Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	2 minutes	20 out of 20

Correct answers are hidden.

Score for this attempt: **20** out of 20
Submitted Jan 25 at 3:35pm
This attempt took 2 minutes.

Question 1

1 / 1 pts

Suppose NOMINAL GDP rises by 2% and the GDP deflator rises by 3%. By how much does REAL GDP change?

- (selected) fall 1%
- rise 1%
- fall 5%
- rise 5%

Question 2

1 / 1 pts

All of the following would contribute to U.S. GDP, except:

- Amazon buys a new delivery truck produced this year
- Ford motor company builds a new factory in the U.S.
- you buy a new car produced this year

- you buy a used car

Question 3

1 / 1 pts

Assume that total output in a two-good economy in 2022 consists of 50,000 apples and 2 Tesla cars, with prices of 1$ per apple and $25,000 per Tesla. And suppose the output in 2023 is 55,000 apples and 3 Teslas, with prices $2 per apple, and $10,000 per Tesla. Compute the percentage growth in real GDP in 2023 compared to 2022, using 2022 as a base year.

- -30%
- 30%
- -5%
- 5%

Question 4

1 / 1 pts

Using the information from the two-good economy above, compute the GDP deflator for 2023 (using 2022 as the base year). What does it say is happening to average price level from 2022 to 2023.

- falling
- ambiguous from the given information, since some prices are rising and others falling
- rising

not changing

Question 5

1 / 1 pts

The property of diminishing marginal product means that, after a point, when additional quantities of:

- a factor is added when another factor remains fixed, the marginal product of that factor diminishes.
- both labor and capital are added, output diminishes.
- both labor and capital are added, the marginal product of labor diminishes.
- a factor are added, output diminishes.

Question 6

1 / 1 pts

In the long run, the level of national income in an economy is determined by its:

- government budget surplus or deficit.
- real and nominal interest rate.
- rate of economic and accounting profit.
- factors of production and production function.

Question 7

1 / 1 pts

For the next several questions refer to a case with the following production function: $Y = 9K^{1/3}L^{2/3}$, where the level of capital in the economy is 1000 and the level of labor in the economy is 1000. Under the assumptions of the Neoclassical model, compute the equilibrium real rental rate of capital.

- (●) 3
- ( ) 6
- ( ) 1/3
- ( ) 2/3
- ( ) 9
- ( ) 9000

Question 8

1 / 1 pts

For the case above, compute the equilibrium real WAGE.

- ( ) 3
- ( ) 2/3
- ( ) 1/3
- (●) 6
- ( ) 9000

- 9

Question 9

1 / 1 pts

For the case above, does Euler's theorem hold?

- no
- yes
- No answer text provided.
- No answer text provided.

Question 10

1 / 1 pts

For the case above, what fraction of output in this economy is paid to the owners of capital?

- 1/3
- 2/3
- 2/5
- 3/5

Question 11

1 / 1 pts

For the case above, suppose new immigration laws reduce the labor supply. How will this affect the real rental rate on capital?

- (●) fall
- ( ) impossible to tell
- ( ) no change
- ( ) rise

Question 12

1 / 1 pts

For the case above, how will the reduction in immigration affect the real wage?

- ( ) no change
- ( ) impossible to tell
- (●) rise
- ( ) fall

Question 13

1 / 1 pts

The next several questions refer to the case of an economy with the following equations:

Production function : $Y = 2K + 4L$,

with factor supplies: $K=50$ and $L=100$

Consumption function: C = 130 + 0.3(Y-T)

Investment function: I = 170 - 200r

Government: G =85, T=50

(Assume a closed economy: $Y = C + I + G$).

Compute the equilibrium level of the interest rate.

- (●) 0.1
- ( ) 0.05
- ( ) 0.15
- ( ) 0.2

Question 14

1 / 1 pts

For the case above, compute the equilibrium level of investment.

- (●) 150
- ( ) 170
- ( ) 140
- ( ) 160
- ( ) 100

Question 15

1 / 1 pts

For the case above, compute the equilibrium level of consumption.

- 255
- 240
- 260
- 265
- 275

Question 16

1 / 1 pts

For the model economy above, suppose government spending is raised to 105 (instead of 85). Compute the amount by which investment falls.

- 10
- 20
- 15
- 5
- 0

Question 17

1 / 1 pts

In the case above, the amount by which investment falls is _____ the amount by which government spending rises

- (●) the same as
- ( ) No answer text provided.
- ( ) less than
- ( ) more than

Question 18

1 / 1 pts

Now change the model above so that the consumption function involves the interest rate as follows:

C = 130 + 0.3(Y-T) - 200r

Compute the equilibrium values of the interest rate and investment for the cases of G=85 and G = 105. How much is investment crowded out now by the rise in G? Report below the amount by which investment falls when G rises from 85 to 105.

- ( ) 15
- ( ) 20
- ( ) 0
- ( ) 5
- (●) 10

Question 19

1 / 1 pts

For the next two questions, go back to the original consumption function (*C = 130 + 0.3(Y-T)*), and suppose instead that there is a decrease in tax

(assume no change in government spending now). What will the effect be on consumption. (You can answer this based on your intuitive understanding o f the model, or you can answer it by plugging numbers of your choosing into the model to compute an answer mathematically.)

- no change
- fall
- No answer text provided.
- rise

Question 20

1 / 1 pts

The tax decrease makes the interest rate _____ and investment _____ in this model.

- rise, rise
- fall, not change
- rise, fall
- fall, rise

Quiz Score: **20** out of 20