

Macroeconomic questions



**ASSIGN
BUSTER**

- Macroeconomic Questions The MPC for an economy is A) the slope of the consumption schedule or line.
2. Consumption of fixed capital (depreciation) can be determined by B) subtracting NDP from GDP.
3. Transfer payments are B) excluded when calculating GDP because they do not reflect current production.
4. The total amount of income earned by U. S. resources suppliers in a year is measured by B) national income.
5. The natural rate of unemployment is the B) full-employment employment rate.
6. Real GDP refers to D) GDP data that have been adjusted for changes in price level.
7. the greater the marginal propensity to consume, the A) smaller is the marginal propensity to save.
8. Transfer payments are included in: B) PI.
9. Inflation is undesirable because it: A) arbitrarily redistributed real income and wealth.
10. The largest component of national income is: A) compensation of employees.
11. Demand-pull inflation: B) occurs when total spending exceeds the economy's ability to provide output at the existing price level.
12. Real GDP is: B) the nominal value of all goods and services produced in the domestic economy corrected for inflation or deflation.
13. A large underground economy results in an: A) understated GDP.
14. A nation's gross domestic product (GDP): A) can be found by summing $C + I_g + G + X_n$
15. The consumption schedule shows: B) a direct relationship between

aggregate consumption and aggregate income.

16. Which of the following is correct: A) $APC + APS = 1$

17. The multiplier is: C) $1/MPS$.

18. National income accountants can avoid multiple counting by: C) only counting final goods.

19. The type of unemployment associated with recessions is called: C) cyclical unemployment.

20. The unemployment rate of: D) teenagers is much higher than that of adults.

21. With an MPS of .4, the MPC will be: A) 1.0 minus .4

22. Structural unemployment: D) may involve a locational mismatch between unemployed workers and openings.

23. Inflation means that: C) prices in the aggregate are rising, although some particular prices may be falling.

24. the consumption and saving schedule reveal that: C) saving varies directly with the level of disposable income.

25. At the point where consumption schedule intersects the 45-degree line: D) savings is zero.

26. The phase of business cycle in which real GDP is at minimum is called: C) the trough

27. The intermediate determinant of the volume of output and employment is the: D) size of labor force.

28. The GDP gap measures the difference between: C) actual GDP and potential GDP.

29. GDP differs from NDP in that: D) gross investment is used in calculating GDP and net investment is used in calculating NDP.

30. If actual GDP is less than potential GDP: D) the actual employment rate will be higher than natural unemployment rate.
31. Kimberly voluntarily quit her job as an insurance agent to return to school full-time to earn an MBA degree. With degree in hand she is now searching for a position in management, Kimberley presently is: C) frictionally unemployed.
32. Cyclical unemployment results from: A) a deficiency of aggregate spending.
33. The unemployment rate is the: C) percentage of labor force that is out of work.
34. If intermediate goods and services were included in GDP: C) the GDP would be overstated.
35. in national income accounting, consumption expenditures include: C) consumer durable goods, consumer nondurable goods, and services.
36. As defined in national income accounting, investment includes: A) business expenditures.
37. Real GDP per capita is found by: C) dividing real GDP by population.
38. the production of durable goods varies more than the production of nondurable goods because: B) durable purchases are postponable
39. value added refers to: C) the difference between the value of a firm's output and the value of the inputs it has purchased from others
40. A price index is: A) a comparison of the price of a market basket from fixed point to reference
41. the largest components of total expenditures in the United States is: C) consumption
42. Look for the question in attached file (graph question).

43. For every 1 percentage point that the actual unemployment rate exceeds the natural rate, a 2 percentage point negative GDP gap occurs. This is a statement of: B) Okun's law.

44. The 45-degree line on a graph relating consumption and income shows: C) all the points at which consumption and income are equal.

45. the most important determinant of consumption to saving is: C) interest rate.

Works Cited

Seidman, Laurence. *Macroeconomics*. Orlando: Harcourt Brace Jovanovich, 1987.