# Global Economics.m

1. The study of the behavior of firms, individual markets, and households is called:
2. The three fundamental questions of economic organization are:
3. To show general economic growth on the PPF, one would:
4. The … of a decision is the value of the good or service forgone.
5. Productive … exists when an economy cannot produce more of one good without producing less of another good.
6. An economy which allows firms and individuals to decide the answers to the three fundamental questions of economic organization is called a:
7. An economy in which government make all important economic decisions is called a:
8. Most economies are in fact:
9. Adam Smith wrote …; John Maynard Keynes wrote…
10. Which of the following is likely to be a government objective?
11. The measure of the market value of all final goods and services produced in a country during a year is called:
12. Which of the following is not a goal of macroeconomic activity?
13. GDP =?
14. The unemployment rate is:
15. In order to avoid …, when calculating GDP, one should include only the final goods and exclude the intermediate goods that are used in the production process.
16. The three primary factors of production are:
17. A supply shock is:

18 The overall price and quantity at which all buyers and sellers are satisfied with their purchases, sales, and prices is called:

19 The difference between exports and imports is called:

20 In the circular flow of income model injections:

21 The … shows the relationship between the level of consumption expenditures and the level of disposable personal income.

22 The marginal propensity to consume is:

23 Which of the following is correct?

24 Which of the following is not a determinant of investment?

25 Which of the following is a primary cause of periods of recession and economic growth?

26 An economy is in equilibrium where:

27 The number by which the change in investment must be multiplied in order to determine the resulting change in total output is called:

28 When there are unemployed resources in the economy, increases in investment or other spending will result in ...

29 If investment and government purchases remain the same, a reduction in consumption spending will:

30 If government spending increases:

31 The lesson of Keynesian economics is that:

32 Shifts in aggregate demand will:

33 What do economists call the total amount of output that is willingly bought at a given level of prices?

34 The short-run aggregate supply curve is:

35 The long-rung aggregate supply curve is:

36 Economists that believe that changes in aggregate demand have a significant and lasting effect on output are:

37 Fluctuations in total national output, income, and employment, usually lasting 2-10 years, marked by periods of expansion or contraction in most sectors of the economy are called:

38 Which of the following attributes business fluctuations to the expansion and contraction money and credit?

39 An increase in taxes is a(n):

40 An increase in the money supply is a(n):

41 Fiscal policy refers to the:

42 Fiscal drag occurs when:

43 The … lag for fiscal policy is generally … than it is for monetary policy.

44 Which of the following is not true about public-choice theory?

45 What do economists call a tax that causes higher-income individuals to pay a higher percentage of their income as tax than lower-income individuals?

46 The effective tax rate is:

47 … taxes are those that are levied on goods and services. … taxes are those that are levied upon individuals and firms.

48 Increased government spending financed by government borrowing will generally cause:

49 The difference between federal government spending and federal government tax revenue in a particular year is:

50 Governments have several functions, but which is certainly not an economic one?

51 Which of the following is not a function of money?

52 A saving account would be included in:

53 A liquidity trap occurs when the demand for money:

54 To reduce the supply of money the government could:

55 Open Market Operations occur when the government:

56 The amount of interest paid per unit of time expressed as a percentage of the amount borrowed is called:

57 Which of the following is a form of financial instrument whose value is based on the values of other assets?

58 An outward shift in the demand for money, other things being equal, should lead to:

59 The base Rate in the UK is determined by:

60 The FED can exert more precise control over … than it can over ...

61 Which of the following points is central to the monetarist school of macroeconomics?

62 The route by which changes in the supply of money are translated into changes in output, employment, prices and inflation is called:

63 …is the most important monetary policy tool because it is the primary determinant of changes in the …, the main source of fluctuations in the money supply.

64 The main advantage of using reserve requirements to control the money supply and interest rates is:

65 The equation of exchange is:

66 All other things being equal, an increase in the money supply will:

67 Keynes’s liquidity preference theory indicates that the demand for money:

68 In the AS/AD model, an expansionary monetary policy:

69 Contractionary monetary policy wil:l

70 Monetarists believe the greater the stability of the economy in the past 35 years has resulted from:

71 The negative relationship between unemployment and inflation is known as:

72 Demand-pull inflation may be caused by:

73 Both Classicals and Keynesians agree that policymakers:

74 One cost of an unanticipated inflation is that it:

75 Hyperinflation occurs when:

76 The reduction of the inflation rate is called:

77 The labor force participation rate measures the number of people:

78 A high-pressure economy is one in which:

79 Frictional unemployment often occurs when:

80 Which of the following types of unemployment is considered to be the most controllable through macroeconomic policy?

81 Economic growth can be shown by:

82 An economy may operate outside the PPF if:

83 According to supply-side economists, as tax rates are reduced, labor supply should increase. This implies that:

84 Policy initiatives typically associated with «supply-side economics» would include:

85 Elimination of government regulations undertaken explicitly to influence the aggregate supply curve would be an example of:

86 Free traders maintain that an open economy is advantageous in that it provides all of the following except:

87 Which of the following trade policies limits specified quantity of goods to be imported at one tariff rate.

88 According to Ricardo, a country will have a comparative advantage in:

89 When internal economies of scale occur:

90 A firm encountering economies of scale over some range of output will have a:

91 The balance of payments equals:

92 Which items are not included in the balance of payments?

93 Which account is included in the composition of the balance of payments?

94 If a country has a current account surplus:

95 A current account deficit implies that:

96 The function of foreign exchange market is:

97 Which one is a merit of floating exchange rate?

98 Under a floating exchange-rate system, if American exports decrease and American imports rise, the value of the dollar will:

99 A potential limitation of freely floating exchange rates is that:

100 As a policy instrument, currency devaluation may be controversial since it: