

ECON132  
Online Quiz

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If the Consumer Price Index was 170 in one year and 180 in the next year, then the rate of inflation is approximately:

Select one:

- a. 5.9 percent
- b. 6.3 percent
- c. 5.5 percent
- d. 7.2 percent

Ans:a. 5.9 percent

In which industry or sector of the economy is output least likely to be affected by the business cycle?

Select one:

- a. Capital goods production
- b. Housing construction
- c. Automobile production
- d. Agricultural commodities

Ans:

- d. Agricultural commodities

Assuming the total population is 200 million, the labor force is 100 million, and 92 million workers are employed, the unemployment rate is:

Select one:

- a. 10 percent
- b. 6 percent
- c. 4 percent
- d. 8 percent

Ans:

- d. 8 percent

The total adult population of an economy is 175 million, the number of employed is 122 million, and the number of unemployed is 17 million. The percent of adults who are not in the labor force is:

Select one:

- a. 20.6 percent
- b. 25.3 percent
- c. 30.3 percent
- d. 13.9 percent

Ans:

- a. 20.6 percent

If the natural rate of unemployment is 4.5 percent and the actual unemployment rate is 6.5 percent, then Okun's law indicates that the GDP gap is:

Select one:

- a. 2 percent
- b. 3 percent
- c. 6 percent
- d. 4 percent

Ans:

- d. 4 percent

Cost-push inflation increases real output and employment.

Select one:

- a. False
- b. True

Ans:

- a. False

If the CPI declines from one year to the next, then the following statements are true, except:

Select one:

- a. The inflation rate is negative
- b. The CPI turns negative in the next year
- c. There is deflation
- d. The average price level is decreasing

Ans:

- b. The CPI turns negative in the next year



In Palestine, the high unemployment level is due to the low level of investment which could create new jobs. Thus, most of the unemployment in Palestine is:

Select one:

- a. Cyclical
- b. Frictional
- c. Structural
- d. Natural

Ans;

option c) structural

During the recovery period after an economic crisis:

Select one:

- a. GDP will rise but unemployment will fall
- b. GDP will fall but unemployment will rise
- c. GDP and unemployment will rise
- d. GDP and unemployment will fall

Ans:

option a)

as Recovery occurs, then GDP rises,  
Unemployment falls