curve is unimportant.

Answer: <https://biology-forums.com/index.php?topic=359134>

Question 814

To determine the real interest rate in the data, one should take the interest rate on government debt

- A) and subtract the inflation rate.
- B) and leave it at that.
- C) and divide by the inflation rate.
- D) and add the inflation rate.

Answer: <https://biology-forums.com/index.php?topic=358881>

Question 815

From 2009 to 2012

- A) The Beveridge curve shifted to the right.
- B) The Beveridge curve cannot be discerned in the data.
- C) The Beveridge curve became flat.
- D) The Beveridge curve shifted to the left.

Answer: <https://biology-forums.com/index.php?topic=358581>

Question 816

Real GDP values current production at

- A) current year prices.
- B) base year prices.
- C) the best estimate of next year's prices.
- D) the average of price levels over the entire sample period.

Answer: <https://biology-forums.com/index.php?topic=358287>

Question 817

The government deficit

- A) is equal to disposable income plus the current account surplus.
- B) is equal to the government surplus plus taxes minus government spending.
- C) is equal to GDP minus GNP.
- D) is equal to the negative of government saving.

Answer: <https://biology-forums.com/index.php?topic=358339>

Question 818

A permanent decrease in taxes leads to

- A) a small increase in current consumption.
- B) a large increase in current consumption.
- C) a small decrease in future consumption.
- D) a large decrease in future consumption.

Answer: <https://biology-forums.com/index.php?topic=358745>

Question 819

We can use a per-worker production function in the Malthusian model because

- A) the production function has constant returns to scale.
- B) there is a representative worker.
- C) there is a steady state.
- D) firms are competitive.

Answer: <https://biology-forums.com/index.php?topic=358616>

Question 820

What is the appropriate monetary policy response to a situation with deficient financial liquidity, when there is a liquidity trap?

- A) an increase in the interest rate on reserves
- B) a decrease in the interest rate on reserves
- C) an open market purchase of government bonds
- D) an open market sale of government bonds

Answer: <https://biology-forums.com/index.php?topic=358954>

Question 821

It is useful to assume that there is a single representative consumer because

- A) this is the only model we know how to work with.
B) a model with one consumer is the same as one with many consumers.
C) this is realistic.
D) this is a useful abstraction if we are interested in problems where distribution effects are not important.

Answer: <https://biology-forums.com/index.php?topic=358400>

Question 822

The marginal cost of investment for the firm is equal to

- A) -1.
B) $MP'K$.
C) 1.
D) $-MP'K$.

Answer: <https://biology-forums.com/index.php?topic=358823>

Question 823

The appropriate monetary policy response to a situation with deficient financial liquidity

- A) an open market purchase of government bonds.
B) an open market sale of government bonds.
C) to increase reserve requirements.
D) to do nothing.

Answer: <https://biology-forums.com/index.php?topic=358953>

Question 824

A consumption bundle

- A) is a particular combination of consumption and leisure.
B) measures the quality of a particular good.
C) only measures a quantity of goods and services, but not the amount of leisure.
D) is a method of bringing home consumption goods.

Answer: <https://biology-forums.com/index.php?topic=358408>

Question 825

Dollarization is a policy action that

- A) outlaws the holding of foreign currencies other than the U.S. dollar.
B) mimics policy actions taken by the U.S. Federal Reserve.
C) tries to stabilize the value of the local currency vs. the U.S. dollar.
D) adopts the currency of another country as the national medium of exchange.

Answer: <https://biology-forums.com/index.php?topic=359022>

Question 826

The Solow growth model tells us that the standard living in country A can be higher than in country B for all the following reasons, except

- A) country A has higher total factor productivity than country B.
B) country A has a higher savings rate than country B.
C) country A has a higher depreciation rate than country B.
D) country A has lower population growth than country B.

Answer: <https://biology-forums.com/index.php?topic=358664>

Question 827

The relationship between the growth rate of an economic variable, g_t , and its level, y_t , can be approximated by

- A) $y_t = \log g_t - \log g_{t-1}$.
B) $\log g_t = y_t - y_{t-1}$.
C) $g_t = \log y_t - \log y_{t-1}$.
D) $g_t = y_t - y_{t-1}$.

Answer: <https://biology-forums.com/index.php?topic=358178>

Question 828

In the endogenous growth model presented in the text,

- A) human capital grows faster than consumption.
B) consumption grows faster than human capital.
C) both consumption and human capital grow at the same rate.
D) neither consumption nor human capital grows in the steady state.

Answer: <https://biology-forums.com/index.php?topic=358694>

Question 829

Suppose that Year 1 is the base year. Year 2 real GDP is

- A) \$390.
- B) \$270.
- C) \$200.
- D) \$310.

Answer: <https://biology-forums.com/index.php?topic=358293>

Question 830

The most distinguishing economic feature of money is its

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

Answer: <https://biology-forums.com/index.php?topic=358867>

Question 831

If Year 1 is the base year, the GDP price deflator for Year 2 is approximately

- A) 100.0.
- B) 126.3.
- C) 181.0.
- D) 131.3.

Answer: <https://biology-forums.com/index.php?topic=358308>

Question 832

In the Malthusian model, an improvement in the technology of growing food is likely to

- A) increase the equilibrium size of the population and increase the equilibrium level of consumption per worker.
- B) increase the equilibrium size of the population and have no effect on the equilibrium level of consumption per worker.
- C) have no effect on the equilibrium size of the population and increase the equilibrium level of consumption per worker.
- D) increase the equilibrium size of the population and decrease the equilibrium level of consumption per worker.

Answer: <https://biology-forums.com/index.php?topic=358617>

Question 833

The value of a producer's output minus the value of all intermediate goods used in the production of that output is called the producer's

- A) accounting profit.
- B) value added.
- C) profit margin.
- D) net output.

Answer: <https://biology-forums.com/index.php?topic=358261>

Question 834

In the second half of the twentieth century, the U.S. inflation rate was at its highest in the period from

- A) the mid-1970s to the early 1980s.
- B) 1960 to the early 1970s.
- C) the mid-1980s to the early 1990s.
- D) 1990-2000.

Answer: <https://biology-forums.com/index.php?topic=358223>

Question 835

In the endogenous growth model, workers divide their time between market work and

- A) trying to invent new production processes.
- B) accumulating human capital.
- C) accumulating physical capital.
- D) work at home.

Answer: <https://biology-forums.com/index.php?topic=358676>

Question 836

In the New Keynesian open economy model, if the exchange rate is fixed

- A) monetary policy is an effective stabilization tool.
- B) a change in current total factor productivity increases output.
- C) fiscal policy is an effective stabilization tool.
- D) fiscal policy and monetary policy are powerless.

Answer: <https://biology-forums.com/index.php?topic=359069>

Question 837

When the representative firm maximizes profits,

- A) business taxes must be zero.
- B) the wage equals marginal labor productivity.
- C) it sells as much as possible.
- D) the wage equals average labor productivity.

Answer: <https://biology-forums.com/index.php?topic=358493>

Question 838

Money neutrality states that

- A) changes in inflation do not affect real aggregates.
- B) with money, one can still use the representative agent.
- C) changes in money do not affect real aggregates.
- D) monetary policy is independent from politics.

Answer: <https://biology-forums.com/index.php?topic=358899>

Question 839

One potential weakness of the coordination failure model as an explanation of business cycles is that

- A) evidence supporting intertemporal substitution as an important determinant of labor supply is weak.
- B) it requires that consumers not behave in a rational manner.
- C) evidence supporting the existence of increasing returns at the aggregate level is weak.
- D) it fails to explain several of the key business cycle regularities.

Answer: <https://biology-forums.com/index.php?topic=358948>

Question 840

The assumption that current-period labor supply is positively related to the current-period real wage is justified as long as the

- A) income effect dominates the substitution effect in the long run.
- B) income effect dominates the substitution effect in the short run.
- C) substitution effect dominates the income effect in the long run.
- D) substitution effect dominates the income effect in the short run.

Answer: <https://biology-forums.com/index.php?topic=358810>

Question 841

An open-market operation refers to

- A) changing the money supply by changing taxes.
- B) changing the money supply by changing government spending.
- C) an exchange of domestic money for foreign money by the monetary authority.
- D) an exchange of money for interest-bearing debt by the monetary authority.

Answer: <https://biology-forums.com/index.php?topic=358895>

Question 842

Which of the following is not a reason for the Ricardian equivalence theorem to fail to hold?

- A) finite-lived people.
- B) tax distortions
- C) credit market imperfections.
- D) people can borrow from the government.

Answer: <https://biology-forums.com/index.php?topic=358770>

Question 843

In the real business cycle model, a persistent increase in total factor productivity

- A) unambiguously increases the real interest rate.
- B) unambiguously decreases the real interest rate.
- C) has no effect on the real interest rate.

D) has a theoretically ambiguous effect on the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358923>

Question 844

Adoption of a currency board

A) mandates the use of currency in all domestic transactions.

B) requires that a centralized institution holds interest-bearing assets denominated in the currency against which the nominal exchange rate is being fixed.

C) is one method for achieving a soft peg policy.

D) places responsibility for exchange rate management in the hands of an agency that is independent of political influences.

Answer: <https://biology-forums.com/index.php?topic=359026>

Question 845

Predicting business cycles is difficult because

A) they are very persistent.

B) statistics lie.

C) their frequency is irregular.

D) the weather changes unpredictably.

Answer: <https://biology-forums.com/index.php?topic=358350>

Question 846

Asymmetric information is:

A) the government knows less about the economy than households and firms.

B) some economic agents have more information than others.

C) inflation forecasts are systematically too high or too low.

D) information revealed by economic agents turns out to be wrong.

Answer: <https://biology-forums.com/index.php?topic=358236>

Question 847

The acquisition of a domestic financial asset by a foreign resident is called

A) a portfolio outflow.

B) a portfolio inflow.

C) foreign capital investment.

D) foreign direct investment.

Answer: <https://biology-forums.com/index.php?topic=359062>

Question 848

The equilibrium effects of a temporary increase in total factor productivity include

A) an increase in the real wage and a decrease in the real interest rate.

B) a decrease in the real wage and an increase in the real interest rate.

C) an increase in the real wage and an increase in the real interest rate.

D) a decrease in the real wage and a decrease in the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358849>

Question 849

A.W. Phillips' study of unemployment and inflation in the United Kingdom specifically looked at the empirical relationship between the unemployment rate and the

A) rate of change in nominal wages.

B) rate of change in prices.

C) level of nominal wages.

D) rate of change in real wages.

Answer: <https://biology-forums.com/index.php?topic=359118>

Question 850

If w represents a two-period consumer's lifetime wealth and r denotes the real rate of interest, the vertical (future consumption) intercept of the consumer's budget line is equal to

A) $((1 + r)/w)$.

B) $(w/(1 + r))$.

C) $(1 + r)w$.

D) w .

Answer: <https://biology-forums.com/index.php?topic=358725>

Question 851

The most significant problem in trying to empirically measure the real rate of interest is that

- A) expected inflation is unobservable.
- B) interest rates fluctuate so much from day to day.
- C) there are so many different types of bonds.
- D) banks infrequently change the prime rate of interest.

Answer: <https://biology-forums.com/index.php?topic=358882>

Question 852

The period from 2000 to 2010

- A) was a period of high productivity growth.
- B) was a period of low productivity growth, almost as bad as the period 1970-1980.
- C) was a period with negative productivity growth, because of the Great Recession.
- D) was a period of zero productivity growth.

Answer: <https://biology-forums.com/index.php?topic=358638>

Question 853

In a Malthusian world, what would improve the standard of living temporarily?

- A) birth control
- B) democracy
- C) a war
- D) a new virus

Answer: <https://biology-forums.com/index.php?topic=358621>

Question 854

The weight of empirical evidence suggests that in the United States, the real wage rate is

- A) countercyclical.
- B) acyclical.
- C) procyclical.
- D) bicyclical.

Answer: <https://biology-forums.com/index.php?topic=358387>

Question 855

What is the key feature that differentiates business cycle theories?

- A) whether the theory was developed before or after the Great Depression.
- B) whether the theory also explains economic growth.
- C) whether the theory explains how monetary policy works.
- D) whether the theory is Keynesian or non-Keynesian.

Answer: <https://biology-forums.com/index.php?topic=358192>

Question 856

A relationship that shows the technological possibilities for an economy as a whole is called a

- A) production function.
- B) production possibilities frontier.
- C) budget constraint.
- D) utility possibilities frontier.

Answer: <https://biology-forums.com/index.php?topic=358515>

Question 857

Real business cycle theory argues that the primary cause of business cycles is fluctuations in

- A) total factor productivity.
- B) preferences.
- C) government spending.
- D) the importance of externalities.

Answer: <https://biology-forums.com/index.php?topic=358551>

Question 858

The supply curve for credit card services is an increasing function of

- A) the real interest rate.
- B) the price of credit card services.
- C) bank profitability.
- D) the quantity of money.

Answer: <https://biology-forums.com/index.php?topic=358884>

Question 859

A default premium is the interest rate premium

- A) for government debt.
- B) when there are no market fluctuations.
- C) under normal market circumstances.
- D) covering the default risk.

Answer: <https://biology-forums.com/index.php?topic=358780>

Question 860

Going from M0 to M1 and to M2, what is the principle?

- A) from illiquid to liquid
- B) from most usable to least usable as a store of value
- C) from household money demand to firm money demand
- D) from most usable to least usable for transaction purposes

Answer: <https://biology-forums.com/index.php?topic=358872>

Question 861

Which of the following decreases money demand?

- A) An increase in ATM fees.
- B) Disruptions in the banking system.
- C) Bonds become more risky.
- D) The introduction of online banking.

Answer: <https://biology-forums.com/index.php?topic=358911>

Question 862

The base year matters for the computation of real GDP because

- A) otherwise we cannot compute growth rates.
- B) it allows an international comparison of GDP.
- C) relative prices can change over time.
- D) it establishes a target for macroeconomic policy.

Answer: <https://biology-forums.com/index.php?topic=358306>

Question 863

If there are human capital externalities, then

- A) differences in human capital across countries can persist.
- B) convergence in per capita incomes occurs.
- C) human capital should be taxed.
- D) pollution is a problem.

Answer: <https://biology-forums.com/index.php?topic=358693>

Question 864

Inventory investment consists of

- A) construction expenditures, raw materials, and inventories of finished goods.
- B) raw materials, goods in process, and construction expenditures.
- C) inventories of finished goods, goods in process, and raw materials.
- D) goods in process, raw materials, and purchases of office machinery.

Answer: <https://biology-forums.com/index.php?topic=358270>

Question 865

Which of the following topics is NOT a primary concern of macroeconomists?

- A) differences in standards of living across countries
- B) relative wages of skilled and unskilled workers
- C) fluctuations in the level of economic activity

D) unemployment

Answer: <https://biology-forums.com/index.php?topic=358172>

Question 866

Suppose that two countries share identical levels of total factor productivity, identical labor force growth rates and identical savings rates. According to the Solow model

- A) both countries will have the same growth rates of output per worker, even if they start out with different levels of output per worker.
- B) if both countries start out with different levels of income per worker, both countries may have different growth rates of output per worker, but we cannot be certain which country will have the higher growth rate of output per worker.
- C) the country with the smaller initial level of output per worker will grow more rapidly than the country with the greater initial level of output per worker.
- D) the country with the greater initial level of output per worker will grow more rapidly than the country with the smaller initial level of output per worker.

Answer: <https://biology-forums.com/index.php?topic=358669>

Question 867

PPF is the

- A) production possibilities frontier.
- B) producer's preferred frontier.
- C) price parity formula.
- D) possible production function.

Answer: <https://biology-forums.com/index.php?topic=358520>

Question 868

An increase in total factor productivity

- A) changes both the slope and the position of the production function.
- B) changes the position but not the slope of the production function.
- C) changes neither the slope nor the position of the production function.
- D) changes the slope but not the position of the production function.

Answer: <https://biology-forums.com/index.php?topic=358489>

Question 869

The total multiplier of government expenditure is

- A) between zero and one.
- B) one.
- C) larger than one.
- D) zero.

Answer: <https://biology-forums.com/index.php?topic=358846>

Question 870

We want money mostly because

- A) we trust it.
- B) we can buy goods with it.
- C) we lengthen the life of our mattress.
- D) it makes us happy.

Answer: <https://biology-forums.com/index.php?topic=358883>

Question 871

The marginal cost of investment for the firm is equal to

- A) 0.
- B) the depreciation rate plus the interest rate.
- C) the depreciation rate.
- D) 1.

Answer: <https://biology-forums.com/index.php?topic=358824>

Question 872

A competitive equilibrium has all of the following properties except

- A) $MRS_{1,C} = MRT_{1,C}$.
- B) $MPN = w$.
- C) $MRT_{1,C} = MPN$.
- D) $MPN = \text{slope of PPF}$.

Answer: <https://biology-forums.com/index.php?topic=358523>

Question 873

The condition, $MRS_{1,C} = w$, describes the representative consumer's

- A) future period work - leisure decision.
- B) current period work - leisure decision.
- C) consumption - savings decision.
- D) investment decision.

Answer: <https://biology-forums.com/index.php?topic=358807>

Question 874

In the model of public goods

- A) private consumption and government spending are equal.
- B) consumers benefit from private goods and public goods.
- C) the government provides goods at no cost to the public.
- D) government spending is pure waste

Answer: <https://biology-forums.com/index.php?topic=358564>

Question 875

Business cycle persistence refers to the property that

- A) business cycles are persistently hard to predict.
- B) when real GDP is above trend, it tends to stay above trend, and when it is below trend, it tends to stay below trend.
- C) booms and recessions last a long time.
- D) real GDP is rarely exactly at trend.

Answer: <https://biology-forums.com/index.php?topic=358346>

Question 876

If the interest rate increases, lifetime wealth (we)

- A) decreases.
- B) stays constant.
- C) increases.
- D) changes in an ambiguous way.

Answer: <https://biology-forums.com/index.php?topic=358728>

Question 877

The official dating of the most recent recession places its timing as

- A) 2008-2009.
- B) 2008.
- C) 2007.
- D) 2007-2009.

Answer: <https://biology-forums.com/index.php?topic=358352>

Question 878

There are several competing models of the business cycle because

- A) they are all rooted in different philosophical traditions.
- B) none currently captures all facets of the business cycle.
- C) they depend on the type of policy that is adopted.
- D) different shocks need different models.

Answer: <https://biology-forums.com/index.php?topic=358950>

Question 879

An increase in the money supply in the Friedman-Lucas money surprise model

- A) reduces aggregate output, raises the price level, and raises the real interest rate.
- B) reduces aggregate output, raises the price level, and reduces the real interest rate.
- C) increases aggregate output, reduces the price level, and reduces the real interest rate.
- D) increases aggregate output, raises the price level, and reduces the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358913>

Question 880

The production function is concave in capital because

- A) the contribution to production of each additional unit of capital decreases.
- B) the marginal product of labor is decreasing.
- C) the marginal product of capital is increasing.
- D) the cost of loans increases with their quantity.

Answer: <https://biology-forums.com/index.php?topic=358476>

Question 881

If A is the number of job vacancies in the aggregate, Q is the labor force, and U is the number of unemployed, then the vacancy rate is measured by

- A) $A/(A+Q-U)$
- B) $U/(A+Q-U)$
- C) $A/(A+Q+U)$
- D) A/Q

Answer: <https://biology-forums.com/index.php?topic=358579>

Question 882

The consumer's lifetime budget constraint states that

- A) the present value of lifetime consumption plus the present value of lifetime taxes to be paid must be equal to the present value of lifetime income.
- B) the present value of lifetime consumption must be equal to the present value of lifetime gross income.
- C) the present value of lifetime consumption must be equal to the present value of lifetime disposable income.
- D) the present value of lifetime taxes to be paid by the consumer must be equal to the present value of government spending.

Answer: <https://biology-forums.com/index.php?topic=358720>

Question 883

If N is the working-age population, Q is the labor force, and U is the number of unemployed, then the unemployment rate is measured as

- A) U/Q
- B) U/N
- C) Q/N
- D) $U/(N-Q)$

Answer: <https://biology-forums.com/index.php?topic=358569>

Question 884

The New Keynesian transmission mechanism for monetary policy is characterized by

- A) banks using money injections for business loans.
- B) money having an impact on the real interest rate.
- C) the government buying goods with fresh money.
- D) helicopter drops of money.

Answer: <https://biology-forums.com/index.php?topic=358963>

Question 885

A Phillips curve is

- A) the negative correlation between the unemployment rate and the vacancy rate.
- B) the correlation between money growth and the inflation rate.
- C) the positive observed correlation between the inflation rate and the nominal interest rate.
- D) an observed positive correlation between the inflation rate and some measure of aggregate economic activity.

Answer: <https://biology-forums.com/index.php?topic=359119>

Question 886

Primarily, macroeconomists use microeconomic principles to study

- A) trends in the stock market and long-term economic growth.
- B) long-run economic growth and antitrust policies.
- C) long-run economic growth and business cycles.
- D) business cycles and trends in the stock market.

Answer: <https://biology-forums.com/index.php?topic=358174>

Question 887

Which of the following is not a correct characterization of the U.S. business cycle?

- A) Consumption is procyclical.
- B) Employment is procyclical.
- C) Real wages are procyclical.
- D) Prices are procyclical.

Answer: <https://biology-forums.com/index.php?topic=358389>

Question 888

The three approaches to measuring GDP are called the

- A) product approach, the income approach, and the expenditure approach.
- B) product approach, the cost approach, and the expenditure approach.
- C) accounting approach, the statistical approach, and the income approach.
- D) accounting approach, the income approach, and the expenditure approach.

Answer: <https://biology-forums.com/index.php?topic=358242>

Question 889

If real GDP grows faster than nominal GDP, it is a sign that

- A) inflation is negative.
- B) there is galloping inflation.
- C) there is no inflation.
- D) there is inflation, but little.

Answer: <https://biology-forums.com/index.php?topic=358285>

Question 890

If N is the working-age population, Q is the labor force, and U is the number of unemployed, then the employment/population ratio is measured as

- A) U/Q
- B) Q/N
- C) $(Q-U)/N$
- D) N/Q

Answer: <https://biology-forums.com/index.php?topic=358571>

Question 891

Considering the future

- A) has a limited impact on macroeconomic analysis.
- B) matters only under special circumstances.
- C) is irrelevant to macroeconomics.
- D) is key to macroeconomic modelling.

Answer: <https://biology-forums.com/index.php?topic=358206>

Question 892

The double coincidence of wants problem is solved by

- A) government intervention.
- B) specialization.
- C) credit markets.
- D) the use of money.

Answer: <https://biology-forums.com/index.php?topic=359085>

Question 893

The presence of a distorting tax on wage income can result in

- A) $MPN < MRT_{1,C}$.
- B) $MRT_{1,C} < MRS_{1,C}$.
- C) $MRS_{1,C} < MPN$.
- D) $MPN < w$.

Answer: <https://biology-forums.com/index.php?topic=358537>

Question 894

When consumption and leisure are both normal goods, after an increase in real dividend income minus taxation, the rational consumer

- A) increases consumption and reduces leisure.
- B) reduces consumption and increases leisure.
- C) reduces consumption and reduces leisure.
- D) increases consumption and increases leisure.

Answer: <https://biology-forums.com/index.php?topic=358454>

Question 895

Suppose that Year 1 is the base year. What is the growth rate of GDP?

- A) 35%
- B) 110%
- C) 70%
- D) 55%

Answer: <https://biology-forums.com/index.php?topic=358295>

Question 896

In the Solow growth model, countries with identical total factor productivities, identical labor force growth rates, and identical savings rates

- A) in equilibrium, have identical levels of capital per worker but not necessarily identical levels of output per worker.
- B) in equilibrium, have identical levels of output per worker but not necessarily identical levels of capital per worker.
- C) in equilibrium, have identical levels of capital per worker and output per worker.
- D) always have identical levels of capital per worker and output per worker.

Answer: <https://biology-forums.com/index.php?topic=358668>

Question 897

The real exchange rate is the

- A) foreign currency price of domestic currency.
- B) price of domestic goods in terms of foreign goods.
- C) price of foreign goods in terms of domestic goods.
- D) domestic currency price of foreign currency.

Answer: <https://biology-forums.com/index.php?topic=359011>

Question 898

An increase in government spending shifts the PPF

- A) downward, and also changes its slope.
- B) downward, but does not change its slope.
- C) upward, and also changes its slope.
- D) upward, but does not change its slope.

Answer: <https://biology-forums.com/index.php?topic=358539>

Question 899

Distorting taxes can invalidate Ricardian equivalence because

- A) they are inferior to lump-sum taxes.
- B) they confuse consumers about the need for government to repay its debt.
- C) they are more popular, politically, than lump-sum taxes.
- D) alternative ways of collecting the same tax revenue produce different amounts of lost welfare.

Answer: <https://biology-forums.com/index.php?topic=358774>

Question 900

In a fully-funded social security program

- A) the young are forced to save for their own retirement.
- B) the young have to buy bonds for the old.
- C) the young pay for the benefits of the old.
- D) the young are forced to save for the retirement of the old.

Answer: <https://biology-forums.com/index.php?topic=358799>

Question 901

In the real intertemporal model with investment

- A) consumers make choices over current consumption and leisure, and future consumption and leisure.
- B) there are many different consumers.
- C) we abstract from labor/leisure choice.
- D) consumers always save a constant fraction of their income.

Answer: <https://biology-forums.com/index.php?topic=358804>

Question 902

One plausible explanation of the U.S. productivity slowdown starting in 1973 is that it was the result of the time needed to adapt to new technology.

This explanation would require that

- A) workers withdraw from the labor force to learn about the new technology.
- B) managers be reluctant to adopt changes.

- C) a large number of new entrants be attracted to the labor force.
D) workers time at their jobs be diverted from production to learning the technology.

Answer: <https://biology-forums.com/index.php?topic=358639>

Question 903

The slope of the Phillips curve in the United States was smallest during which period?

- A) 1970-1984
B) 1776-1800
C) 1947-1969
D) 1985-2012

Answer: <https://biology-forums.com/index.php?topic=359125>

Question 904

In the New Keynesian open economy model, suppose the exchange rate is flexible and there is a decline in total factor productivity

- A) no policy intervention is necessary.
B) contractionary monetary policy is necessary .
C) expansionary monetary policy is necessary.
D) expansionary fiscal policy is necessary.

Answer: <https://biology-forums.com/index.php?topic=359070>

Question 905

Unemployment is good from a social point of view because

- A) it keeps the least efficient workers out.
B) it provides free time.
C) it allows for better matches between workers and firms.
D) it keeps wages in check.

Answer: <https://biology-forums.com/index.php?topic=358217>

Question 906

In the Malthusian model, state-mandated population control policies are likely to

- A) decrease the equilibrium size of the population and increase the equilibrium level of consumption per worker.
B) have no effect on the equilibrium size of the population and increase the equilibrium level of consumption per worker.
C) decrease the equilibrium size of the population and have no effect on the equilibrium level of consumption per worker.
D) have no effect on either the equilibrium size of the population or the equilibrium level of consumption per worker.

Answer: <https://biology-forums.com/index.php?topic=358622>

Question 907

The preferences of the representative consumer over consumption and leisure are represented by use of a

- A) preference function.
B) utility function.
C) production function.
D) benefit function.

Answer: <https://biology-forums.com/index.php?topic=358411>

Question 908

The condition, $MRS_{1,C} = w$, describes the representative consumer's

- A) future period work - leisure decision.
B) current period work - leisure decision.
C) investment decision.
D) consumption - savings decision.

Answer: <https://biology-forums.com/index.php?topic=358805>

Question 909

The opportunity cost of money is

- A) the real interest rate.
B) zero.
C) the inflation rate.
D) the nominal interest rate.

Answer: <https://biology-forums.com/index.php?topic=359089>

Question 910

In the real intertemporal model with investment, there is intertemporal substitution with respect to

- A) government spending.
- B) capital.
- C) consumption and leisure.
- D) current consumption.

Answer: <https://biology-forums.com/index.php?topic=358806>

Question 911

Suppose that in a given country in a given year, GNP equals \$2,000, investment expenditures equal \$200, government expenditures equal \$150, and the current account surplus equals \$50. Consumption expenditures therefore equal

- A) \$1,000.
- B) \$1,600.
- C) \$1,200.
- D) \$1,400.

Answer: <https://biology-forums.com/index.php?topic=358326>

Question 912

The money growth rate and the inflation rate

- A) are positively correlated, and the relationship is tight.
- B) are negatively correlated.
- C) are uncorrelated.
- D) are positively correlated, but the relationship is noisy.

Answer: <https://biology-forums.com/index.php?topic=359104>

Question 913

In the two-period model with asymmetric information, a one-unit increase in the real rate of interest on bank deposits

- A) causes the real loan interest rate to decrease by more than one unit.
- B) causes the real loan interest rate to increase by less than one unit.
- C) causes the real loan interest rate to increase by more than one unit.
- D) cause the real loan interest rate to decrease by less than one unit.

Answer: <https://biology-forums.com/index.php?topic=358788>

Question 914

Assume that in an economy with 200M inhabitants, 90M work, 4M are looking for a job, 3M receive unemployment insurance compensation, and 6M receive unemployment insurance compensation and are looking for a job. What is the unemployment rate?

- A) 5%
- B) 10%
- C) 6.5%
- D) 13%

Answer: <https://biology-forums.com/index.php?topic=358332>

Question 915

When drawn against the real interest rate, the output demand curve unambiguously shifts to the right if either or both of the following occur.

- A) a decrease in current taxes and an increase in future taxes
- B) an increase in current taxes and a decrease in future taxes
- C) a decrease in current taxes and a decrease in future taxes
- D) an increase in current taxes and an increase in future taxes

Answer: <https://biology-forums.com/index.php?topic=358838>

Question 916

Even when measured accurately, GDP may be a misleading measure of economic welfare because it cannot account for

- A) the consequences of an unequal distribution of income and the value of government spending.
- B) how efficiently we produce goods and services and the value of non-market production.
- C) the value of non-market production and the consequences of an unequal distribution of income.
- D) the value of government spending and how efficiently we produce goods and services.

Answer: <https://biology-forums.com/index.php?topic=358276>

Question 917

- In a one-period economy
- A) consumption equals disposable income.
 - B) consumers may increase their consumption by borrowing.
 - C) consumption equals disposable income plus the value of non-market work.
 - D) savings is always positive.

Answer: <https://biology-forums.com/index.php?topic=358438>

Question 918

- According to a study by Thomas Cooley and Gary Hansen, the cost in lost consumption of a 10% per annum rate of inflation is
- A) negative.
 - B) approximately 5.0%.
 - C) approximately 0.5%.
 - D) approximately 0.001%.

Answer: <https://biology-forums.com/index.php?topic=359102>

Question 919

- Which of the following is not a property of assets?
- A) inflation.
 - B) risk
 - C) maturity
 - D) liquidity

Answer: <https://biology-forums.com/index.php?topic=359107>

Question 920

- Purchasing power parity may not hold in practice due to all of the following except
- A) cross-country differences in environmental regulations.
 - B) trade barriers like tariffs and quotas.
 - C) the existence of non-traded goods.
 - D) transportation costs.

Answer: <https://biology-forums.com/index.php?topic=359017>

Question 921

- Consumption smoothing refers to
- A) the tendency of consumers to seek a consumption path over time that is smoother than income.
 - B) consumer's concerns about going heavily into debt.
 - C) the tendency of all consumers to choose the same amount of current consumption.
 - D) the tendency of consumers to seek an income path over time that is smoother than consumption.

Answer: <https://biology-forums.com/index.php?topic=358707>

Question 922

- Banks in the Diamond-Dybvig model can offer depositors increased liquidity because
- A) while individual depositors' liquidity needs are predictable, average depositor liquidity needs are unpredictable.
 - B) while individual depositors' liquidity needs are unpredictable, average depositor liquidity needs are predictable.
 - C) both individual depositors' liquidity needs and average depositor liquidity needs are predictable.
 - D) neither individual depositors' liquidity needs nor average depositor liquidity needs are predictable.

Answer: <https://biology-forums.com/index.php?topic=359111>

Question 923

- In a two-period model, as long as wealth effects are small, an increase in the world real interest rate
- A) increases consumption and increases the current account surplus.
 - B) decreases consumption and decreases the current account surplus.
 - C) decreases consumption and increases the current account surplus.
 - D) increases consumption and decreases the current account surplus.

Answer: <https://biology-forums.com/index.php?topic=358997>

Question 924

In the monetary small open-economy model with a fixed exchange rate, a devaluation of the domestic currency in the absence of any other shocks

- A) increases the domestic money supply and has no effect on the current account surplus.
- B) decreases the domestic money supply and has no effect on the current account surplus.
- C) decreases the current account surplus and has no effect on the domestic money supply.
- D) increases the current account surplus and has no effect on the domestic money supply.

Answer: <https://biology-forums.com/index.php?topic=359048>

Question 925

A business cycle peak is a

- A) relatively large positive deviation from trend in real GDP.
- B) small positive deviation from trend in real GDP.
- C) small negative deviation from trend in real GDP.
- D) relatively large negative deviation from trend in real GDP.

Answer: <https://biology-forums.com/index.php?topic=358343>

Question 926

Pamela's bakery produces 500 loaves of bread in a given year. Pamela pays \$100 for flour and yeast, pays \$600 in wages, pays \$50 in interest on an existing loan, and pays \$100 in taxes to the government. One of Pamela's bread slicing machines, which cost \$75 each, wears out over the course of the year and must be scrapped. Pamela's profit for the year equals \$75. Pamela's bread, therefore, sells for

- A) \$2.00 per loaf.
- B) \$0.50 per loaf.
- C) \$1.00 per loaf.
- D) cannot tell, insufficient information

Answer: <https://biology-forums.com/index.php?topic=358250>

Question 927

Real business cycle theory was introduced by

- A) Milton Friedman and Anna Schwartz.
- B) Finn Kydland and Edward Prescott.
- C) Milton Friedman and Robert Lucas.
- D) Thomas Cooley and Gary Hansen.

Answer: <https://biology-forums.com/index.php?topic=358919>

Question 928

According to New Keynesian theory, fluctuations in the target interest rate are not a good explanation of the business cycle because the model predicts that

- A) labor is countercyclical.
- B) average labor productivity is countercyclical.
- C) consumption is constant.
- D) output is countercyclical.

Answer: <https://biology-forums.com/index.php?topic=358964>

Question 929

Value added is equal to the value of a firm's production minus

- A) intermediate goods used in production.
- B) labor costs.
- C) investment expenditures.
- D) all of its costs of production.

Answer: <https://biology-forums.com/index.php?topic=358263>

Question 930

Business cycles are

- A) each unique and they can have many causes.
- B) each unique, but all have a single cause.
- C) similar, and they all have a single cause.
- D) similar, but they can have many causes.

Answer: <https://biology-forums.com/index.php?topic=358199>

Question 931

Making use of an economic model is a process of

- A) resolving inconsistencies in the actions of economic agents.

- B) running experiments to determine how changes in the exogenous variables will change the endogenous variables.
- C) running experiments to determine how changes in the endogenous variables will change the exogenous variables.
- D) solving hundreds of simultaneous equations.

Answer: <https://biology-forums.com/index.php?topic=358508>

Question 932

If Year 1 is the base year, the growth of real GDP is approximately

- A) 148%.
- B) 137.5%.
- C) 100%.
- D) 109.5%.

Answer: <https://biology-forums.com/index.php?topic=358315>

Question 933

What characteristic do both human and physical capital share?

- A) The use of both exhibits rivalry.
- B) Both are controlled by the government.
- C) Current costs are incurred for future benefits.
- D) They can easily be transferred to new ownership.

Answer: <https://biology-forums.com/index.php?topic=358680>

Question 934

The output gap is

- A) the difference between forecasted output and past output.
- B) the difference between target output and realized output.
- C) the difference between market-clearing output and actual output.
- D) the difference between initial output and final output.

Answer: <https://biology-forums.com/index.php?topic=358958>

Question 935

Year 1 nominal GDP is

- A) \$270.
- B) \$310.
- C) \$390.
- D) \$200.

Answer: <https://biology-forums.com/index.php?topic=358291>

Question 936

The optimal consumption bundle is the point representing a consumption-leisure pair that is on the

- A) highest possible indifference curve and is on or outside the consumer's budget constraint.
- B) highest possible indifference curve and is on or inside the consumer's budget constraint.
- C) lowest possible indifference curve and is on or inside the consumer's budget constraint.
- D) lowest possible indifference curve and is on or outside the consumer's budget constraint.

Answer: <https://biology-forums.com/index.php?topic=358447>

Question 937

A dynamic decision is one that

- A) is made very quickly.
- B) involves only the present.
- C) involves planning over more than one time period.
- D) involves only the future.

Answer: <https://biology-forums.com/index.php?topic=358397>

Question 938

The equilibrium effects of a temporary increase in government spending include

- A) an increase in the real wage and a decrease in the real interest rate.
- B) an increase in the real wage and an increase in the real interest rate.
- C) a decrease in the real wage and an increase in the real interest rate.
- D) a decrease in the real wage and a decrease in the real interest rate.

Answer: <https://biology-forums.com/index.php?topic=358845>

Question 939

- A good is normal for a consumer if
- A) its consumption rises when income rises.
 - B) its consumption falls when income rises.
 - C) some minimal level of the good must be consumed to assure the consumer's survival.
 - D) it is always consumed in a consistent quantity.

Answer: <https://biology-forums.com/index.php?topic=358418>

Question 940

- The income-expenditure identity is best paraphrased as
- A) on average, government can spend no more than what it collects in income taxes.
 - B) all profits are used for investment spending.
 - C) on average, consumers cannot save.
 - D) all spending generates income.

Answer: <https://biology-forums.com/index.php?topic=358269>

Question 941

- In the United States, the observed Phillips curve is
- A) not a curve, but a straight line.
 - B) never discernible.
 - C) stable over time.
 - D) unstable over time.

Answer: <https://biology-forums.com/index.php?topic=359120>

Question 942

- The nominal exchange rate is the
- A) domestic currency price of foreign currency.
 - B) price of foreign goods in terms of domestic goods.
 - C) price of domestic goods in terms of foreign goods.
 - D) foreign currency price of domestic currency.

Answer: <https://biology-forums.com/index.php?topic=359010>

Question 943

- A reduction in financial liquidity, producing deficient liquid assets
- A) shifts the output supply curve to the right.
 - B) shifts the output demand curve to the left.
 - C) shifts the output demand curve to the right.
 - D) shifts the output supply curve to the left.

Answer: <https://biology-forums.com/index.php?topic=358951>

Question 944

- Changes in total factor productivity are plausible causes of business cycles because
- A) of the welfare theorems.
 - B) the model matches many stylized facts.
 - C) the U.S. government is following supply-side economic policy.
 - D) prices are countercyclical.

Answer: <https://biology-forums.com/index.php?topic=358550>

Question 945

- If a particular measure of real GDP consistently underestimates growth in real GDP, then the rate of inflation as measured by the GDP deflator
- A) cannot be calculated.
 - B) will be unbiased.
 - C) will be biased upward.
 - D) will be biased downward.

Answer: <https://biology-forums.com/index.php?topic=358319>

Question 946

Which is not a cause for business cycles considered by macroeconomists?

- A) shocks to technological ability
- B) shocks to money supply
- C) variations in optimism
- D) greed

Answer: <https://biology-forums.com/index.php?topic=358211>

Question 947

A scatterplot allows us

- A) to mark peaks and troughs.
- B) to see the comovement between two time series.
- C) to determine whether a series leads or lags.
- D) to determine how persistent a series is.

Answer: <https://biology-forums.com/index.php?topic=358366>

Question 948

The adoption of capital controls makes

- A) everyone in the domestic economy worse off.
- B) everyone in the domestic economy better off.
- C) some domestic residents better off and some worse off, although on average welfare increases.
- D) some domestic residents better off and some worse off, although on average welfare decreases.

Answer: <https://biology-forums.com/index.php?topic=359065>