

ECON132
Online Quiz Ch28

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Question 1

Correct

Mark 2 out of 2

🚩 Flag question

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

Select one:

- a. Purchases of capital goods usually cannot be postponed ✓
- b. Profits of firms are highly variable from one period to the next
- c. Innovations in the economy occur quite irregularly
- d. Business expectations can quickly change for unpredictable reasons

The correct answer is: Purchases of capital goods usually cannot be postponed

Question 2

Correct

Mark 2 out of 2

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With an MPS of .3, the MPC will be:

Select one:

- a. .3
- b. $1 - .3$ ✓
- c. $.3 - 1$
- d. $1/3$

The correct answer is: $1 - .3$

Question 3

Correct

Mark 2 out of 2

Flag question

In an economy, for every \$10 million increase in disposable income, saving increases by \$2 million. It can be concluded that the:

Select one:

- a. Marginal propensity to consume is .2
- b. Average propensity to save is 0.2
- c. Slope of the consumption schedule is .8 ✓
- d. Slope of the saving schedule is 2

The correct answer is: Slope of the consumption schedule is .8

Question 4

Correct

Mark 2 out of 2

Flag question

An investment demand curve shows the varying amounts of investment that would be undertaken at various levels of:

Select one:

- a. Real interest rate ✓
- b. Average price in the economy
- c. Consumer spending
- d. Personal saving

The correct answer is: Real interest rate

Question 5

Not answered

Marked out of 2

Flag question

Given the expected rate of return on all possible investment opportunities in the economy, a(n):

Select one:

- a. Decrease in the rate of interest will tend to increase the level of investment
- b. Increase in the rate of interest will tend to increase the level of investment
- c. Change in the interest rate will have no impact on the level of investment
- d. Decrease in the rate of interest will tend to decrease the level of investment

The correct answer is: Decrease in the rate of interest will tend to increase the level of investment