

Other things being equal, a decrease in an economy's exports will:


- a. Have no effect on domestic GDP because imports will offset the change in exports
- b. Increase domestic aggregate expenditures and the equilibrium level of GDP
- c. None of the ANSWERS is correct
- d. Increase the amount of imports consumed by the private sector

[Clear my choice](#)

### Question 2

Not yet answered

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If disposable income is \$800 billion when the average propensity to consume is 0.8, it can be concluded that:


- a. The marginal propensity to consume is also 0.8
- b. The marginal propensity to save is 0.2
- c. Consumption is \$800 billion
- d. Saving is \$160 billion

[Clear my choice](#)

### Question 3

Not yet answered

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The following factors help explain the instability of investment, except:

- a. Business expectations can quickly change for unpredictable reasons
- b. None of the ANSWERS is correct
- c. Profits of firms are highly variable from one period to the next
- d. Innovations in the economy occur quite irregularly

[Clear my choice](#)

### Question 5

Not yet answered

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As disposable income decreases, the:

- a. None of the ANSWERS is correct
- b. Average propensity to consume decreases
- c. All ANSWERS are correct
- d. Level of saving increases

[Clear my choice](#)

### Question 6

Not yet answered

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If consumption increases while income remains the same, the average propensity to consume will:

- a. Increase and then decrease
- b. Increase
- c. None of the ANSWERS is correct
- d. Decrease

[Clear my choice](#)

**Question 11**

Not yet answered

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An increase in household wealth that creates a wealth effect shifts the:

- a. Consumption schedule downward and the saving schedule upward
- b. Consumption schedule upward and the saving schedule downward
- c. Consumption schedule and the saving schedule upward
- d. Consumption schedule and the saving schedule downward

[Clear my choice](#)

**Question 12**

Not yet answered

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What is the likely effect of a rise in real interest rates on consumption and saving in the best of circumstances?

- a. Both the consumption and saving schedules shift downward slightly
- b. Both the consumption and saving schedules shift upward slightly
- c. The consumption schedule shifts downward slightly and the saving schedule shifts upward slightly
- d. The consumption schedule shifts upward slightly and the saving schedule shifts downward slightly

[Clear my choice](#)

If a family's MPC is .7, it means that the family is:


- a. Spending seven-tenths of any increment to its income
- b. None of the ANSWERS is correct
- c. Spending 70 percent of its disposable income
- d. Operating at the break-even point

[Clear my choice](#)

### Question **20**

Not yet answered

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Time left 0:17:56

If the real interest rate falls, then the:

- a. Consumption schedule will shift downward
- b. Point moves along the investment schedule to the right
- c. Investment schedule will shift downward
- d. None of the ANSWERS is correct

[Clear my choice](#)

#### Question 14

Not yet answered

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If the slope of a linear consumption schedule increases, then it can be concluded that the:

- a. Income has decreased
- b. MPC has increased
- c. MPS has increased
- d. Income has increased

[Clear my choice](#)

#### Question 15

Not yet answered

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Dissaving occurs when:

- a. All ANSWERS are correct
- b. Saving is greater than the interest rate
- c. Income is greater than saving
- d. None of the ANSWERS is correct

[Clear my choice](#)

Not yet answered

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Time left 0:15:24

What would be the slope of the consumption schedule or consumption line for a given economy?

- a. APC
- b.  $1 - MPS$
- c. APS
- d.  $1 - MPC$

Clear my choice

**Question 17**

Not yet answered

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If households consume less at each level of disposable income, they are:

- a. Spending more
- b. Saving more
- c. Saving less
- d. Working less

Clear my choice

**Question 18**

Not yet answered

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