

## SS 04 Microeconomics and Macroeconomics

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### Question #1 of 99

Question ID: 498746

Can an economy that is at long-run equilibrium adjust to produce real GDP which is greater than full-employment real GDP in the short run?

- A) No.
  - B) Yes, if aggregate demand increases.
  - C) Yes, if wages increase.
- 

### Question #2 of 99

Question ID: 413783

Consider an economy in which labor's relative share of national income is 60%. For which of the following sources of economic growth will a 1% increase result in the largest increase in potential GDP?

- A) Labor.
  - B) Capital.
  - C) Technology.
- 

### Question #3 of 99

Question ID: 472409

A reduction in short-run aggregate supply is *most likely* to be accompanied by an increase in:

- A) real GDP.
  - B) real interest rates.
  - C) the price level.
- 

### Question #4 of 99

Question ID: 498748

Inflation resulting from a decrease in taxes is *most likely*:

- A) demand-pull inflation.
- B) stagflation.
- C) cost-push inflation.

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**Question #5 of 99**

Question ID: 413786

A peak in the business cycle is *most likely* associated with:

- A) payroll employment turning from positive to negative.
  - B) the highest level of economic output during the cycle.
  - C) decreasing inflation pressure.
- 

**Question #6 of 99**

Question ID: 413806

Bradley works a 14-hour-per-week job as a bartender at McQuigley's Pub. Maddeline left her position at a commercial bank to raise her two-year old daughter. How would these individuals be classified from the viewpoint of employment statistics?

- |    | <u>Bradley</u>     | <u>Maddeline</u>   |
|----|--------------------|--------------------|
| A) | Employed           | Not in labor force |
| B) | Not in labor force | Not in labor force |
| C) | Employed           | Employed           |
- 

**Question #7 of 99**

Question ID: 413794

According to Austrian school theory, business cycles are caused by:

- A) government intervention in the economy.
  - B) long-run structural changes in real economic variables.
  - C) excessive optimism or pessimism among business managers.
- 

**Question #8 of 99**

Question ID: 413774

Stagflation refers to an environment of:

- A) Low unemployment and high inflation.
- B) High unemployment and low inflation.
- C) High unemployment and high inflation.

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**Question #9 of 99**

Question ID: 413742

Which method of calculating gross domestic product requires data from each stage of production of goods?

- A) Income method.
  - B) Sum of value added method.
  - C) Value of final output method.
- 

**Question #10 of 99**

Question ID: 413749

The difference between personal income and personal disposable income is:

- A) taxes.
  - B) savings.
  - C) fixed expenses.
- 

**Question #11 of 99**

Question ID: 413741

A shirt with a retail price of \$50 is produced using cloth with a value of \$40. The cloth is produced from cotton with a value of \$30. Using the sum-of-value-added method, what is the total value added to gross domestic product by producing the shirt?

- A) \$50.
  - B) \$70.
  - C) \$20.
- 

**Question #12 of 99**

Question ID: 413821

Which of the following statements about biases that affect the consumer price index (CPI) is *least* accurate?

- A) The basket of goods on which the CPI is based becomes a less accurate measure of household costs as new goods appear on the market.
  - B) The net effect of built-in biases in the CPI is to underestimate inflation.
  - C) Price increases that result from quality improvements are reflected as increases in the CPI.
- 

**Question #13 of 99**

Question ID: 413785

Phases of a business cycle *least likely* include:

- A) expansion.
  - B) trough.
  - C) restriction.
- 

### Question #14 of 99

Question ID: 413805

Which type of unemployment describes a situation where workers who have been laid off due to economic changes and they are unable to find work due to a lack of education or the necessary skills to move into another available job?

- A) Frictional.
  - B) Cyclical.
  - C) Structural.
- 

### Question #15 of 99

Question ID: 413759

An increase in real interest rates can be expected to:

- A) decrease investment and increase net exports.
  - B) increase government spending and decrease consumption.
  - C) decrease investment and decrease consumption.
- 

### Question #16 of 99

Question ID: 460642

Which of the following amounts is *least likely* to be subtracted from gross domestic product in order to calculate national income?

- A) Indirect business taxes.
  - B) Statistical discrepancy.
  - C) Capital consumption allowance.
- 

### Question #17 of 99

Question ID: 472411

If both aggregate demand and short-run aggregate supply decrease, the price level:

- A) will increase.

- B) may increase or decrease.
  - C) will decrease.
- 

### Question #18 of 99

Question ID: 498745

If money wages increase, other things equal, the *most likely* result is a:

- A) short-run recessionary gap.
  - B) long-run inflationary gap.
  - C) short-run inflationary gap.
- 

### Question #19 of 99

Question ID: 413780

In the production function approach to analyzing economic growth, total factor productivity accounts for:

- A) output growth not attributable to growth in labor and capital.
  - B) capital deepening and any increase in the amount of capital available.
  - C) technological advances and growth of the labor force.
- 

### Question #20 of 99

Question ID: 413804

Unemployment can be divided into the following three categories:

- A) Frictional, seasonal, cyclical.
  - B) Frictional, cyclical, structural.
  - C) Technical, frictional, seasonal.
- 

### Question #21 of 99

Question ID: 413827

The inventory-to-sales ratio for manufacturing and trade is classified as a:

- A) coincident indicator.
  - B) lagging indicator.
  - C) leading indicator.
-

### Question #22 of 99

Question ID: 413808

Which of the following is *best* described as an example of structural unemployment?

- A) Smith was laid off due to negative growth of GDP, and did not seek other employment until he was recalled to his job.
  - B) When the plant was modernized, Jones lost her job because she did not have the skill needed to operate the new equipment.
  - C) Although there were jobs available, Johnson was unable to find an employer with a satisfactory opening.
- 

### Question #23 of 99

Question ID: 413825

Which of the following economic indicators is classified as a leading indicator for the United States economy?

- A) Average duration of unemployment.
  - B) Index of consumer expectations.
  - C) Industrial production.
- 

### Question #24 of 99

Question ID: 413771

Which of the following is *most likely* to cause an increase in aggregate demand?

- A) An increase in the general price level.
  - B) Relative appreciation in the country's currency.
  - C) High capacity utilization rates.
- 

### Question #25 of 99

Question ID: 413826

Manufacturing and trade sales are *best* described as a:

- A) lagging indicator.
  - B) coincident indicator.
  - C) leading indicator.
- 

### Question #26 of 99

Question ID: 413792

A firm's *most likely* initial response to a cyclical increase in the inventory-to-sales ratio is to adjust their utilization of labor by:

- A) adding new workers.
  - B) reducing overtime.
  - C) laying off employees.
- 

### Question #27 of 99

Question ID: 413801

Which of the following is the *most* accurate definition of the unemployment rate? The unemployment rate is the number of:

- A) individuals employed divided by the number of people who are unemployed and retired.
  - B) unemployed individuals divided by the number of employed individuals.
  - C) unemployed individuals divided by the total labor force.
- 

### Question #28 of 99

Question ID: 498747

Over the last five years, in the country of Midlothian, both the labor supply and the real stock of physical capital have increased by 20% and real GDP increased 22%. The reason that real GDP growth was greater than input growth over the period is *most likely* that:

- A) the production function is multiplicative.
  - B) money wages decreased.
  - C) total factor productivity increased.
- 

### Question #29 of 99

Question ID: 413817

Consumer price indexes are *least likely* to:

- A) reflect the typical purchasing patterns of consumers.
  - B) be calculated for stages of processing.
  - C) compare current prices to prices in a base year.
- 

### Question #30 of 99

Question ID: 413776

An increase in aggregate demand can result in output greater than potential GDP in:

- A) the short run only.

- B) the short run and the long run.
  - C) neither the short run nor the long run.
- 

### Question #31 of 99

Question ID: 413813

Which one of the following is *most likely* to experience loss of wealth from an increase in the inflation rate?

- A) An individual investor who recently purchased a substantial amount of variable rate bonds.
  - B) An individual investor who financed the purchase of a home with a 30-year fixed rate mortgage.
  - C) A commercial bank that has a large quantity of fixed-rate mortgages in its loan portfolio.
- 

### Question #32 of 99

Question ID: 413814

An economy with a consistently negative inflation rate is *best* described as experiencing:

- A) deflation.
  - B) hyperinflation.
  - C) disinflation.
- 

### Question #33 of 99

Question ID: 413791

As an economic expansion approaches its peak, the economy is *most likely* to show:

- A) accelerating sales growth.
  - B) a decrease in inventory levels.
  - C) an increase in the inventory-to-sales ratio.
- 

### Question #34 of 99

Question ID: 413770

Which of the following is *most likely* to occur in the short run aggregate demand decreases due to a reduction in business and consumer optimism?

- A) An increase in real GDP.
  - B) An increase in the rate of unemployment.
  - C) A higher rate of inflation.
-



### Question #35 of 99

Question ID: 413763

The sustainable growth rate of real GDP is *most likely* to be increased by:

- A) an increase in government spending.
  - B) the discovery of untapped oil fields.
  - C) an increase in the propensity to consume by households.
- 

### Question #36 of 99

Question ID: 550539

Growth in total factor productivity is *best* described as driven by growth in:

- A) technology.
  - B) labor.
  - C) capital.
- 

### Question #37 of 99

Question ID: 413820

Which of the following is *least likely* a source of bias in CPI data?

- A) Substitution
  - B) Sample selection
  - C) Quality changes
- 

### Question #38 of 99

Question ID: 413819

A Laspeyres price index tends to:

- A) overstate the inflation rate because its market basket is variable.
  - B) understate the inflation rate because its market basket is fixed.
  - C) overstate the inflation rate, because its market basket is fixed.
- 

### Question #39 of 99

Question ID: 413822

A price index that is calculated using the current weights of the index's basket of goods and services is known as a:

- A) chained price index.

- B) Laspeyres price index.
  - C) hedonic price index.
- 

### Question #40 of 99

Question ID: 413752

If a fiscal budget deficit increases, which of the following factors must also increase if all other factors are held constant?

- A) Investment.
  - B) Savings.
  - C) Trade surplus.
- 

### Question #41 of 99

Question ID: 413789

When the economy enters an expansion phase, the *most likely* effect on external trade is a(n):

- A) decrease in exports.
  - B) increase in imports.
  - C) increase in exports.
- 

### Question #42 of 99

Question ID: 413753

If the government is running a budget deficit, which of the following relationships are *least likely* to occur in the economy at the same time?

<u>Exports relative to imports</u>	<u>Savings relative to investment</u>
------------------------------------	---------------------------------------

- |                      |                                      |
|----------------------|--------------------------------------|
| A) exports < imports | private savings < private investment |
| B) exports < imports | private savings > private investment |
| C) exports > imports | private savings < private investment |
- 

### Question #43 of 99

Question ID: 413762

Because some input prices do not adjust rapidly to changes in the price level, the short-run aggregate supply curve:

- A) exhibits a negative relationship between quantity supplied and the price level.
  - B) may be interpreted as representing the economy's potential output.
  - C) is more elastic than the long-run aggregate supply curve.
- 

### Question #44 of 99

Question ID: 413788

The expansion phase of a business cycle is *least likely* characterized by:

- A) increasing unemployment.
  - B) a positive rate of economic growth.
  - C) increasing inflationary pressures.
- 

### Question #45 of 99

Question ID: 413779

Sources of long-run economic growth *most likely* include increases in:

- A) labor supply, physical capital, and technology.
  - B) human capital, money supply, and natural resources.
  - C) government spending, labor supply, and physical capital.
- 

### Question #46 of 99

Question ID: 413765

Which of the following factors is *most likely* to increase aggregate demand?

- A) An expected decrease in future prices.
  - B) Increasing real interest rates.
  - C) An increase in real wealth.
- 

### Question #47 of 99

Question ID: 413756

The LM curve is drawn holding which of the following factors constant?

- A) Real money supply.
- B) Real GDP.
- C) Real interest rate.

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**Question #48 of 99**

Question ID: 413823

Which of the following statements is *most* accurate? Cost-push inflation:

- A) typically results from a significant price increase in a production input.
  - B) often occurs because of an increase in short-run aggregate supply.
  - C) results from excess short-run aggregate demand.
- 

**Question #49 of 99**

Question ID: 413744

Nominal GDP for the year 20X7 is \$784 billion and real GDP is \$617 billion. If the base period for the GDP deflator is 20X1, the annual rate of increase in the GDP deflator since the base year is *closest to*:

- A) 3.5%.
  - B) 4.0%.
  - C) 4.5%.
- 

**Question #50 of 99**

Question ID: 498744

Compared to GDP calculated using the sum-of-value-added method, GDP using the value-of-final-output method will be:

- A) biased downward.
  - B) biased upward.
  - C) equal to it.
- 

**Question #51 of 99**

Question ID: 413799

When individuals are unemployed because they do not have perfect information concerning available jobs, this is:

- A) frictional unemployment.
  - B) structural unemployment.
  - C) natural unemployment.
- 

**Question #52 of 99**

Question ID: 413761

The long-run aggregate supply curve is *best* described as:

- A) elastic because most input prices are variable in the long run.
  - B) perfectly elastic because input prices are sticky in the long run.
  - C) perfectly inelastic because input prices change proportionately with the price level in the long run.
- 

### Question #53 of 99

Question ID: 413790

Firms' initial responses to an emerging economic contraction are *most likely* to be:

- A) laying off workers.
  - B) reducing overtime hours.
  - C) deferring maintenance of machinery.
- 

### Question #54 of 99

Question ID: 413802

Which type of unemployment describes situations where qualified workers are not immediately matched with existing job openings?

- A) Cyclical.
  - B) Structural.
  - C) Frictional.
- 

### Question #55 of 99

Question ID: 413754

Total investment is one of the components of a country's GDP. Which of the following is *least likely* to be considered a source of funds for investment?

- A) Foreign borrowing.
  - B) Household expenditures.
  - C) National savings.
- 

### Question #56 of 99

Question ID: 413745

Nominal GDP is \$562 billion and the GDP deflator is 119. Using base-year prices, real GDP is *closest to*:

- A) \$440 billion.

B) \$470 billion.

C) \$560 billion.

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### Question #57 of 99

Question ID: 413824

Which of the following factors would *least likely* result in demand-pull inflation? An increase in:

A) the quantity of money.

B) energy prices.

C) exports.

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### Question #58 of 99

Question ID: 413743

If the GDP deflator is less than 100, then real GDP is:

A) less than nominal GDP.

B) equal to nominal GDP.

C) greater than nominal GDP.

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### Question #59 of 99

Question ID: 413738

A country's gross domestic product is:

A) greater than the country's aggregate income.

B) less than the country's aggregate income.

C) equal to the country's aggregate income.

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### Question #60 of 99

Question ID: 413739

Gross domestic product includes the value of all goods:

A) purchased during the measurement period.

B) produced during the measurement period.

C) produced and purchased during the measurement period.

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### Question #61 of 99

Question ID: 413757

Which of the following statements concerning aggregate demand is *most* accurate?

- A) When price levels rise, real wealth increases, and individuals will spend more.
  - B) When price levels rise, real wealth decreases, and individuals will spend less.
  - C) When price levels fall, real wealth increases, and individuals will spend less.
- 

### Question #62 of 99

Question ID: 413810

Joe Lebow, an analyst, is discussing the difference between inflation and price level. Lebow states: "The higher the price level in the current year compared to the price level in the previous year, the higher is the inflation rate of a country. Any increase in the price level is evidence of positive inflation." Lebow's statement is:

- A) incorrect because it inaccurately describes the calculation of an inflation rate.
  - B) incorrect because not all increases in the price level indicate inflation.
  - C) correct.
- 

### Question #63 of 99

Question ID: 413751

The relationship between savings (S), investment (I), government spending (G), government tax revenue (T), exports (X), and imports (M) is:

- A)  $(S - I) = (G - T) + (X - M)$ .
  - B)  $(G - T) = (S - I) + (X - M)$ .
  - C)  $(X - M) = (S - I) + (G - T)$ .
- 

### Question #64 of 99

Question ID: 413795

According to Keynesian school theory, business cycles are caused by:

- A) inappropriate variations in the growth of the money supply.
  - B) excessive optimism or pessimism among business managers.
  - C) changes in technology over time.
-

### Question #65 of 99

Question ID: 413747

Components of national income include:

- A) wages and benefits, corporate profits, and indirect business taxes less subsidies.
  - B) rent, interest income, and capital consumption allowance.
  - C) government enterprise profits, unincorporated business net income, and statistical discrepancy.
- 

### Question #66 of 99

Question ID: 413798

Which of the following statements is *most* accurate regarding monetarists? Monetarists believe that:

- A) steady, predictable money growth is the best monetary policy.
  - B) discretionary monetary policy is the best way to moderate fluctuations in prices and output.
  - C) fiscal policy is the most powerful of all government tools used to affect prices and output.
- 

### Question #67 of 99

Question ID: 413809

Steve Walker, CFA, is attending an economics lecture, during which the lecturer makes the following two statements about consumer price inflation:

Statement 1: High-definition televisions are considerably more expensive than traditional models. This means consumers are spending more money per television unit, which represents a form of inflation.

Statement 2: Employment contracts with automatic increases based on the Consumer Price Index fail to increase wages in line with the cost of living because of biases in the price index.

Should Walker *agree* or *disagree* with these statements?

<u>Statement 1</u>	<u>Statement 2</u>
--------------------	--------------------

- |             |          |
|-------------|----------|
| A) Agree    | Agree    |
| B) Disagree | Disagree |
| C) Disagree | Agree    |
- 

### Question #68 of 99

Question ID: 413766

Which of the following factors is *most likely* to increase long-run aggregate supply?

- A) The average rate of labor productivity increases.



- B) Wage rates increase.
  - C) Aggregate demand decreases.
- 

### Question #69 of 99

Question ID: 413760

The long-run aggregate supply curve is:

- A) elastic because input prices are sticky.
  - B) perfectly elastic because input prices are fixed.
  - C) inelastic because all input prices can vary.
- 

### Question #70 of 99

Question ID: 472410

If both aggregate demand and short-run aggregate supply increase, real GDP:

- A) will decrease.
  - B) may increase or decrease.
  - C) will increase.
- 

### Question #71 of 99

Question ID: 413797

At a recent symposium, "The Great Economic Debate of the Decade" several panelists were asked to state their opinions on aggregate demand and aggregate supply.

Panelist 1 stated that he believed shifts in both aggregate demand and aggregate supply were driven primarily by changes in technology over time.

Panelist 2 stated that she believed the focus of economic policy should be to directly increase aggregate demand by increasing the money supply or through fiscal policy.

The views of Panelist 1 and Panelist 2 would *best* be described as which economic school of thought?

Panelist 1      Panelist 2

- A) Neoclassical      Keynesian
  - B) Keynesian      New Keynesian
  - C) New Classical      Monetarist
-

### Question #72 of 99

Question ID: 413746

The GDP deflator is the percentage difference between:

- A) GDP calculated using the value-of-final-output method and the sum-of-final-output method.
  - B) nominal GDP and real GDP.
  - C) GDP calculated using the income and expenditure approaches.
- 

### Question #73 of 99

Question ID: 413778

The sustainable growth rate of an economy is *best* viewed as the sum of the growth rates of:

- A) private and government spending.
  - B) the labor force and productivity.
  - C) consumption and investment.
- 

### Question #74 of 99

Question ID: 413815

The current annual inflation rate, as measured by using the Consumer Price Index (CPI), is *best* defined as:

- A) percentage change in the CPI from a year ago.
  - B) increase in the CPI from a year ago.
  - C) percentage change in the CPI from its base period.
- 

### Question #75 of 99

Question ID: 413740

Which of the following *least* accurately describes a component of gross domestic product?

- A) Net imports.
  - B) Investment.
  - C) Consumption.
- 

### Question #76 of 99

Question ID: 413769

Which of the following choices *best* describes the effects on consumption, investment, and net exports that would result from an increase in the price level, other factors held constant?

Consumption    Investment    Net exports

- A) Decrease      Decrease      Decrease
  - B) Increase      Increase      Increase
  - C) Decrease      Increase      Increase
- 

### Question #77 of 99

Question ID: 413773

When potential real GDP is less than actual real GDP, the economy is *most likely* experiencing:

- A) recession.
  - B) inflation.
  - C) underemployment.
- 

### Question #78 of 99

Question ID: 413818

Which of the following types of price index is *most likely* to include a sub-index for raw materials?

- A) GDP deflator.
  - B) Wholesale price index.
  - C) Consumer price index.
- 

### Question #79 of 99

Question ID: 413767

Which of the following events is *least likely* to cause a decrease in short-run aggregate supply?

- A) Oil exporting countries reduce their production levels.
  - B) Inflation increases from 4% to 7%.
  - C) A labor stoppage causes the price of steel to rise.
- 

### Question #80 of 99

Question ID: 413796

Which of the following *most* accurately describes the Monetarist school of macroeconomic thought in relation to aggregate demand and aggregate supply? Monetarists believe that the money supply should be:

- A) increased by a predictable rate annually.

- B) reduced during inflationary periods and increased during recessionary periods.
  - C) increased during inflationary periods and reduced during recessionary periods.
- 

### Question #81 of 99

Question ID: 413782

An economist wanting to determine the sources of an increase in a country's GDP using the production function approach would *most likely* investigate:

- A) growth in productivity, the labor force, and the capital stock.
  - B) increases in industrial production.
  - C) shifts in the aggregate supply curve.
- 

### Question #82 of 99

Question ID: 696227

When national income in an important trading partner's economy increases, aggregate demand in the domestic economy is *most likely* to:

- A) increase because foreign consumers will tend to buy more export goods from the domestic country.
  - B) decrease because interest rates in the domestic economy will tend to increase.
  - C) decrease because foreign consumers will tend to buy less export goods from the domestic country.
- 

### Question #83 of 99

Question ID: 413750

If private saving equals private business investment, a trade surplus implies that there is:

- A) a fiscal surplus.
  - B) a fiscal deficit.
  - C) no fiscal surplus or deficit.
- 

### Question #84 of 99

Question ID: 413807

When economists are speaking of the labor-force participation rate, they are referring to which of the following? The labor-force participation rate is the percentage of the:

- A) labor force who are new entrants (less than one year of work experience).
- B) working-age population who are either working or actively looking for work.

C) working-age population who are working.

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### Question #85 of 99

Question ID: 413828

Average weekly initial claims for unemployment insurance are classified as a:

- A) lagging indicator.
  - B) leading indicator.
  - C) coincident indicator.
- 

### Question #86 of 99

Question ID: 454994

From an initial long-run equilibrium, an increase in aggregate demand combined with a decrease in short-run aggregate supply will *most likely* result in:

- A) higher real GDP.
  - B) a lower price level.
  - C) a higher price level.
- 

### Question #87 of 99

Question ID: 413748

Under the expenditure approach, gross domestic product is the sum of:

- A) wages and benefits, corporate profits, interest income, unincorporated business owners' income, rent, and indirect business taxes less subsidies.
  - B) consumption spending, gross private domestic investment, government spending, and net exports.
  - C) national income and transfer payments to households, less corporate and indirect business taxes and undistributed corporate profits.
- 

### Question #88 of 99

Question ID: 413755

The IS curve illustrates the:

- A) inverse relationship between income and the price level.
  - B) direct relationship between investment and savings.
  - C) inverse relationship between real interest rates and income.
- 

### Question #89 of 99

Question ID: 413811

Which of the following statements regarding inflation is *most* accurate?

- A) Inflation occurs when there is a steady increase in the relative prices of key commodities.
  - B) An economy experiences inflation when there is a persistent increase in the prices of almost all goods and services.
  - C) Inflation is present if the prices of some goods and services are increasing.
- 

### Question #90 of 99

Question ID: 413800

Which of the following is the *most* accurate definition of the labor force?

- A) Those people of working age who are not retired or in prison.
  - B) Those people of working age who are either employed or seeking employment.
  - C) All people of working age.
- 

### Question #91 of 99

Question ID: 413816

Which of the following statements *most* accurately describes the difference between headline inflation and core inflation?

- A) Core inflation does not include food and energy prices.
  - B) Headline inflation is a better measure of the underlying trend in prices.
  - C) Core inflation refers to producer prices.
- 

### Question #92 of 99

Question ID: 413787

During an economic contraction:

- A) real GDP growth is greater than its sustainable long-term rate.
  - B) inflation pressures are typically decreasing.
  - C) the unemployment rate typically decreases.
- 

### Question #93 of 99

Question ID: 413758

Which of the following is *least likely* a reason that the aggregate demand curve slopes downward?

- A) The wealth effect causes consumers to spend less when the price level rises.
  - B) Business investment declines as a rising price level increases interest rates.
  - C) Because entitlements are adjusted for inflation, a rising price level forces government spending to increase.
- 

### Question #94 of 99

Question ID: 413772

If the economy is in short-run disequilibrium below full employment, the *most likely* explanation is that:

- A) money wage rates have decreased.
  - B) aggregate demand has decreased.
  - C) long-run aggregate supply has decreased.
- 

### Question #95 of 99

Question ID: 413781

When the sources of economic growth are stated as a production function, which factor is treated as a multiplier?

- A) Total factor productivity.
  - B) Size of the labor force.
  - C) Amount of capital available.
- 

### Question #96 of 99

Question ID: 413812

Which of the following statements regarding inflation is *most* accurate?

- A) The purchasing power of money increases as a result of inflation.
  - B) Inflation is a persistent increase in the general price level of goods and services.
  - C) As a result of inflation, all borrowers gain at the expense of lenders.
- 

### Question #97 of 99

Question ID: 413793

An economy has been producing at its full-employment level of output and the price level has been stable. Businesses then begin experiencing unintended decreases in their inventory levels. What does this *most likely* imply about the short-run outlook for economic growth and inflation?

<u>Economic growth</u>	<u>Inflation</u>
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- |               |            |
|---------------|------------|
| A) Increasing | Decreasing |
| B) Increasing | Increasing |
| C) Decreasing | Increasing |
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### Question #98 of 99

Question ID: 413777

A country's labor force is projected to decrease by 2% while its labor productivity is projected to increase by 3% per year. Based on these projections, the country's sustainable annual economic growth rate:

- A) is positive.
  - B) is negative.
  - C) depends on the proportions of labor and capital in production.
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### Question #99 of 99

Question ID: 413803

Which of the following is the *least likely* one of the types of unemployment?

- A) Frictional.
- B) Temporal.
- C) Structural.