Test Bank for Brief Principles of Macroeconomics 9th Mankiw

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TRUE/FALSE

1 : Economists try to address their subject with a scientist’s objectivity.
A : true
B : false

Correct Answer : A

2 : Economists devise theories, collect data, and then analyze these data in an attempt to verify or refute their theories.
A : true
B : false

Correct Answer : A

3 : The scientific method is the dispassionate development and testing of theories about how the world works.
A : true
B : false

Correct Answer : A

4 : The scientific method can be applied to the study of economics.
A : true
B : false

Correct Answer : A

5 : While the scientific method is applicable to studying natural sciences, it is not applicable to studying a nation’s economy.
A : true
B : false

Correct Answer : B

6 : For economists, conducting experiments is often difficult and sometimes impossible.
A : true
B : false

Correct Answer : A

7 : Economists usually have to make do with whatever data the world happens to give them.
A : true
B : false

Correct Answer : A

8 : It is difficult for economists to make observations and develop theories, but it is easy for economists to run experiments to generate data to test their theories.
A : true
B : false

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Correct Answer : B

9 : Since economists cannot use natural experiments offered by history, they must use carefully constructed laboratory experiments instead.
A : true
B : false

Correct Answer : B

10 : Historical episodes are not valuable to economists.
A : true
B : false

Correct Answer : B

11 : Historical episodes allow economists to illustrate and evaluate current economic theories.
A : true
B : false

Correct Answer : A

12 : Good assumptions simplify a problem without substantially affecting the answer.
A : true
B : false

Correct Answer : A

13 : Assumptions can simplify the complex world and make it easier to understand.
A : true
B : false

Correct Answer : A

14 : Economists often find it worthwhile to make assumptions that do not necessarily describe the real world.
A : true
B : false

Correct Answer : A

15 : Economists use one standard set of assumptions to answer all economic questions.
A : true
B : false

Correct Answer : B

16 : Economic models are most often composed of diagrams and equations.
A : true
B : false

Correct Answer : A

17 : Economic models omit many details to allow us to see what is truly important.

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A : true
B : false

Correct Answer : A

18 : Economic models can help us understand reality only when they include all details of the economy.
A : true
B : false

Correct Answer : B

19 : An economic model can accurately explain how the economy is organized because it is designed to include, to the extent possible, all features of the real world.
A : true
B : false

Correct Answer : B

20 : All scientific models, including economic models, simplify reality in order to improve our understanding of it.
A : true
B : false

Correct Answer : A

21 : The circular-flow diagram explains, in general terms, how the economy is organized and how participants in the economy interact with one another.
A : true
B : false

Correct Answer : A

22 : A circular-flow diagram is a visual model of the economy.
A : true
B : false

Correct Answer : A

23 : The circular flow model is not used anymore because it fails to perfectly replicate real world situations.
A : true
B : false

Correct Answer : B

24 : In the circular-flow diagram, households and firms are the decision makers.
A : true
B : false

Correct Answer : A

25 : In the circular-flow diagram, firms produce goods and services using the factors of

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production.
A : true
B : false

Correct Answer : A

26 : In the circular-flow diagram, factors of production are the goods and services produced by firms.
A : true
B : false

Correct Answer : B

27 : In the circular-flow diagram, factors of production include land, labor, and capital.
A : true
B : false

Correct Answer : A

28 : In the circular-flow diagram, firms own the factors of production and use them to produce goods and services.
A : true
B : false

Correct Answer : B

29 : In the circular-flow diagram, firms consume all the goods and services that they produce.
A : true
B : false

Correct Answer : B

30 : In the circular-flow diagram, the two types of markets in which households and firms interact are the markets for goods and services and the markets for factors of production.
A : true
B : false

Correct Answer : A

31 : In the markets for goods and services in the circular-flow diagram, households are buyers and firms are sellers.
A : true
B : false

Correct Answer : A

32 : In the markets for the factors of production in the circular-flow diagram, households are buyers and firms are sellers.
A : true
B : false

Correct Answer : B

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33 : In the circular-flow diagram, one loop represents the flow of goods, services, and factors of production, and the other loop represents the corresponding flow of dollars.
A : true
B : false

Correct Answer : A

34 : In the circular-flow diagram, one loop represents the flow of goods and services, and the other loop represents the flow of factors of production.
A : true
B : false

Correct Answer : B

35 : In the circular-flow diagram, payments for labor, land, and capital flow from firms to households through the markets for the factors of production.
A : true
B : false

Correct Answer : A

36 : The production possibilities frontier is a graph that shows the various combinations of outputs that the economy can possibly produce given the available factors of production and the available production technology.
A : true
B : false

Correct Answer : A

37 :

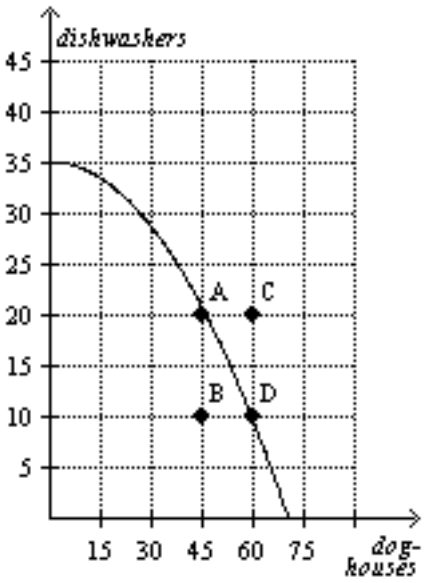


Figure 2-10?????Refer to Figure 2-10. If this economy uses all its resources in the dishwasher industry, it produces 35 dishwashers and no doghouses.
A : true
B : false

Correct Answer : A

38 :

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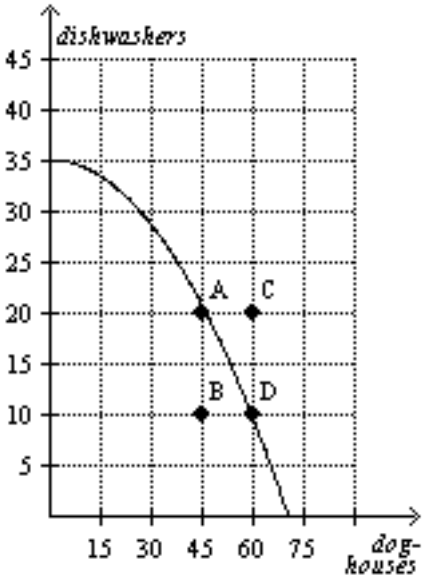


Figure 2-10?????Refer to Figure 2-10. It is possible for this economy to produce 75 doghouses.
A : true
B : false

Correct Answer : B

39 :

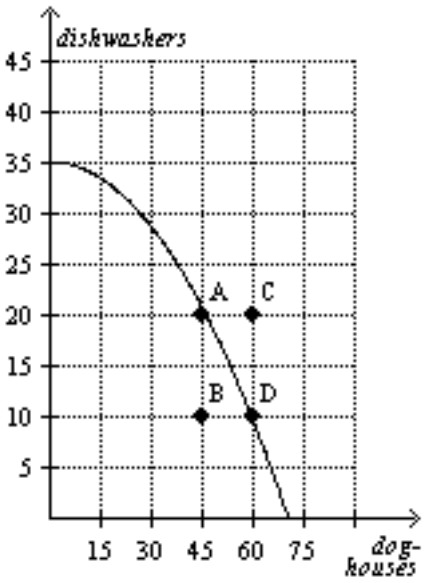


Figure 2-10?????Refer to Figure 2-10. It is possible for this economy to produce 30 doghouses and 20 dishwashers.
A : true
B : false

Correct Answer : A

40 :

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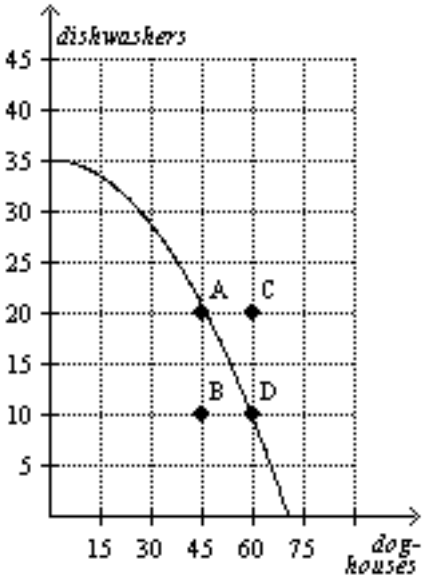


Figure 2-10?????Refer to Figure 2-10. It is possible for this economy to produce 45 doghouses and 30 dishwashers.
A : true
B : false

Correct Answer : B

41 :

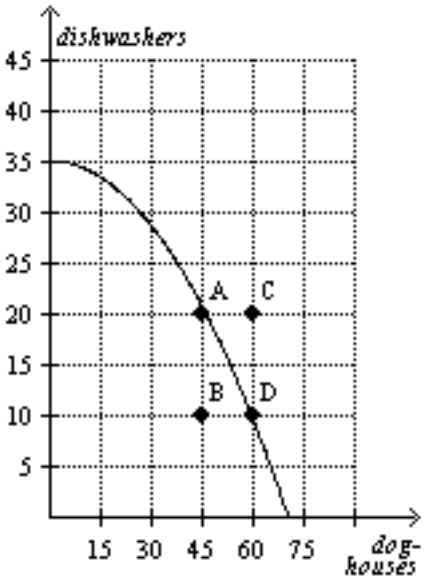


Figure 2-10?????Refer to Figure 2-10. When this economy produces 30 doghouses and 25 dishwashers there is full employment.
A : true
B : false

Correct Answer : B

42 :

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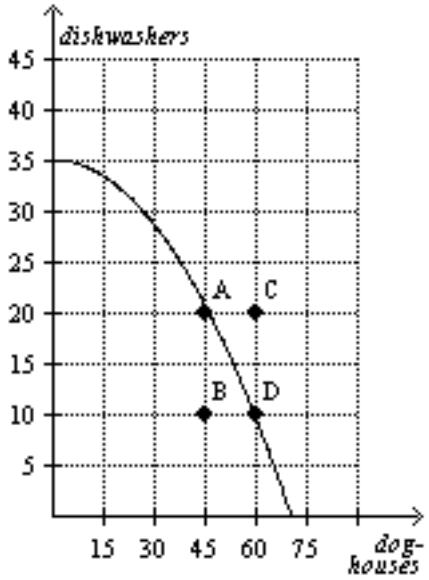


Figure 2-10?????Refer to Figure 2-10. This economy fully employs its resources when it produces 35 dishwashers and zero doghouses.
A : true
B : false

Correct Answer : A

43 :

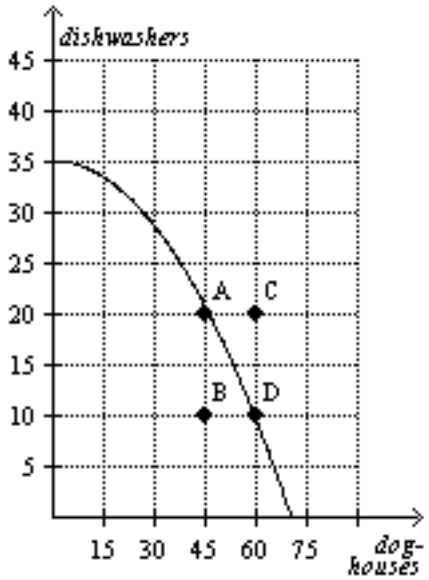


Figure 2-10?????Refer to Figure 2-10. Given the technology available for manufacturing doghouses and dishwashers, this economy does not have enough of the factors of production to support the level of output represented by point C.
A : true
B : false

Correct Answer : A

44 :

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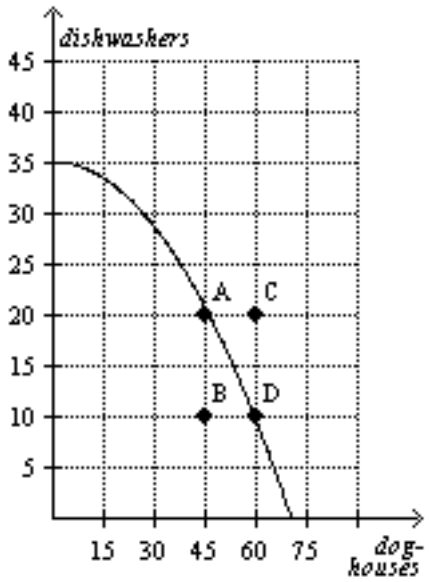


Figure 2-10?????Refer to Figure 2-10. Points A, B, and D represent feasible outcomes for this economy.
A : true
B : false

Correct Answer : A

45 :

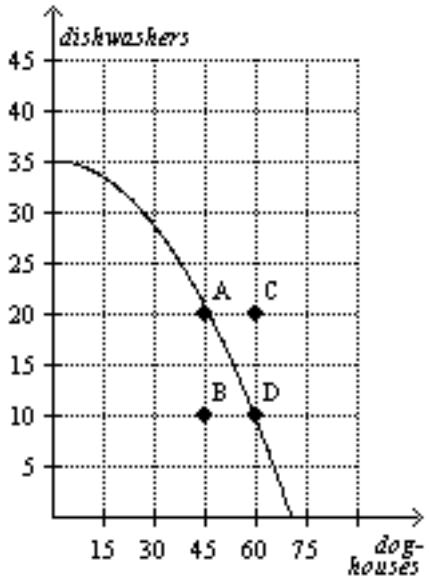


Figure 2-10?????Refer to Figure 2-10. Points B and C represent infeasible outcomes for this economy.
A : true
B : false

Correct Answer : B

46 :

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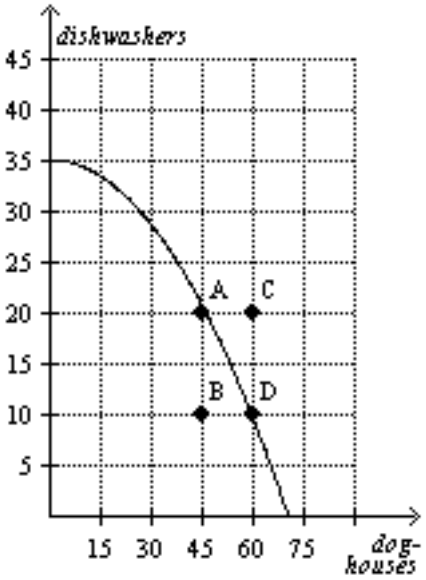


Figure 2-10?????Refer to Figure 2-10. Points A, B, and D represent efficient outcomes for this economy.
A : true
B : false

Correct Answer : B

47 :

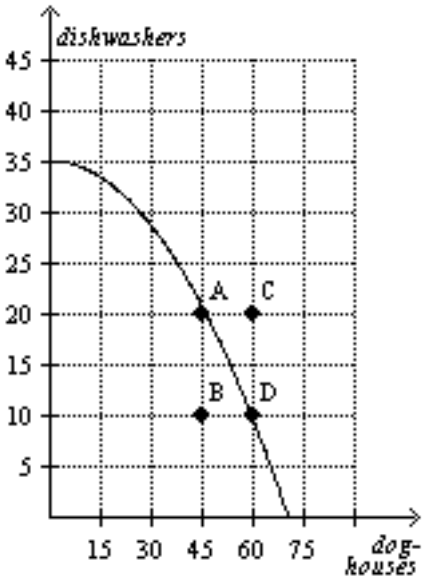


Figure 2-10?????Refer to Figure 2-10. Point B represents an inefficient outcome for this economy.
A : true
B : false

Correct Answer : A

48 :

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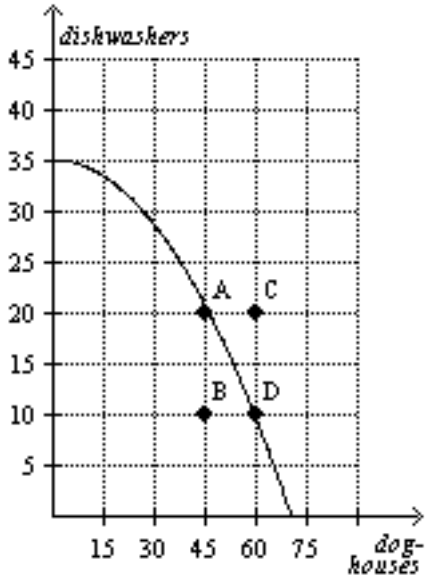


Figure 2-10?????Refer to Figure 2-10. Unemployment could cause this economy to produce at point B.
A : true
B : false

Correct Answer : A

49 :

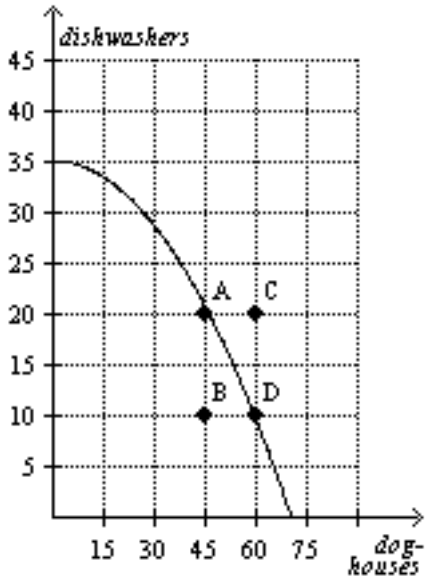


Figure 2-10?????Refer to Figure 2-10. The opportunity cost of moving from point A to point D is 10 dishwashers.
A : true
B : false

Correct Answer : A

50 :

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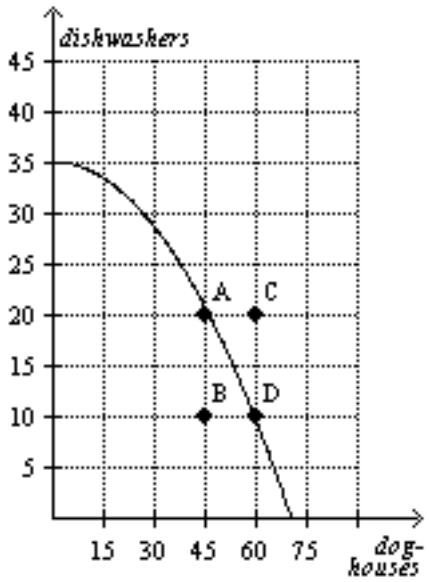


Figure 2-10?????Refer to Figure 2-10. The opportunity cost of moving from point B to point D is 15 doghouses.
A : true
B : false

Correct Answer : B

51 :

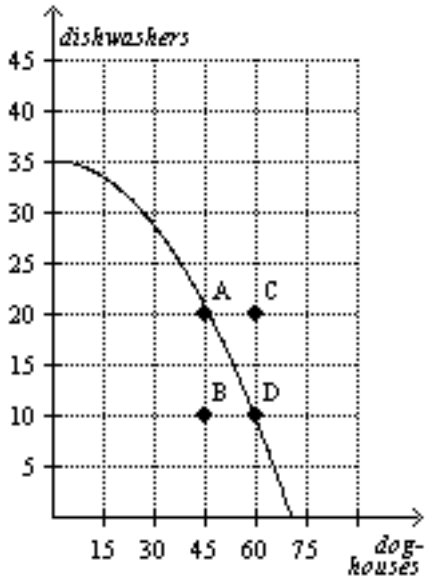


Figure 2-10?????Refer to Figure 2-10. The opportunity cost of moving from point B to point A is zero.
A : true
B : false

Correct Answer : A

52 :

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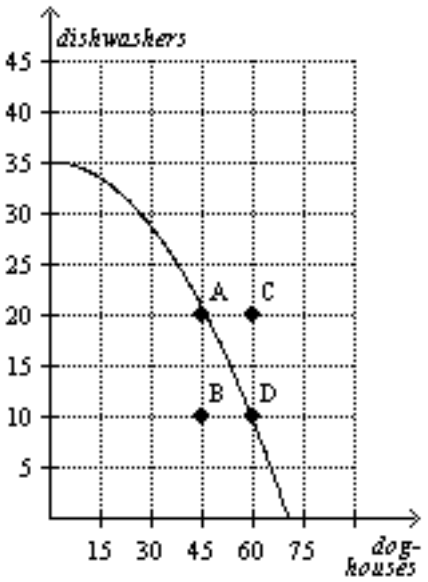


Figure 2-10?????Refer to Figure 2-10. The opportunity cost of an additional doghouse increases as more doghouses are produced.
A : true
B : false

Correct Answer : A

53 :

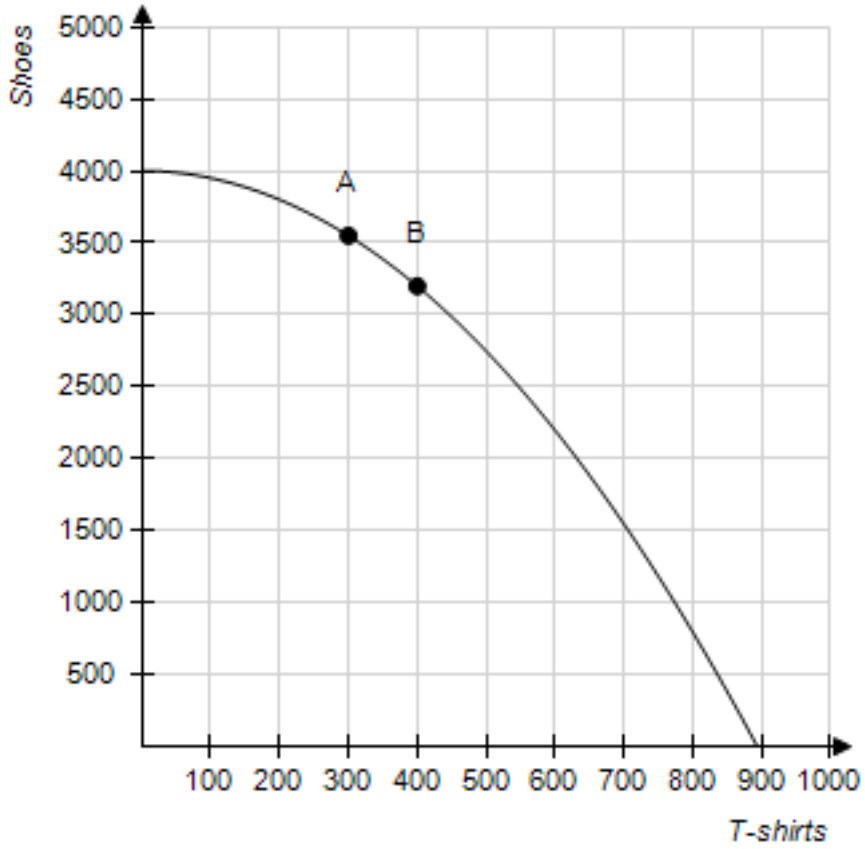


Figure 2-11?Refer to Figure 2-11. Point B represents an inefficient outcome for this economy.
A : true
B : false

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Correct Answer : B

54 :

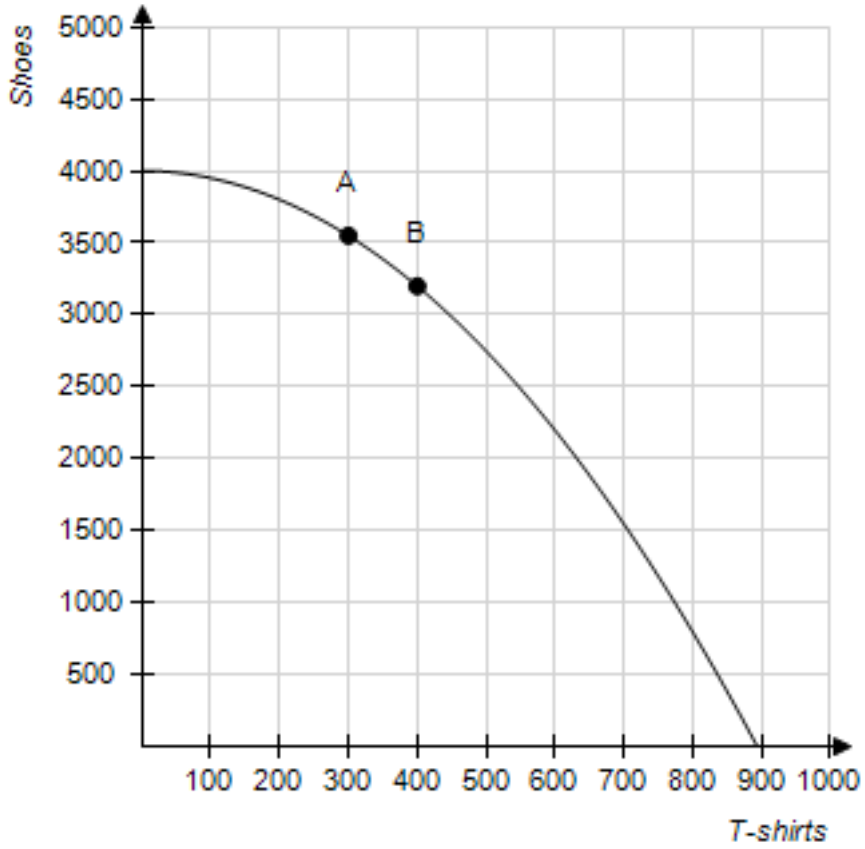


Figure 2-11?Refer to Figure 2-11. The opportunity cost of moving from point A to point B is zero.
A : true
B : false

Correct Answer : B

55 :

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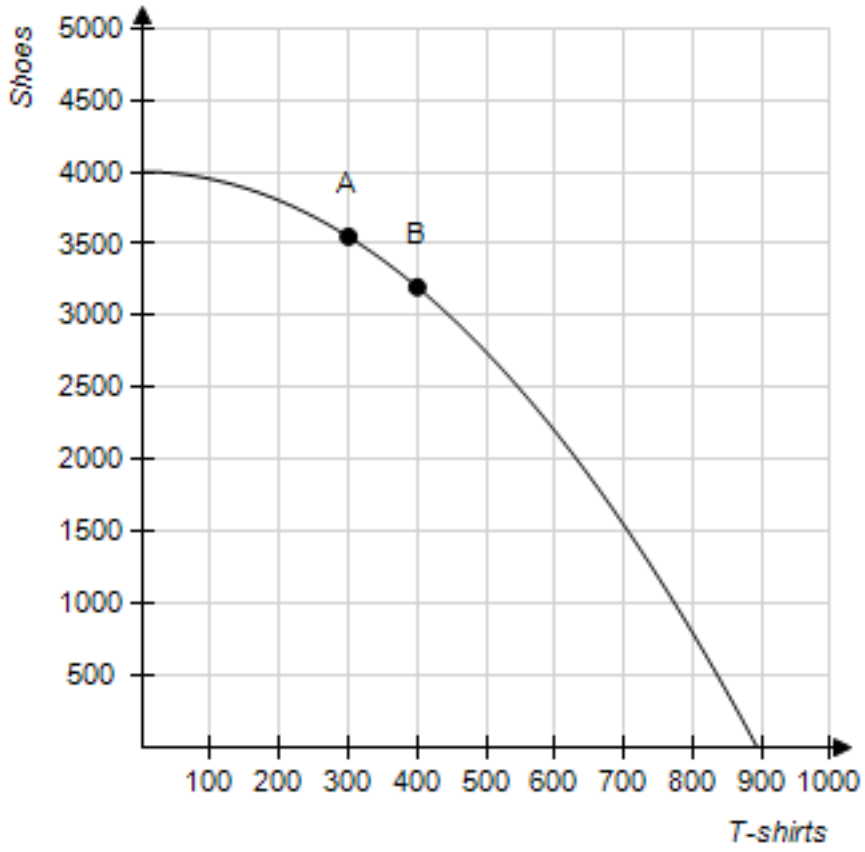


Figure 2-11?Refer to Figure 2-11. The opportunity cost of producing an additional pair of shoes increases as more shoes are produced.
A : true
B : false

Correct Answer : A

56 :

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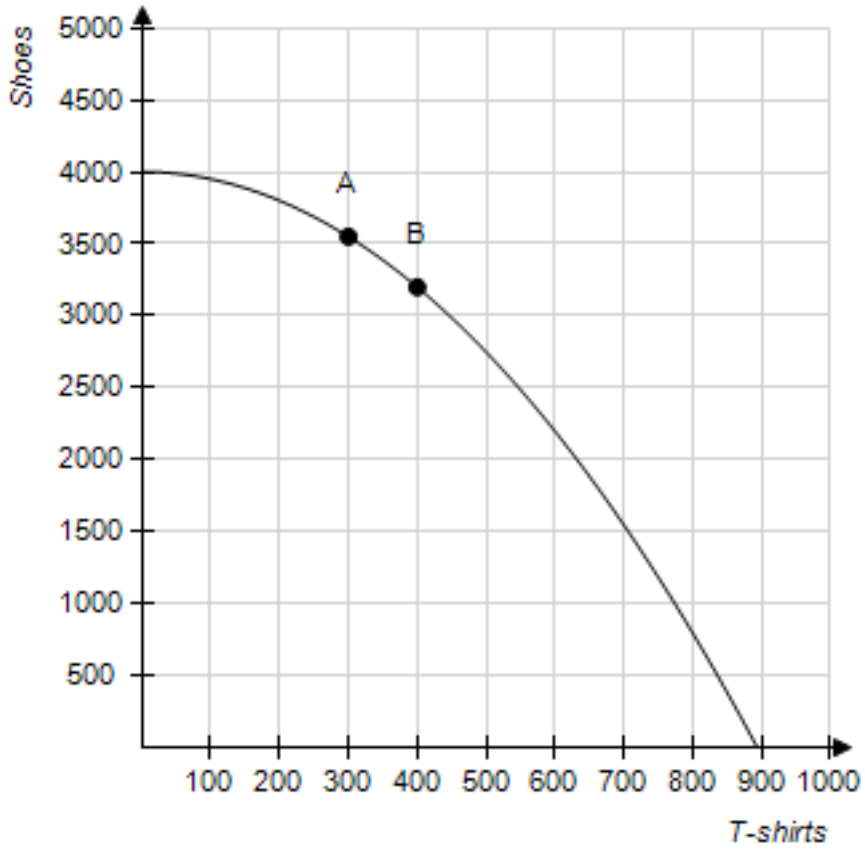


Figure 2-11?Refer to Figure 2-11. This economy fully employs its resources when it produces 4000 shoes and zero t-shirts.
A : true
B : false

Correct Answer : A

57 :

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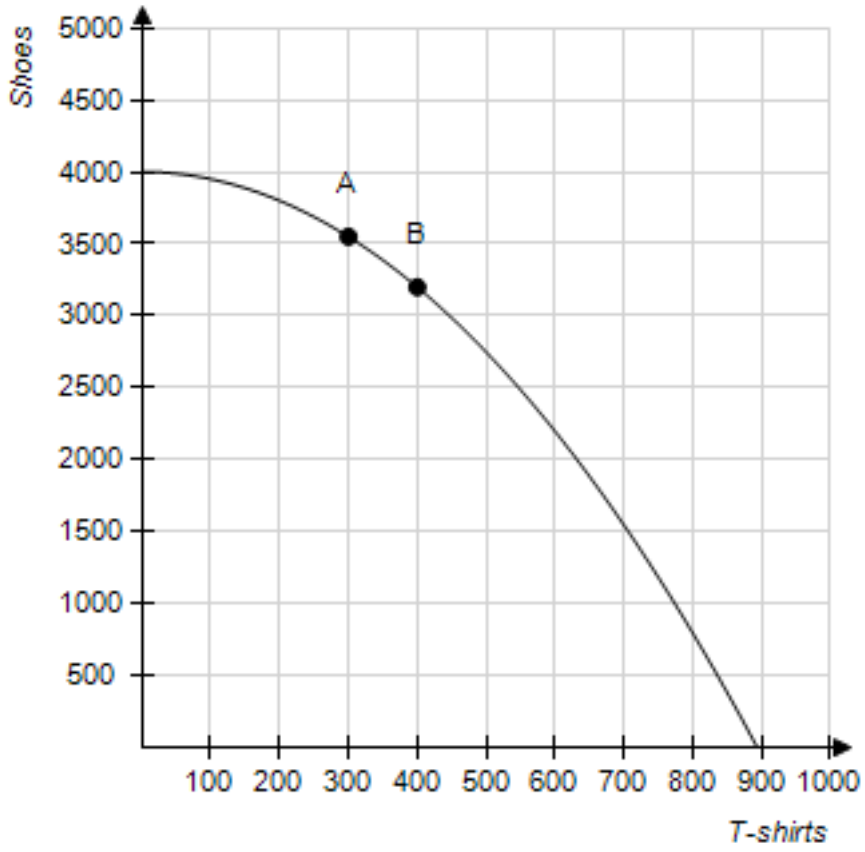


Figure 2-11?Refer to Figure 2-11. It is possible for this economy to produce 1000 shoes.
A : true
B : false

Correct Answer : A

58 : With the resources it has, an economy can produce at any point on or outside the production possibilities frontier, but it cannot produce at points inside the frontier.
A : true
B : false

Correct Answer : B

59 : Points inside the production possibilities frontier represent feasible levels of production.
A : true
B : false

Correct Answer : A

60 : Points inside the production possibilities frontier represent inefficient levels of production.
A : true
B : false

Correct Answer : A

61 : Points on the production possibilities frontier represent efficient levels of production.
A : true

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B : false

Correct Answer : A

62 : Points outside the production possibilities frontier represent infeasible levels of production.
A : true
B : false

Correct Answer : A

63 : If a major union goes on strike, then the country would be operating inside its production possibilities frontier.
A : true
B : false

Correct Answer : A

64 : An outcome is said to be efficient if an economy is getting all it can from the scarce resources it has available.
A : true
B : false

Correct Answer : A

65 : An outcome is said to be efficient if an economy is conserving the largest possible quantity of its scarce resources while still meeting the basic needs of society.
A : true
B : false

Correct Answer : B

66 : A production point is said to be efficient if there is no way for the economy to produce more of one good without producing less of another.
A : true
B : false

Correct Answer : A

67 : If an economy can produce more of one good without giving up any of another good, then the economy’s current production point is inefficient.
A : true
B : false

Correct Answer : A

68 : Unemployment causes production levels to be inefficient.
A : true
B : false

Correct Answer : A

69 : The opportunity cost of something is what you give up to get it.
A : true

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B : false

Correct Answer : A

70 : The production possibilities frontier shows the opportunity cost of one good as measured in terms of the other good.
A : true
B : false

Correct Answer : A

71 : When a production possibilities frontier is bowed outward, the opportunity cost of one good in terms of the other is constant.
A : true
B : false

Correct Answer : B

72 : When a production possibilities frontier is bowed outward, the opportunity cost of one good in terms of the other depends on how much of each good is being produced.
A : true
B : false

Correct Answer : A

73 : When a production possibilities frontier is bowed outward, the opportunity cost of the first good in terms of the second good increases as more of the second good is produced.
A : true
B : false

Correct Answer : B

74 : When a production possibilities frontier is bowed outward, the opportunity cost of the second good in terms of the first good increases as more of the second good is produced.
A : true
B : false

Correct Answer : A

75 : A production possibilities frontier has a bowed shape if the opportunity cost is constant at all levels of output.
A : true
B : false

Correct Answer : B

76 : Economists believe that production possibilities frontiers rarely have a bowed shape.
A : true
B : false

Correct Answer : B

77 : A production possibilities frontier will be bowed outward if some of the economy’s

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resources are better suited to producing one good than another.
A : true
B : false

Correct Answer : A

78 : The trade-off between the production of one good and the production of another good can change over time because of technological advances.
A : true
B : false

Correct Answer : A

79 : A technological advance in the production of the first good increases the opportunity cost of the first good in terms of the second good.
A : true
B : false

Correct Answer : A

80 : While the production possibilities frontier is a useful model, it cannot be used to illustrate economic growth.
A : true
B : false

Correct Answer : B

81 : Economic growth causes a production possibilities frontier to shift outward.
A : true
B : false

Correct Answer : A

82 : If new government regulations designed to protect wetlands remove very productive farmland from production, then the production possibilities frontier will shift inward.
A : true
B : false

Correct Answer : A

83 : Production possibilities frontiers can be used to illustrate scarcity, trade-offs, opportunity cost, efficiency, unemployment, technological advances, and economic growth.
A : true
B : false

Correct Answer : A

84 : Microeconomics is the study of how households and firms make decisions and how they interact in specific markets.
A : true
B : false

Correct Answer : A

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85 : Macroeconomics is the study of economy-wide phenomena.
A : true
B : false

Correct Answer : A

86 : The effects of borrowing by the federal government would be studied by a microeconomist rather than a macroeconomist.
A : true
B : false

Correct Answer : B

87 : The effects of foreign competition on the U.S. textile industry would be studied by a microeconomist rather than a macroeconomist.
A : true
B : false

Correct Answer : A

88 : A macroeconomist, rather than a microeconomist, would study the effects on a market from two firms merging.
A : true
B : false

Correct Answer : B

89 : Microeconomics and macroeconomics are closely intertwined.
A : true
B : false

Correct Answer : A

90 : When economists are trying to explain the world, they are scientists, and when they are trying to help improve the world, they are policy advisers.
A : true
B : false

Correct Answer : A

91 : Economists acting as scientists make positive statements, while economists acting as policy advisers make normative statements.
A : true
B : false

Correct Answer : A

92 : Normative statements describe how the world is, while positive statements prescribe how the world should be.
A : true
B : false

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Correct Answer : B

93 : Positive statements are descriptive, while normative statements are prescriptive.
A : true
B : false

Correct Answer : A

94 : Positive statements can be evaluated using data alone, but normative statements cannot.
A : true
B : false

Correct Answer : A

95 : Evaluating normative statements involves values as well as facts.
A : true
B : false

Correct Answer : A

96 : "Society would be better off if the welfare system were abolished" is a normative statement, not a positive statement.
A : true
B : false

Correct Answer : A

97 : "Other things equal, an increase in supply causes a decrease in price" is a normative statement, not a positive statement.
A : true
B : false

Correct Answer : B

98 : "Minimum wage laws result in unemployment” is a normative statement, while “the minimum wage should be higher” is a positive statement.
A : true
B : false

Correct Answer : B

99 : “The US should not restrict employers from outsourcing work to foreign countries” is a normative statement.
A : true
B : false

Correct Answer : A

100 : Trade-offs are involved in most policy decisions.
A : true
B : false

Correct Answer : A

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101 : Since 1946, the president of the United States has received guidance from the Council of Economic Advisers.
A : true
B : false

Correct Answer : A

102 : The Council of Economic Advisers consists of thirty members and a staff of several dozen economists.
A : true
B : false

Correct Answer : B

103 : The duties of the Council of Economic Advisers are to advise the president of the United States and to determine U.S. monetary policy.
A : true
B : false

Correct Answer : B

104 : The Council of Economic Advisers' Economic Report of the President discusses recent developments in the economy and presents the council's analysis of current policy issues.
A : true
B : false

Correct Answer : A

105 : The President counts among his economic advisors the Congressional Budget Office.
A : true
B : false

Correct Answer : B

106 : Economists at the U.S. Department of the Treasury help design U.S. coins and paper money.
A : true
B : false

Correct Answer : B

107 : Economists at the U.S. Department of Justice help enforce the nation's antitrust laws.
A : true
B : false

Correct Answer : A

108 : Economists work both inside and outside the administrative branch of the U.S. government.
A : true
B : false

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Correct Answer : A

109 : The Congressional Budget Office, which is staffed by economists, provides Congress with independent evaluations of policy proposals.
A : true
B : false

Correct Answer : A

110 : There is only one explanation for why economists give conflicting advice on policy issues, and it is that they have different values about what policy should try to accomplish.
A : true
B : false

Correct Answer : B

111 : Economists may disagree about the validity of alternative positive theories about how the world works.
A : true
B : false

Correct Answer : A

112 : Different values are not a reason for disagreement among economists.
A : true
B : false

Correct Answer : B

113 : In surveys of professional economists, fourteen propositions were endorsed by an overwhelming majority of respondents.
A : true
B : false

Correct Answer : A

114 : Because almost all economists oppose policies that restrict trade among nations, policymakers do not restrict imports of certain goods.
A : true
B : false

Correct Answer : B

115 : According to John Maynard Keynes, an economist must possess a rare combination of skills including being a mathematician, historian, statesman, and philosopher.
A : true
B : false

Correct Answer : A

116 : In economics, graphs serve two purposes: they offer a way to visually express ideas, and they provide a way of finding and interpreting patterns when analyzing economic data.
A : true

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B : false

Correct Answer : A

117 : Examples of graphs of a single variable include pie charts, bar graphs, and time-series graphs.
A : true
B : false

Correct Answer : A

118 : A pie chart is a way to display information regarding two variables.
A : true
B : false

Correct Answer : B

119 : In the ordered pair (10,30), 10 is the y-coordinate and 30 is the z-coordinate.
A : true
B : false

Correct Answer : B

120 : In the ordered pair (10,30), 10 is the horizontal location of the point and 30 is the vertical location of the point.
A : true
B : false

Correct Answer : A

121 : Two variables that have a positive correlation move in the same direction.
A : true
B : false

Correct Answer : A

122 : Two variables that have a negative correlation move in opposite directions.
A : true
B : false

Correct Answer : A

123 : When two variables move in opposite directions, the curve relating them is upward sloping, and we say the variables are positively related.
A : true
B : false

Correct Answer : B

124 : When two variables move in the same direction, the curve relating them is downward sloping, and we say the variables are negatively related.
A : true
B : false

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Correct Answer : B

125 : When a variable that is named on an axis of a graph changes, the curve shifts.
A : true
B : false

Correct Answer : B

126 : When a variable that is not named on either axis of a graph changes, we read the change as a movement along the curve.
A : true
B : false

Correct Answer : B

127 : The concept of slope can be used to answer questions about how much one variable responds to changes in another variable.
A : true
B : false

Correct Answer : A

128 : The slope of a line is equal to the change in the x-variable divided by the change in the y-variable.
A : true
B : false

Correct Answer : B

129 : The slope of an upward-sloping line is positive, and the slope of a downward-sloping line is negative.
A : true
B : false

Correct Answer : A

130 : The slope of a horizontal line is infinite, and the slope of a vertical line is zero.
A : true
B : false

Correct Answer : B

131 : The slope of a line is the ratio of the vertical distance covered to the horizontal distance covered along the line.
A : true
B : false

Correct Answer : A

132 : If a line passes through the points (20,5) and (10,10), then the slope of the line is 1/2.
A : true
B : false

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Correct Answer : B

133 : If a line passes through the points (20,5) and (10,10), then the slope of the line is -2.
A : true
B : false

Correct Answer : B

134 : Changes in one variable on a graph might be caused by the other variable on the graph or by a third omitted variable.
A : true
B : false

Correct Answer : A

135 : Deciding that A causes B when in fact B causes A is a mistake called omitted variable bias.
A : true
B : false

Correct Answer : B

136 : The broken window fallacy states that when a window breaks and someone spends money to repair it, they have created new economic activity that would not have otherwise taken place.
A : true
B : false

Correct Answer : A

SHORT RESPONSE

137 : Like biologists and physicists, economists use the dispassionate development and testing of how the world works known as the

Correct Answer : scientific method.

138 : As a substitute for laboratory experiments, economists use evidence available through history’s

Correct Answer : natural experiments.

139 :

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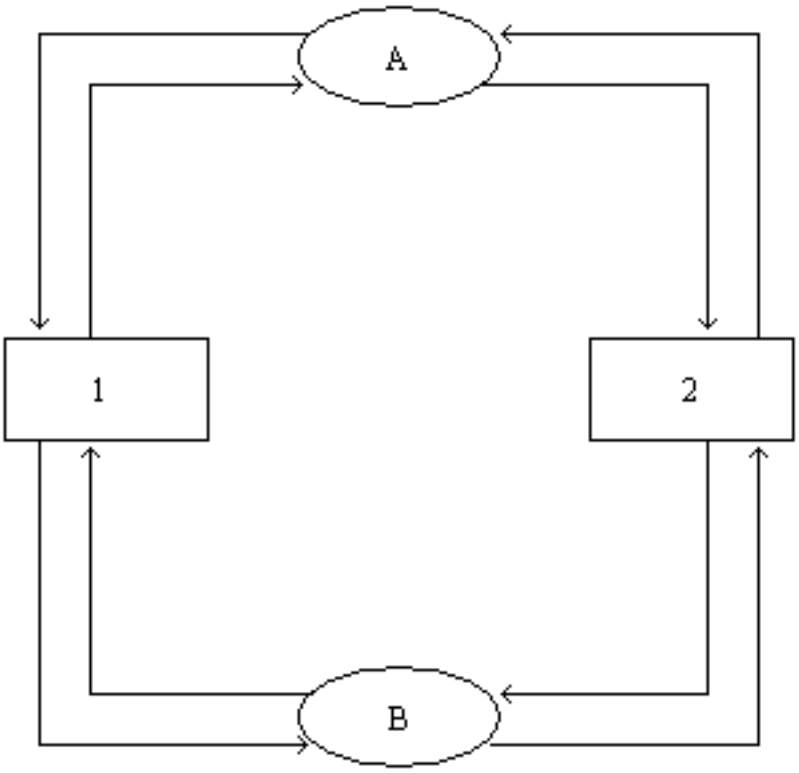


Figure 2-12??????Refer to Figure 2-12. What is the name of the model depicted in the figure?

Correct Answer : Circular Flow Model

140 :

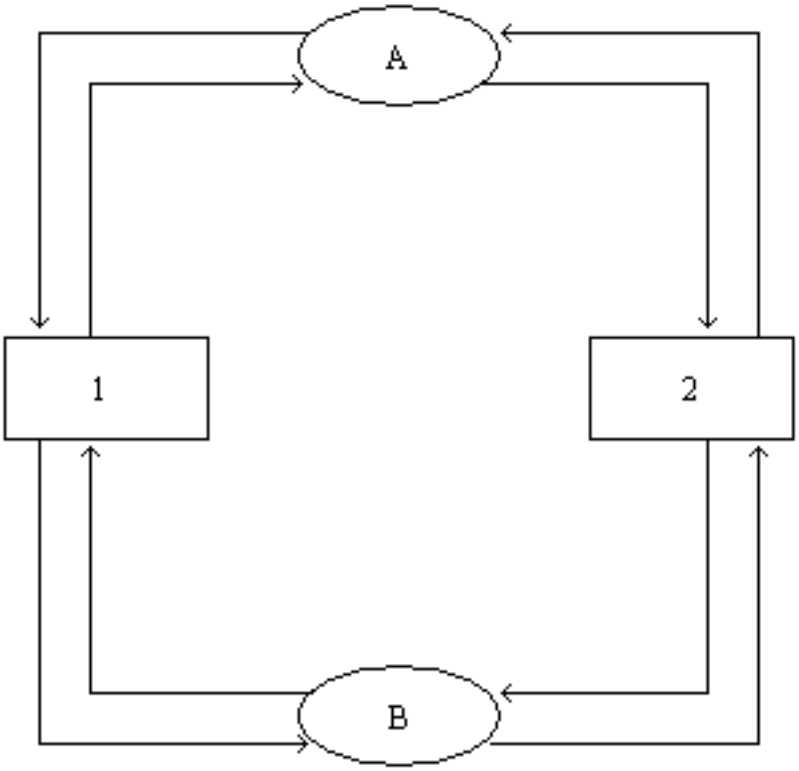


Figure 2-12??????Refer to Figure 2-12. What do the ovals represent in the figure?

Correct Answer : Market for Goods and ServicesMarket for Factors of Production

141 :

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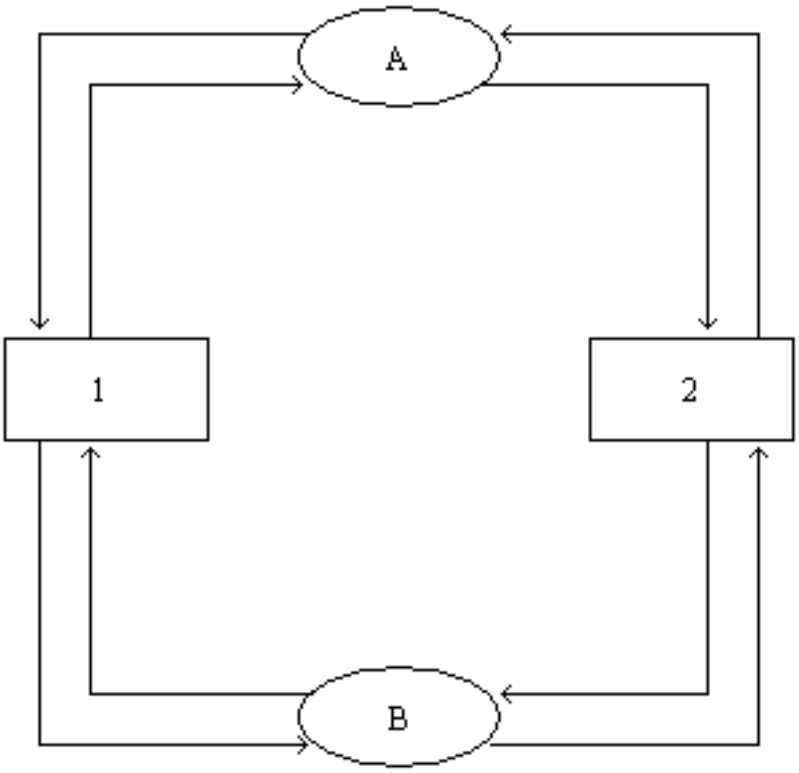


Figure 2-12??????Refer to Figure 2-12. What do the rectangles represent in the figure?

Correct Answer : FirmsHouseholds

142 :

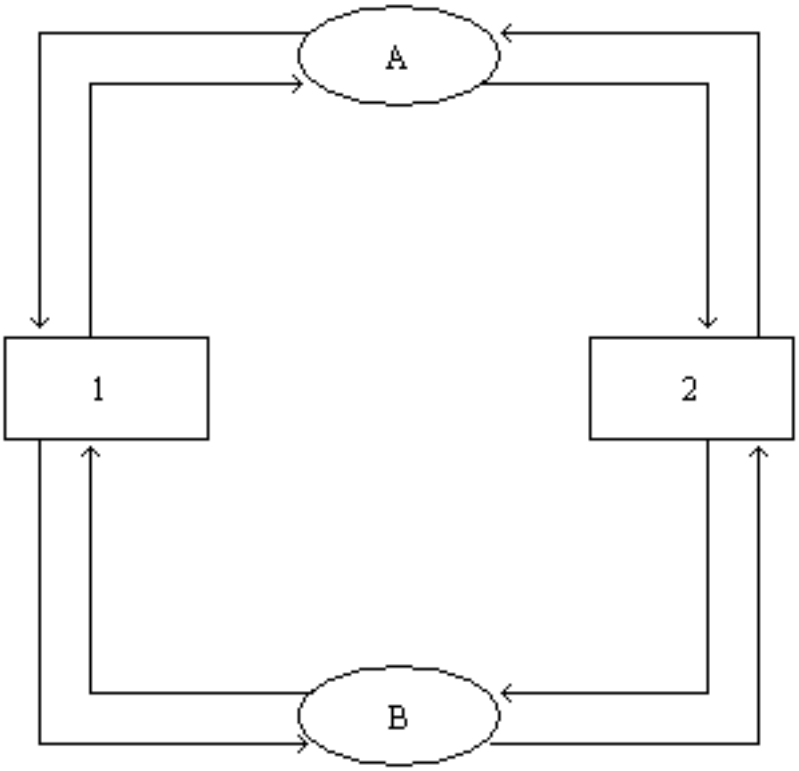


Figure 2-12??????Refer to Figure 2-12. What do the outer arrows represent in the figure?

Correct Answer : flow of dollars

143 :

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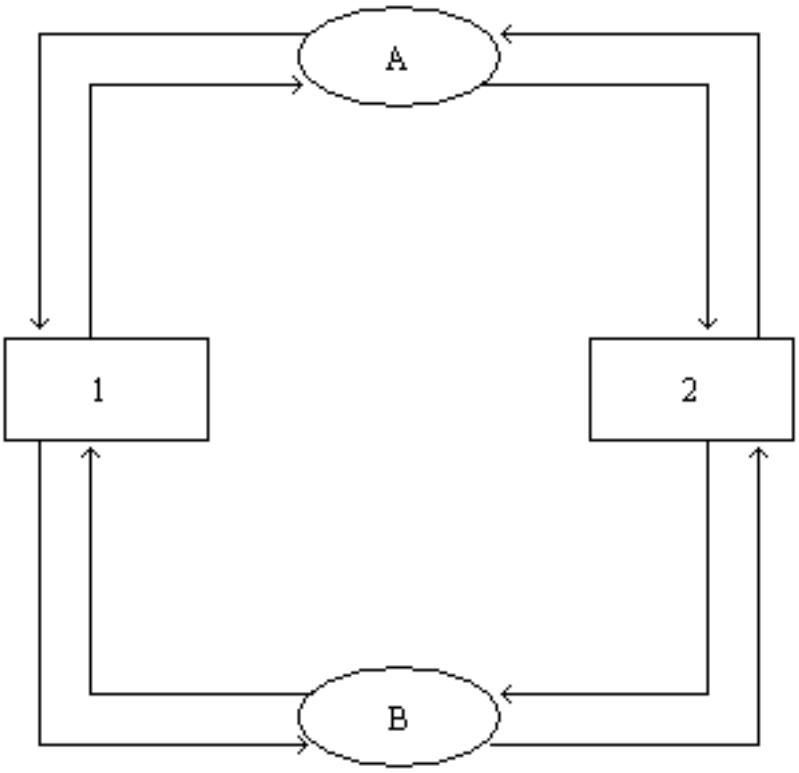


Figure 2-12??????Refer to Figure 2-12. What do the inner arrows represent in the figure?

Correct Answer : flow of inputs and outputs

144 :

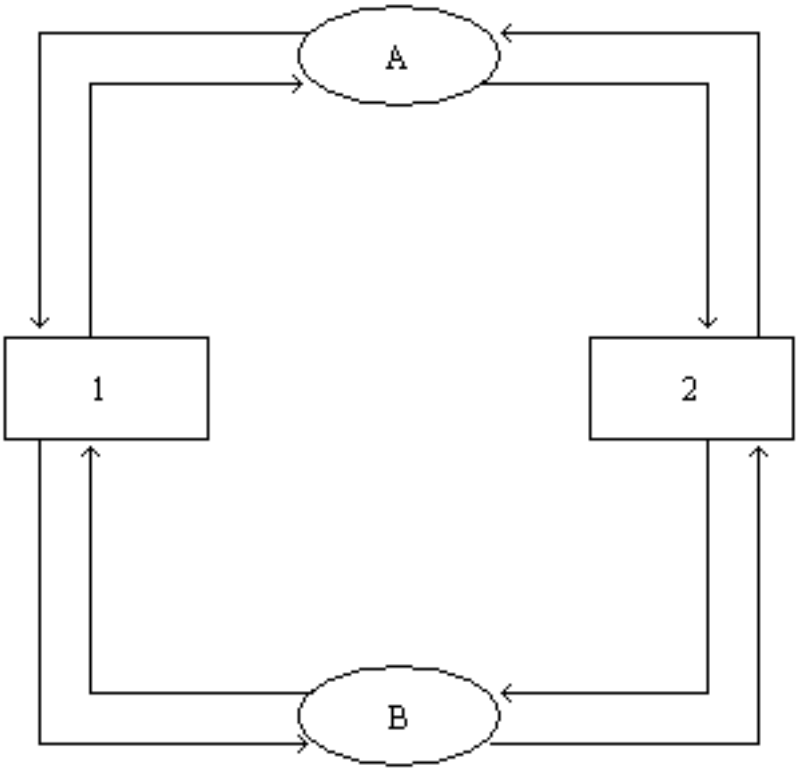


Figure 2-12??????Refer to Figure 2-12. What does the arrow going from oval A to rectangle 2 represent in the figure?

Correct Answer : goods and services bought

145 :

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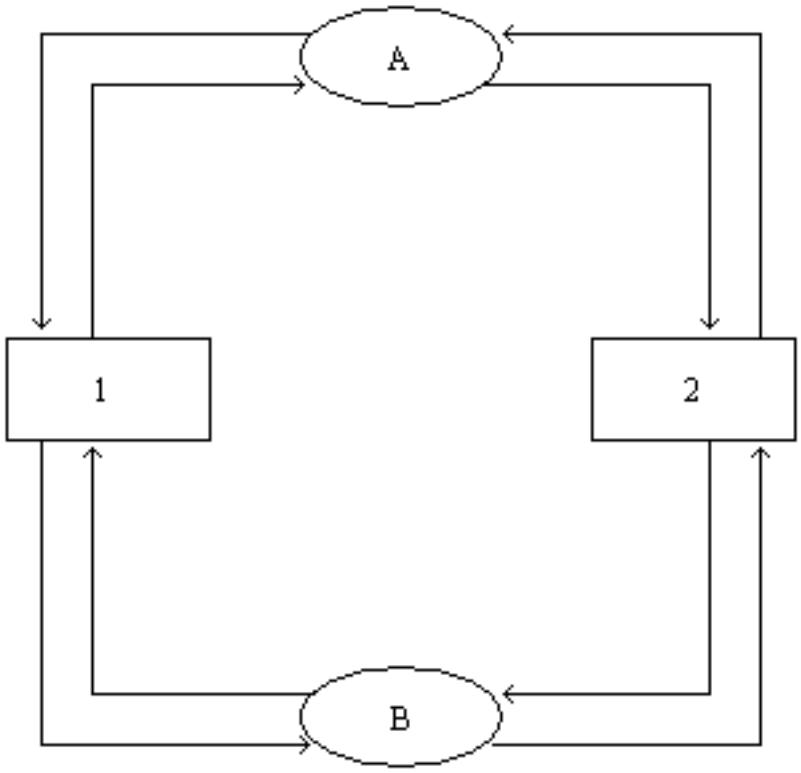


Figure 2-12??????Refer to Figure 2-12. What does the arrow going from oval B to rectangle 2 represent in the figure?

Correct Answer : income

146 :

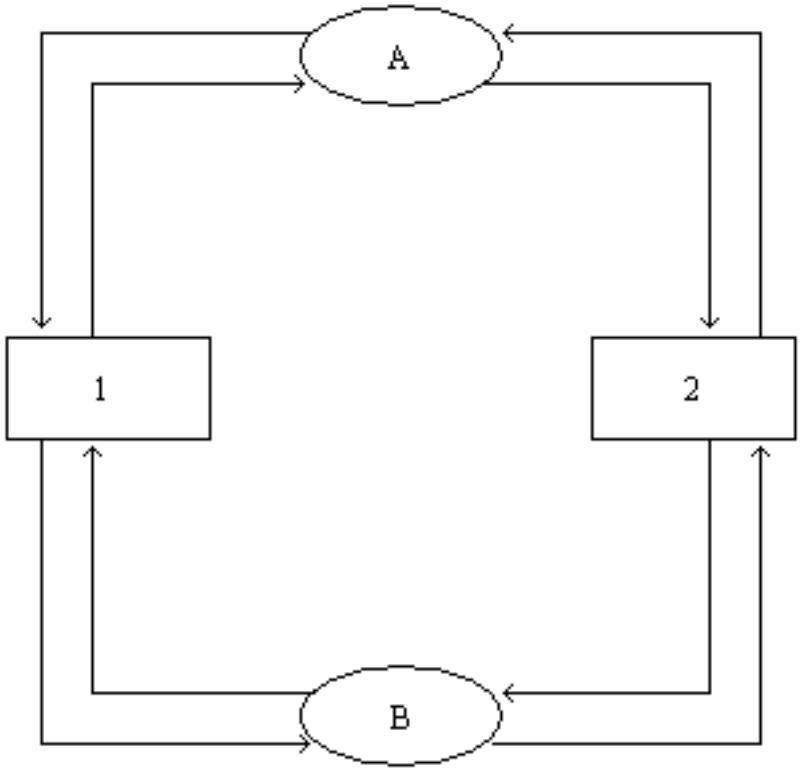


Figure 2-12??????Refer to Figure 2-12. What are two elements not included in this figure that could be included in a more complex model?

Correct Answer : governmentinternational trade

147 : Suppose a war in the Middle East interrupts the flow of crude oil and oil prices skyrocket around the world. For economists, this historical episode serves as a

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Correct Answer : natural experiment.

148 : Just like other scientific models, economic models simplify reality using

Correct Answer : assumptions.

149 : The three main factors of production, or categories of inputs, used by firms to produce goods and services are

Correct Answer : land, labor, and capital.

150 : In the circular flow diagram, who owns the factors of production and consumes all of the goods and services produced?

Correct Answer : households

151 : In the circular flow diagram, when Brian provides labor through the markets for factors of production to ABC Company, the flow of money he receives in exchange is called

Correct Answer : income.

152 : In the markets for goods and services in the circular flow diagram, households act as

Correct Answer : buyers.

153 : In the circular flow diagram, when Daphne purchases a new mobile phone, she participates in the markets for

Correct Answer : goods and services.

154 : What you must give up to get something else is called the

Correct Answer : opportunity cost.

155 :

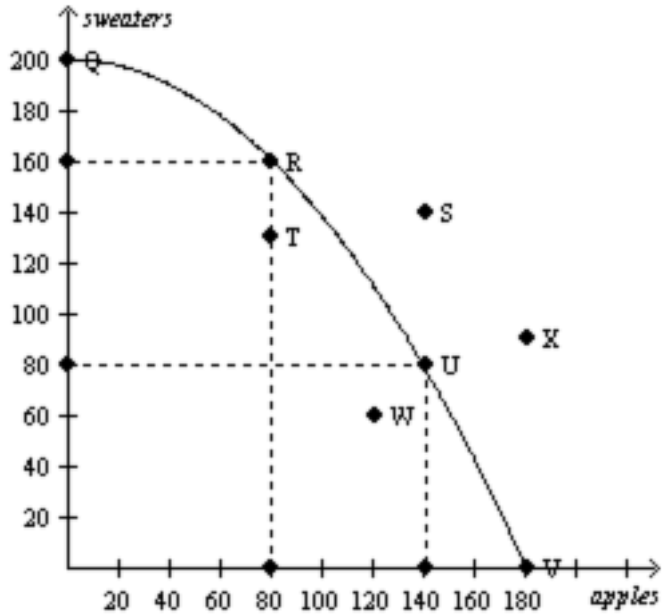


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters,

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apples (in bushels), or a combination of the two.???Refer to Figure 2-13. The bowed outward shape of the production possibilities curve indicates that opportunity cost of apples in terms of sweaters is

Correct Answer : increasing.

156 :

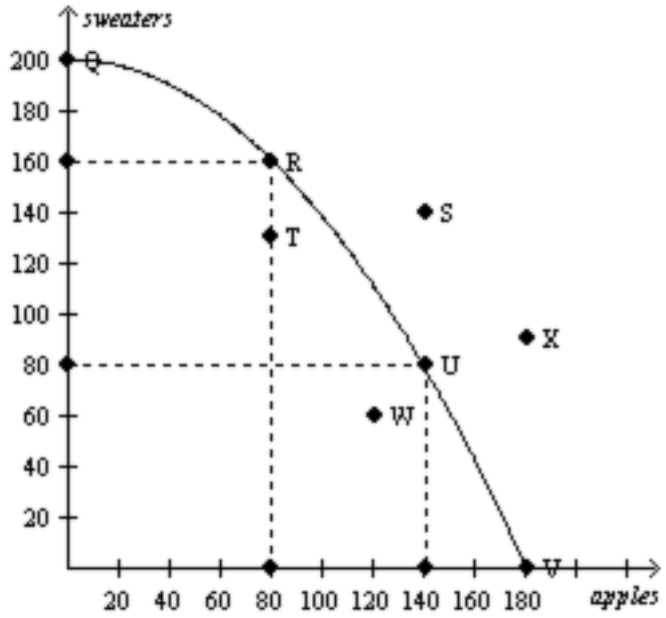


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters, apples (in bushels), or a combination of the two.???Refer to Figure 2-13. Which point(s) on the graph is(are) efficient production possibilities?

Correct Answer : Q, R, U, and V

157 :

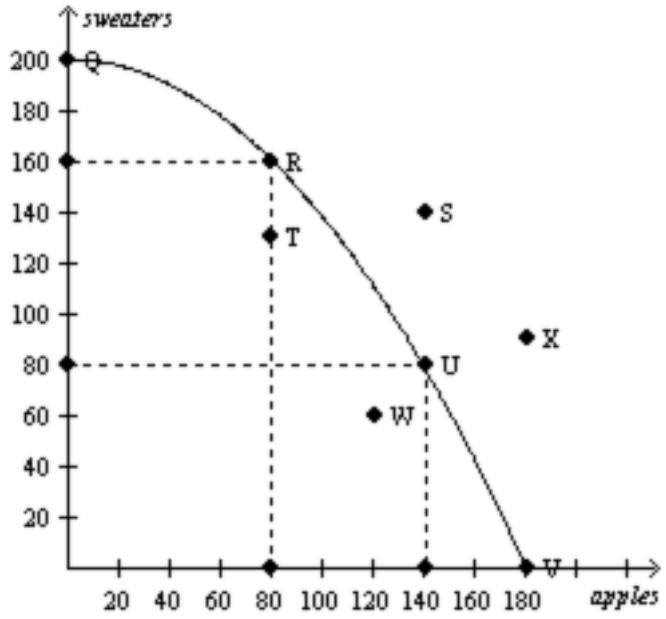


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters, apples (in bushels), or a combination of the two.???Refer to Figure 2-13. Which point(s) on the graph show unemployment of resources?

Correct Answer : T and W

158 :

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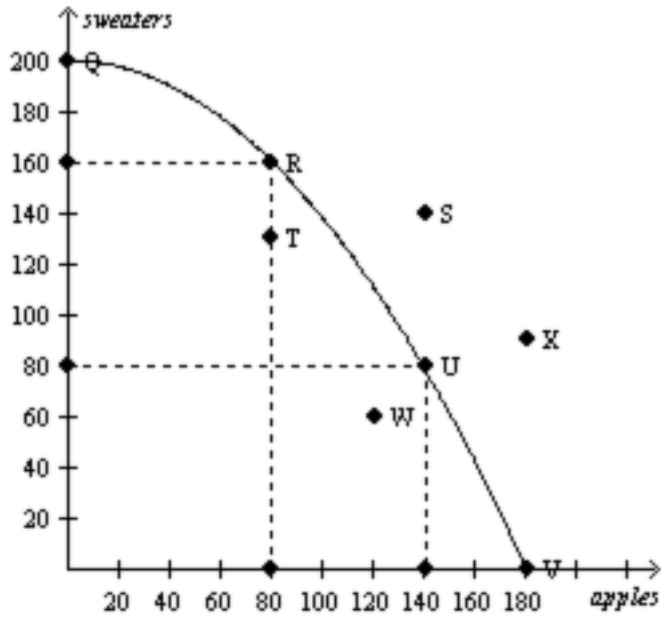


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters, apples (in bushels), or a combination of the two.???Refer to Figure 2-13. Which point(s) on the graph is(are) unattainable given current resources and technology?

Correct Answer : S and X

159 :

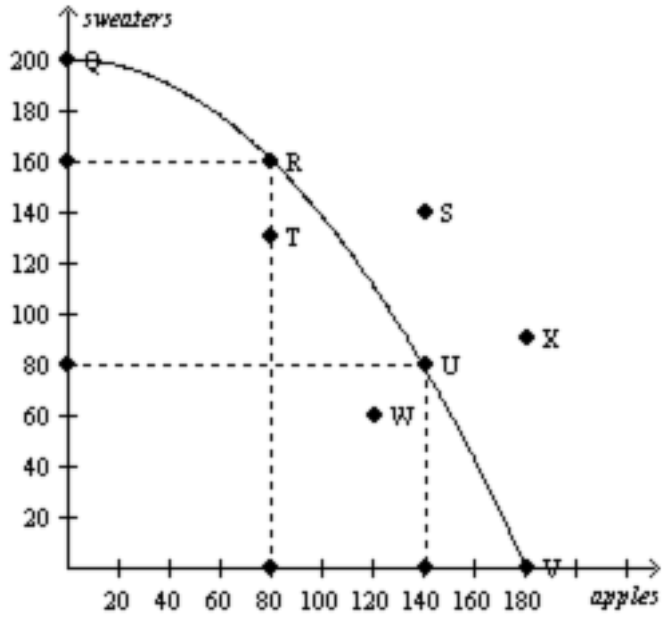


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters, apples (in bushels), or a combination of the two.???Refer to Figure 2-13. What is the opportunity cost of moving from point T to point R?

Correct Answer : zero

160 :

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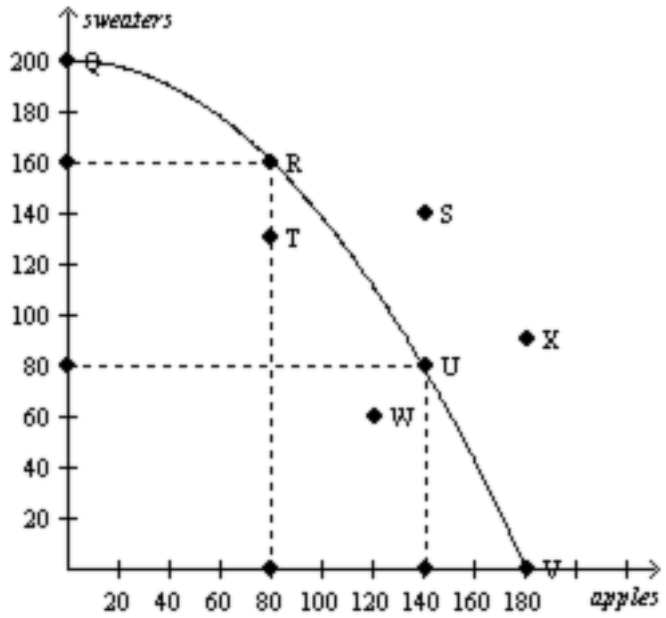


Figure 2-13?Consider the production possibilities curve for a country that can produce sweaters, apples (in bushels), or a combination of the two.???Refer to Figure 2-13. What is the opportunity cost of moving from point R to point Q?

Correct Answer : 80 bushels of apples

161 :

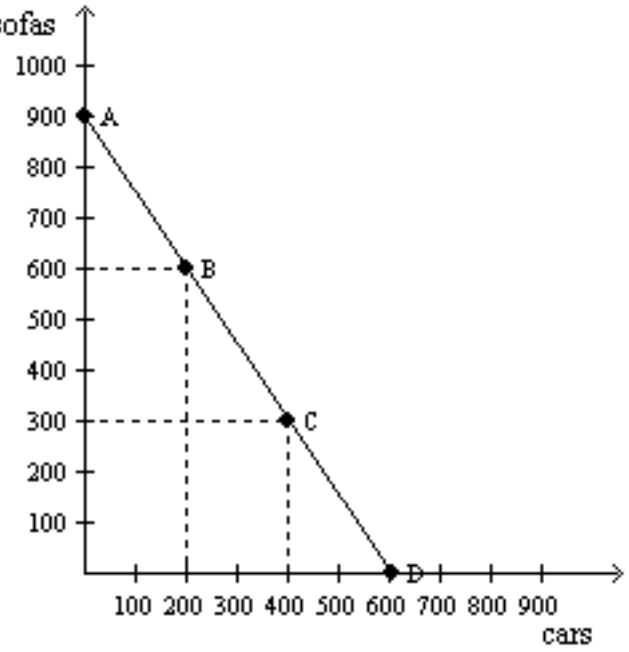


Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. As the economy moves from point A to point D, is the opportunity cost of cars increasing, constant, or decreasing?

Correct Answer : constant

162 :

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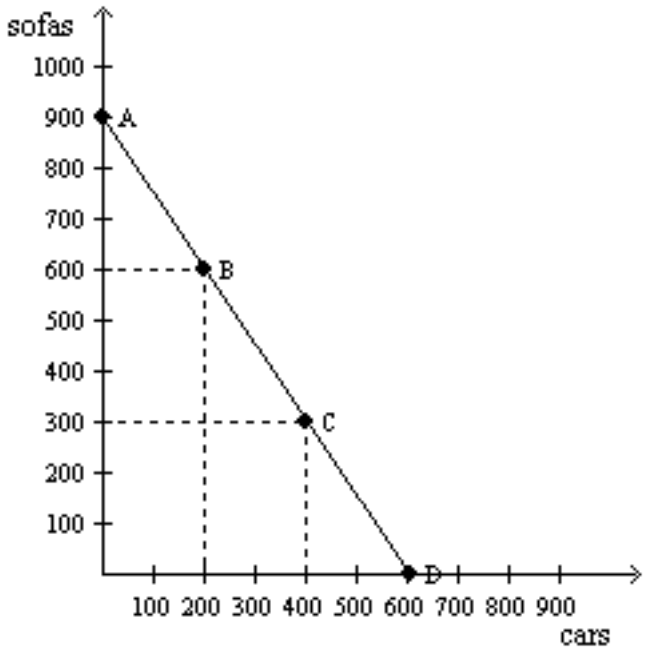


Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. The opportunity cost of one sofa is

Correct Answer : 2/3 of a car.

163 :

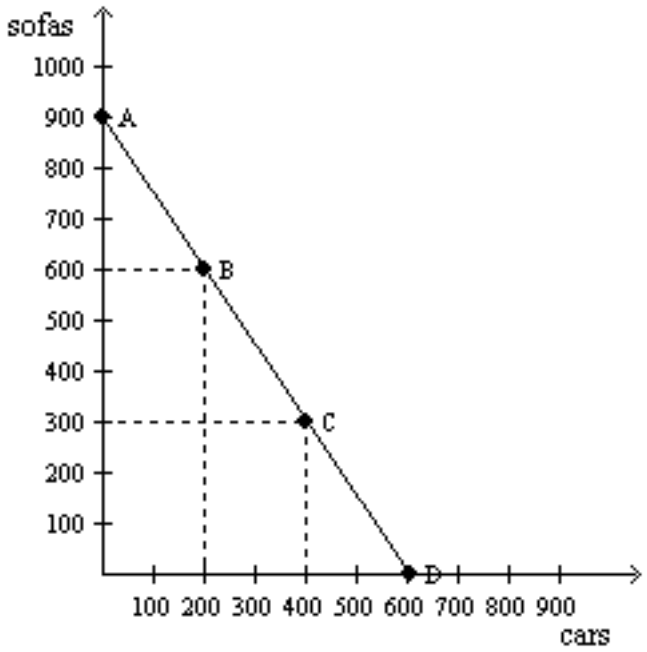


Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. The opportunity cost of one car is

Correct Answer : 3/2 sofas.

164 : Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. The opportunity cost of one car is

Correct Answer : 2,000 pizzas.

165 : Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. The opportunity cost of one car is

Correct Answer : 400 mobile phones.

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166 : Figure 2-14??Refer to Figure 2-14. Consider the production possibilities frontier for an economy that produces only sofas and cars. The opportunity cost of one car is

Correct Answer : bowed outward

167 : Who would be more likely to study the effects of government spending on the unemployment rate, a macroeconomist or a microeconomist?

Correct Answer : macroeconomist

168 : Who would be more likely to study the effects of foreign competition on the accounting industry, a macroeconomist or a microeconomist?

Correct Answer : microeconomist

169 : Who would be more likely to study the effects of rent control on housing in New York City, a macroeconomist or a microeconomist?

Correct Answer : microeconomist

170 : Who would be more likely to study the inflation rate in the United States, a macroeconomist or a microeconomist?

Correct Answer : macroeconomist

171 : When economists are trying to explain the world, they are scientists. When they are trying to improve it, they are

Correct Answer : policy advisers.

172 : What type of statement is a descriptive statement about how the world is?

Correct Answer : positive statement

173 : What type of statement is a prescriptive statement about how the world ought to be?

Correct Answer : normative statement

174 : Which type of statement - positive or normative - can be evaluated by analyzing data alone?

Correct Answer : positive

175 : Is the following a positive or normative statement? The federal minimum wage is lower than many state minimum wages.

Correct Answer : positive

176 : Is the following a positive or normative statement? The Federal Reserve should set an inflation target and employ policies to meet the target.

Correct Answer : normative

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177 : Is the following a positive or normative statement? The United States government should mandate that every citizen purchases health insurance.

Correct Answer : normative

178 : Is the following a positive or normative statement? The unemployment rate in Nevada is higher than the unemployment rate in New York.

Correct Answer : positive

179 : Since 1946, the president of the United States has received guidance from a group comprised of three members and a staff of a few dozen economists known as the

Correct Answer : Council of Economic Advisers

180 : Economists at which administrative department help formulate spending plans and regulatory policies?

Correct Answer : Office of Management and Budget

181 : Economists at which administrative department help design tax policy?

Correct Answer : Department of the Treasury

182 : Economists at which administrative department analyze data on workers and those looking for work to help formulate labor-market policies?

Correct Answer : Department of Labor

183 : Economists at which administrative department help enforce the nation’s antitrust laws?

Correct Answer : Department of Justice

184 : The institution that sets the nation’s monetary policy is called the

Correct Answer : Federal Reserve.

185 : When economists disagree about whether the government should tax a household’s income or its consumption, they are expressing a difference in

Correct Answer : scientific judgment.

186 : When economists disagree about whether a policy is fair, they are expressing a difference in

Correct Answer : values.

187 : Most economists agree that a large federal budget deficit has what type of effect on the economy?

Correct Answer : adverse

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188 :

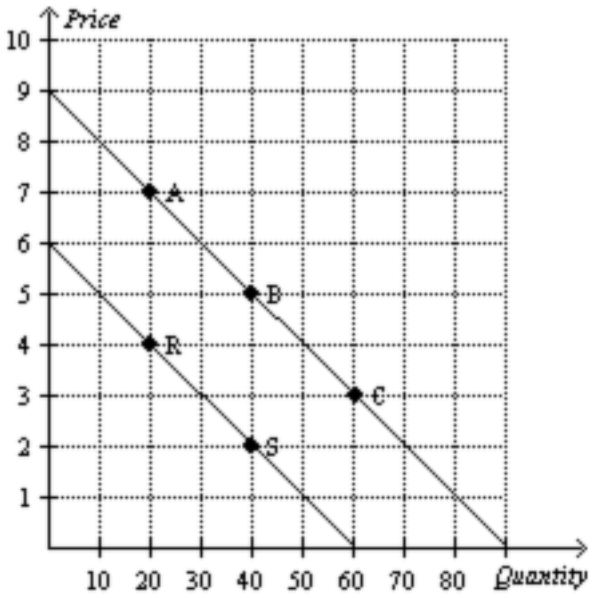


Figure 2-15??Refer to Figure 2-15. What are the coordinates of point C?

Correct Answer : (60,3)

189 :

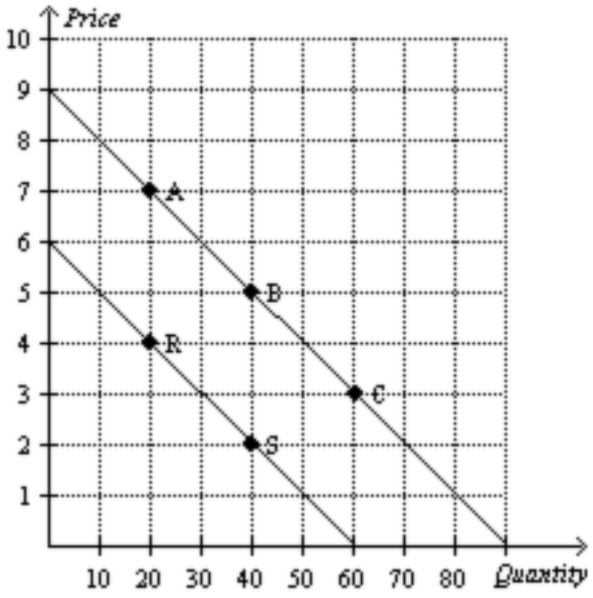


Figure 2-15??Refer to Figure 2-15. What is the x-coordinate of point R?

Correct Answer : 20

190 :

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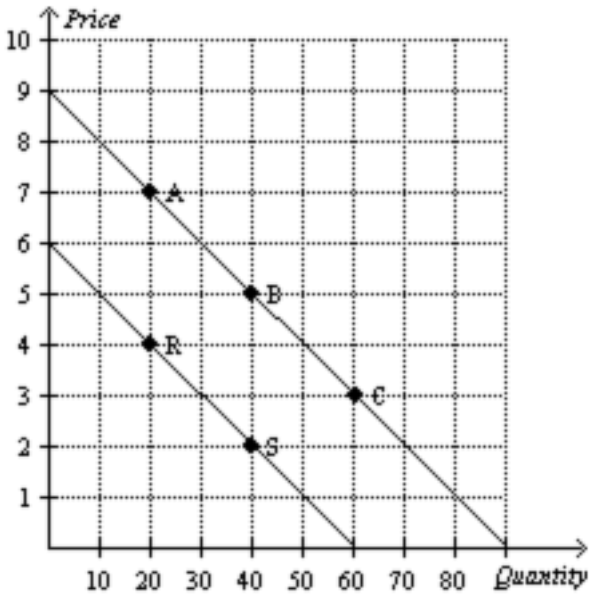


Figure 2-15??Refer to Figure 2-15. How are price and quantity related in this graph?

Correct Answer : negatively correlated

191 :

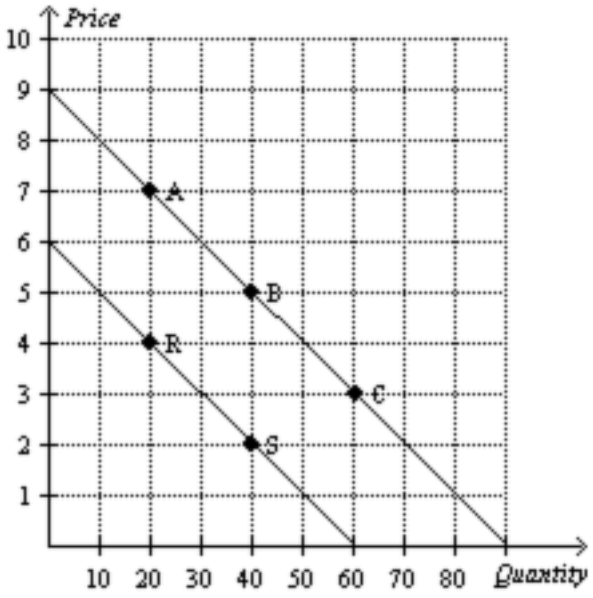


Figure 2-15??Refer to Figure 2-15. What is the slope of the line with points A, B, and C?

Correct Answer : -0.1

192 :

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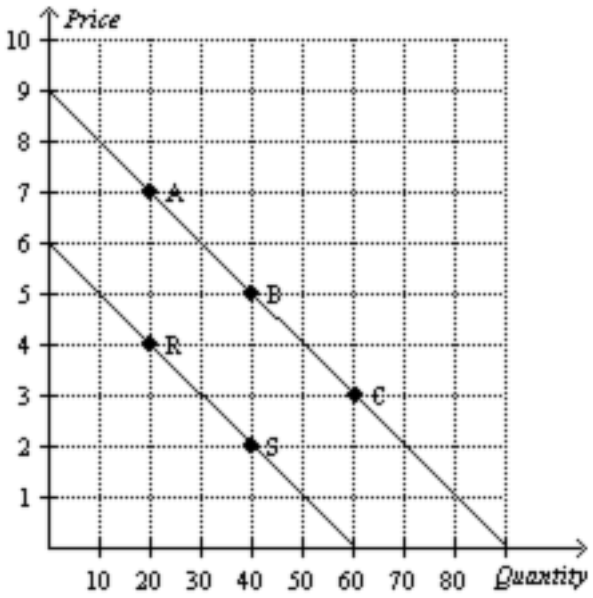


Figure 2-15??Refer to Figure 2-15. Is a move from point A to point B considered a shift of the curve or a movement along the curve?

Correct Answer : movement along the curve

193 :

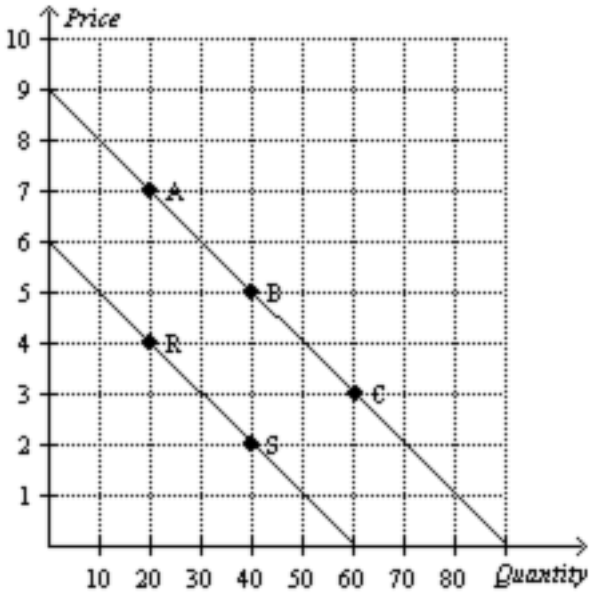


Figure 2-15??Refer to Figure 2-15. Is a move from point A to point R considered a shift of the curve or a movement along the curve?

Correct Answer : shift of the curve

194 :

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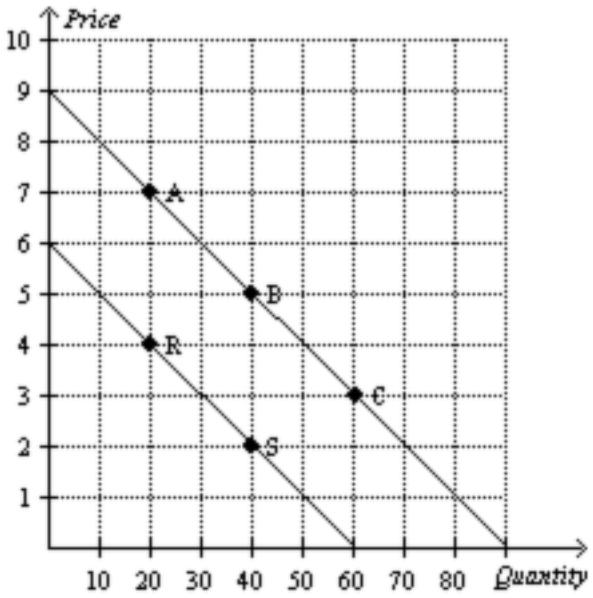
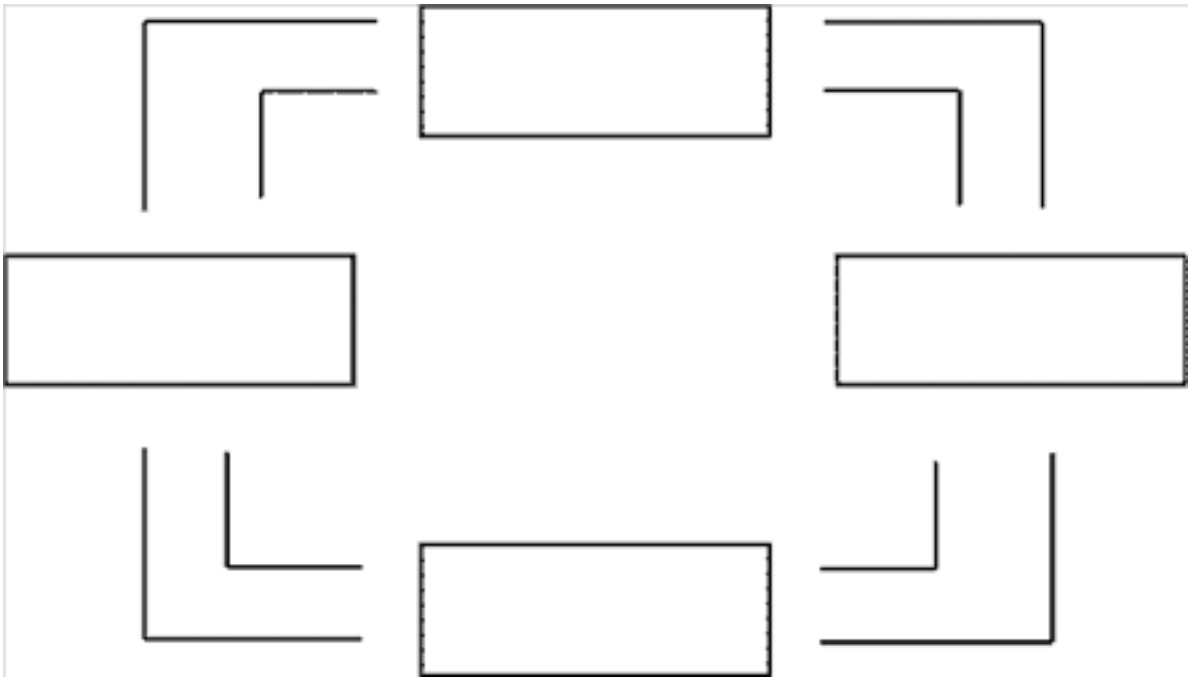


Figure 2-15??Refer to Figure 2-15. Given that price is measured on the vertical axis, quantity is measured on the horizontal axis, and that the curves are downward-sloping, what type of curves are depicted here?

Correct Answer : demand curves

195 :



Using the outline below, draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram.???

Correct Answer : ?This diagram should duplicate the essential characteristics of the diagram in the text, with an explanation of the meaning of each flow and each market. It is important that the student understands that the inner loop represents the flow of real goods and services and that the outer loop represents the corresponding flow of payments.??

196 : Using the outline below, draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram.???

Correct Answer : ?(a)(b)?(c)(d)?(e)???

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197 : Using the outline below, draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram.???

Correct Answer : ?(a-c)(d)??

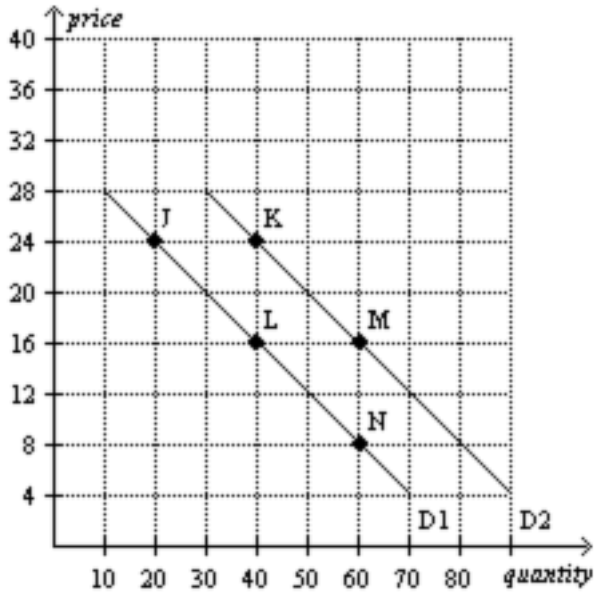
198 : Using the outline below, draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram.???

Correct Answer : a, b, e, g, h, and j are microeconomic topics. c, d, f, and i are macroeconomic topics.

199 : Using the outline below, draw a circular-flow diagram representing the interactions between households and firms in a simple economy. Explain briefly the various parts of the diagram.???

Correct Answer : a, c, e, f, and i are positive statements. b, d, g, h, and j are normative statements.

200 :



Use the following graph to answer the following questions.

a. How would point J be represented as an ordered p
b. What type of curve is this?
c. Does this curve show a positive or negative corre
d. Compute the slope of D1 between points J and L.
e. What is the slope of D1 between points L and N?
f. What is it called if we move from D1 to D2?
g. How do you know that the slope of D2 is the sam
?

Correct Answer : a.(20,24)b.a demand curvec.a negative correlation between price and quantityd.-8/20 or -2/5e.-2/5; because the slope of a straight line is constantf.an increase in demand.g.because the 2 lines are parallel

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