DH EDU

Road to the Final

교재 문제집

1. The value of what an American-owned factory produces in Mexico is

I. excluded from the U.S. GDP. II. included in the U.S. GDP. III. included in the Mexican GDP. IV. included in the U.S. GNP.

① I only
② I and IV only
③ II and III only
④ II and IV only
⑤ I, III, and IV

2. Imagine an economy that produces only two goods, cheese and crackers. Calculate GDP for this economy if cheese retails for $3 a pound and 10 pounds are produced while crackers sell for $2 a pound and 20 pounds are produced.

① $35
② $70
③ $150
④ $1,200
⑤ Not enough information is given to calculate GDP.

3. According to the way in which economists use the word, the bulk of 'investment' is done by

① foreigners.
② businesses.
③ households.
④ government.
⑤ all of the above.

4. GDP measures

① production within a nation's borders.
② production by a nation's citizens wherever they may be.
③ income earned by the factors of production plus depreciation and indirect business taxes.
④ ② and ③
⑤ ① and ③

5. If corporation buys an original Matisse painting to hang in its board room, then

① GDP decreases by the amount of the purchase because C decreases.
② GDP increases by the amount of the purchase because I increases.
③ GDP is unaffected because it is a second-hand sale.
④ GDP decreases because I decreases.
⑤ I increases, but C decreases.

6. Which of the following events has no effect on GDP?

① A college buys computers.
② You buy a bottle of wine.
③ You buy a 1957 Chevy from a friend.
④ The Department of Transportation repaves a road.
⑤ Your friend makes a music CD that doesn't sell any copies.

7. Which of the following will have an effect on GDP?

① You lose $50 betting with a friend.
② Your wealthy uncle buys a painting by Picasso.
③ You buy 1,000 shares of stock in a corporation.
④ You fix your brother's car without buying any new parts.
⑤ Your father's firm makes computers and exports them to China.

**8. A firm produced 12 computers in 2015. The firm sold 10 computers in 2015 and added 2 to inventories.
The market value of the computers in 2015 was $600 per unit.
What is the value of this firm's output that should be included in the GDP for 2015?**

① $600
② $1,200
③ $6,000
④ $7,200
⑤ $13,200

9. The diagram below shows data about the change in prices for a variety of goods. What happened to the CPI for this consumer from year one to year two?

Goods	Quantity	Year 1 price per unit	Year 2 price per unit
Pizza	5	$12.00	$11.00
Soda	10	$2.00	$1.25
Napkins	100	$0.05	$0.15

① It fell about 3%.
② It rose about 3%.
③ It fell by one-third.
④ It rose by one-third.
⑤ It remained unchanged.

10. If the CPI goes to 150 from 120, then prices have

① risen 20 percent.
② risen 25 percent.
③ risen 30 percent.
④ fallen 20 percent.
⑤ fallen 30 percent.

11. According to experts, the CPI

① overstates increases in the cost of living.
② understates increases in the cost of living.
③ accurately estimates changes in the cost of living.
④ could over- or underestimate changes depending on the season.
⑤ should be abandoned in favor of the GDP Deflator

12. If nominal GDP equals $5,000 and real GDP equals $4,000, then the GDP Deflator equals

① 0.8
② 1.25
③ 125
④ 300
⑤ 800

13. Inflation

① discourages savings.
② forces households to save more.
③ does not affect savings in the economy.
④ causes resources will be misallocated.
⑤ ① and ④

14. During the recession phase of a business cycle, which of the following is likely to increase?

① wages
② investment
③ the price level
④ economic growth rates
⑤ the unemployment rate

15. Which of the following is the most likely result of inflation?

① price stability
② falling employment
③ low aggregate output per capita
④ a dollar will buy more than it did before
⑤ people are discouraged from holding cash

16. The other things equal assumption allows economists to

① oversimplify.
② allow nothing to change in their model.
③ avoid making assumptions about reality.
④ reflect all aspects of the real world in their model.
⑤ focus on the effects of only one change at a time.

17. A 25 year-old steel worker has not worked for the past two months because her union is on strike against the company for which she works. During these past two months, she has not been paid. She would be classified as

① employed.
② unemployed.
③ a discouraged worker.
④ outside the labor force.
⑤ frictionally unemployed.

18. Refer to the table below. Which of the following is the unemployment rate for this population?

Employed	9500
Unemployed	500
Not in the labor force	2,000

① 0.4%
② 4%
③ 5%
④ 5.25%
⑤ 11%

19. Nancy wants to make a 10% real return on a loan that she is planning to make, and the expected inflation rate during the period of the loan is 12%. She should charge a nominal interest rate of:

① -2%
② 2%
③ 10%
④ 12%
⑤ 22%

20. Ayesha graduates from college, but decides to spend a year doing volunteer work before looking for a job. As a result, there is

① a decrease in the labor force.
② a decrease in cyclical unemployment.
③ no change in the unemployment rate.
④ an increase in seasonal unemployment.
⑤ an increase in structural unemployment.

21. Stagflation occurs when

① the overall price level falls during a recession period.
② the overall price level increases rapidly during a recession period.
③ the overall price level increases rapidly during an expansion period.
④ the overall price level decreases rapidly during an expansion period.
⑤ the overall price level and employment are both stable for a long period.

22. Say's Law

① was verified by the Great Depression.
② states that demand creates its own supply.
③ is the basis of Classical economic analysis.
④ is the basis of Keynesian economic analysis.
⑤ indicates that prices will be stable in capitalist economies.

23. Keynes

① was a great American economist.
② showed how Say's Law operated in capitalist economies.
③ explained the cause of and cure for the Great Depression.
④ advanced Classical economic theory by building on Say's Law.
⑤ advanced Classical economic theory by making several refinements.

24. Which of the following would not shift the aggregate supply curve?

① An increase in technology
② A decrease in productivity
③ An increase in the price level
④ A decrease in the amount of resources in the economy
⑤ An increase in the amount of resources in the economy

25. Which of the following would shift the aggregate demand curve to the left?

① An increase in the money supply
② An increase in consumer confidence
③ Government increases its level of spending
④ Business firms expect lower sales in the future
⑤ Foreigners develop a preference for our products

26. What will happen to the equilibrium price level and the equilibrium quantity of output if consumer confidence increases? Assume an upward sloping aggregate supply curve.

① The equilibrium price level and quantity of output increase.
② The equilibrium price level and quantity of output decrease.
③ The equilibrium price level decreases while the equilibrium quantity of output increases.
④ The equilibrium price level increases while the equilibrium quantity of output decreases.
⑤ The equilibrium price level increases while the equilibrium quantity of output remains unchanged.

27. What will happen to the equilibrium price level and the equilibrium quantity of output if the aggregate demand curve shifts to the right? Assume a long-run aggregate supply curve.

① The equilibrium price level and quantity of output increase.
② The equilibrium price level and quantity of output decrease.
③ The equilibrium price level decreases while the equilibrium quantity of output increases.
④ The equilibrium price level increases while the equilibrium quantity of output decreases.
⑤ The equilibrium price level increases while the equilibrium quantity of output remains unchanged.

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28. What will happen to the equilibrium price level and the equilibrium quantity of output if the aggregate supply curve shifts to the left? Assume an upward sloping aggregate supply curve.

① The equilibrium price level and quantity of output increase.
② The equilibrium price level and quantity of output decrease.
③ The equilibrium price level decreases while the equilibrium quantity of output increases.
④ The equilibrium price level increases while the equilibrium quantity of output decreases.
⑤ The equilibrium price level increases while the equilibrium quantity of output remains unchanged.

29. An increase in the price level

① shifts aggregate demand left
② reduces real financial wealth and therefore increases consumer demand
③ reduces real financial wealth and therefore decreases consumer demand
④ increases real financial wealth and therefore increases consumer demand
⑤ increases real financial wealth and therefore decreases consumer demand

30. According to the interest rate effect, aggregate demand slopes downward because lower prices

① reduce interest rates and therefore increase aggregate demand
② reduce interest rates and therefore decrease aggregate demand
③ increase interest rates and therefore increase aggregate demand
④ increase interest rates and therefore decrease aggregate demand
⑤ None of the above are correct.

31. Congressional action to increase funding for space projects will cause short-run price level and RGDP to change in which of the following ways?

Price Level / RGDP
① decrease / increase
② increase / increase
③ decrease / decrease
④ no change / increase
⑤ no change / no change

32. Which one of the following would shift the aggregate demand curve to the right?

① A higher price level
② An increase in investment spending
③ An increase in the personal income tax rates
④ A decrease in government spending directed to education
⑤ An increase in the interest rate at each possible price level

33. When the government sector is included in the circular flow of income, disposable income is exactly equal to

① saving plus taxes
② consumption minus saving
③ net taxes plus total income
④ net taxes minus total income
⑤ national income minus net taxes

34. If the marginal propensity to consume is 0.8, what is the largest total increase in GDP that can result from $500 of new spending?

① $400
② $500
③ $625
④ $2,500
⑤ $5,000

35. A recessionary gap exists when the short-run equilibrium level of real GDP

① increases over time
② decreases over time
③ equals the full employment level of real GDP
④ is above the full employment level of real GDP
⑤ is below the full employment level of real GDP

36. If the MPC is 0.8 and government spending decreases by $10 billion, how would this affect the nation's income?

① Income would decrease by $8 billion
② Income would decrease by $10 billion
③ Income would decrease by $40 billion
④ Income would decrease by $50 billion
⑤ Income would decrease by $62.5 billion

<Answers>

1. 5
2. 2
3. 2
4. 5
5. 3
6. 3
7. 5
8. 4
9. 1
10. 2
11. 1
12. 3
13. 5
14. 5
15. 5
16. 5
17. 1
18. 3
19. 5
20. 3
21. 2
22. 3
23. 3
24. 3
25. 4
26. 1
27. 5
28. 4
29. 3
30. 1
31. 2
32. 2
33. 5
34. 4
35. 5
36. 4