PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	The term household production refers to	A. Output produced by forcing children to work B. Output produced by workers who are telecommuting C. Services provided directly to households such as lawn mowing by landscape companies. D. Output produced at home
2	According to classical economists unemployment rises in recessions due to an increase in ______ unemployment , not in _______ unemployment.	A. Cyclical ; frictional and structural B. Frictional and cyclical , structural C. Structural , frictional and cyclical D. Frictional and structural ; cyclical
3	In the monetary base is increased by $1,000 and the reserve requirement is 10% by how much will the money supply be increased.	A. $100 B. $1,000 C. $5,000 D. $10,000
4	The monetary base in composed of.	A. Gold and silver B. Currency only C. Currency and reserves D. Currency and checkable deposits
5	Which of the following is the most liquid.	A. A savings account B. A 6 months CD C. A home D. Water
6	A temporary adverse productivity shock would.	A. Shift the labor supply curve upward B. Decrease the level of employment C. Decrease future income D. Decrease the expected future marginal product of capital
7	Which of the following is an example of a productivity shock.	A. The introduction of new management techniques B. A change in taxes on corporate profits C. A change in the level of government transferors D. An increase in the money supply
8	Real business cycle theorists think that most business cycle fluctuations are caused by shocks to.	A. The production function B. The size of the labor force C. The real quantity of government purchases D. The spending and saving decisions of consumers
9	Which of the following is not a primary cause of business cycle fluctuations according to real business cycle theory.	A. A change in the production function B. A change in the size of the labor force C. A change in the money supply D. A change in the real quantity of government purchases
10	An IOU of the Federal Reserve Bank of Scan Francisco to Bank of America is called.	A. Discourse B. Federal funds C. Reserves D. Collateral
11	Total factor productivity growth is that part of economic growth due to.	A. Capital growth plus labor growth B. Capital growth less labor growth C. Capital growth times labor growth D. Neither capital growth nor labor growth
12	In the short run in the Keynesian model a sharp increase in oil prices would leave the economy with a ____ level of output and a ______ real interest rate.	A. Higher ; lower B. Lower ; Higher C. Higher ; higher
		A. Restrictions on bank loans

13	Monetary expansion can still be effective in getting out of liquidity trap if it's combined with.	B. Increased taxes C. Contractionary fiscal policy D. Expansionary fiscal policy
14	A situation in which expansionary in monetary policy has no effect on the economy is known as.	A. Macro economic stabilization B. A liquidity trap C. A depression D. Capital flight
15	The use of micro economics policies to smooth or moderate the business cycle is known as.	A. Aggregate demand management. B. Aggregate supply management C. Automatic stabilization D. Discretionary policy
16	The Keynesian theory is consistent with the business cycle fact that inflation is	A. Procyclical and leading B. Procyclical and lagging C. Countercyclical and leading D. All of these
17	According to Keynesians the primary source of business cycle fluctuation is.	A. Aggregate demand shocks B. Productivity shocks C. Oil price shocks D. Consumer confidence shocks
18	In the Keynesian model in the short run a decrease in government purchases causes output to _____ and the real interest rate to.	A. fall ; rise B. fall ; fall C. rise ; rise D. rise; fall
19	Using the Keynesian model the effect of a government imposed celling on interest rates paid on personal checking accounts that is lower than the current market interest rate would be to cause._ in the real interest rate and _ in input out in the short sun.	A. A decrease ; a decrease B. A decrease ; no change C. A decrease ; an increase D. An increase ; a decrease
20	Using the Keynesian model , the effect of a decrease in the effective tax rate on capital would be to cause_____ in the real interest rate and __ in output in the long run.	A. An increase ; no change B. A decrease ; no change C. An increase ; an increase D. No change ; a decrease