

ECON132
Online Quiz Ch29

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Grade 8 out of 10 (80%)

Question 1

Incorrect

Mark 0 out of 2

Flag question

In which of the following situations for an open mixed economy will the level of GDP contract?

Select one:

- a. When $S + M + T$ exceeds $I_g + X + G$
- b. When $I_g + X + T$ exceeds $C + S + M$
- c. When $C + S + M$ exceeds $I_g + X + T$
- d. When $I_g + X + G$ exceeds $S + M + T$

✘

The correct answer is: When $S + M + T$ exceeds $I_g + X + G$

Question 2

Correct

Mark 2 out of 2

Flag question

The investment schedule shows the:

Select one:

- a. Rate of interest that business firms must pay when they make investments in capital goods
- b. Positive relationship between the expected rate of return and the quantity of investment demanded
- c. Inverse relationship between the expected rate of return and the quantity of investment demanded
- d. Amounts business firms collectively intend to invest at each possible level of GDP ✓

The correct answer is: Amounts business firms collectively intend to invest at each possible level of GDP

Question 3

Correct

Mark 2 out of 2

Flag question

To close an inflationary expenditure gap of \$20 billion in an economy with a marginal propensity to consume of 0.8, it would be necessary to:

Select one:

- a. Decrease the aggregate expenditures schedule by \$4 billion
- b. Increase the aggregate expenditures schedule by \$4 billion
- c. Decrease the aggregate expenditures schedule by \$20 billion ✓
- d. Increase the aggregate expenditures schedule by \$20 billion

The correct answer is: Decrease the aggregate expenditures schedule by \$20 billion

Question 4

Correct

Mark 2 out of 2

Flag question

Saving is \$15 billion at the \$125 billion equilibrium level of output in a closed, private economy. Actual investment must be:

Select one:

- a. Greater than saving
- b. Less than saving
- c. Equal to \$15 billion ✓
- d. Equal to \$125 billion

The correct answer is: Equal to \$15 billion

Question 5

Correct

Mark 2 out of 2

Flag question

Planned investment is \$20 billion and saving is \$15 billion when GDP in the economy is \$180 billion. The economy is:

Select one:

- a. In disequilibrium and its GDP will decrease
- b. At the equilibrium level of GDP
- c. In disequilibrium and its GDP will increase ✓
- d. Having a GDP level that is greater than its aggregate expenditures

The correct answer is: In disequilibrium and its GDP will increase