

ECO401 – Economics
Online Quiz # 3

Question # 1 of 15 (Start time: 02:25:39 AM) Total Marks: 1

If the total product of labor per day is as shown in the chart below and the price of the product is \$10/unit, how many employees will be hired if the wage rate is \$99/day? Labor Total output 1 10 2 25 3 35 4 40 5 41

Select correct option:

1

2

3

4

Question # 2 of 15 (Start time: 02:26:53 AM) Total Marks: 1

According to economy is always at full employment level. Economy would automatically find the new equilibrium in the short run.

Select correct option:

True

False

Question # 3 of 15 (Start time: 02:28:12 AM) Total Marks: 1

In monopolist market, a new entrant firm should produce where:

Select correct option:

Marginal Cost < Marginal Revenue.

Marginal Cost > Marginal Revenue.

Marginal Cost = Marginal Revenue. Profits are maximized when $MR = MC$

Marginal Cost = Average Revenue.

Question # 4 of 15 (Start time: 02:29:14 AM) Total Marks: 1

We know that the demand for a product is elastic if:

Select correct option:

When price rises, revenue rises

When price rises, revenue falls

When price rises, quantity demanded rises

When price falls, quantity demanded rises

Question # 5 of 15 (Start time: 02:29:57 AM) Total Marks: 1

A partial explanation for the inverse relationship between price and quantity demanded is that a:

Select correct option:

Lower price shifts the supply curve to the left

Higher price shifts the demand curve to the left

Lower price shifts the demand curve to the right

Higher price reduces the real incomes of buyers

Question # 6 of 15 (Start time: 02:30:56 AM) Total Marks: 1

According to the model of aggregate supply and aggregate demand, in the long run, an increase in the money supply should cause

Select correct option:

Prices to rise and output to rise.

Prices to fall and output to remain unchanged

Prices to fall and output to fall.

Prices to rise and output to remain unchanged

Question # 7 of 15 (Start time: 02:32:03 AM)

Which of the following is a flow variable?

Select correct option:

The value of the house in which you live

The balance in your savings account

Your monthly consumption of hamburgers

The number of hamburgers in your refrigerator at the beginning of the month

Question # 8 of 15 (Start time: 02:33:12 AM) Total Marks: 1

Other things equal, expected income can be used as a direct measure of well-being:

Select correct option:

No matter what a person's preference to risk.

If and only if individuals are not risk-loving.

If and only if individuals are risk averse.

If and only if individuals are risk neutral.

Question # 9 of 15 (Start time: 02:34:23 AM) Total Marks: 1

Cartels are:

Select correct option:

Organizations of independent firms, producing similar products, that work together to raise prices and restrict output Ref:Cartels explicit agreements to set output and price

Organizations of interdependent firms

Oligopolies

All of the above

Question # 10 of 15 (Start time: 02:35:10 AM) Total Marks: 1

One explanation why the economy does not self correct quickly is

Select correct option:

With less consumption and more savings the interest rate will drop

In the short run workers are fully employed and cannot produce enough to get to long run equilibrium

Wages and prices are flexible

Wages and prices are sticky

Question # 11 of 15 (Start time: 02:36:19 AM) Total Marks: 1

Which of the following events shifts the short-run aggregate supply curve to the right?

Select correct option:

A decrease in the money supply

A drop in oil prices

An increase in government spending on military equipment

An increase in price expectations

Question # 12 of 15 (Start time: 02:37:35 AM) Total Marks: 1

In pure capitalism, freedom of enterprise means that:

Select correct option:

Businesses are free to produce products that consumers want

Consumers are free to buy goods and services that they want

Resources are distributed freely to businesses that want them

Government is free to direct the actions of businesses

Question # 13 of 15 (Start time: 02:38:48 AM) Total Marks: 1

The AD Curve is downward sloping because of all of the following reasons except that:

Select correct option:

The Fed raises real interest rates as inflation increases

The Fed raises nominal interest rates as inflation rises

The Fed intentionally tries to reduce the level of aggregate demand when inflation rises.

The Fed intentionally tries to increase the level of output as unemployment increases

Question # 14 of 15 (Start time: 02:40:03 AM) Total Marks: 1

If there is a price ceiling, there will be:

Select correct option:

Shortages

Surpluses

Equilibrium

None of the given options.

Question # 15 of 15 (Start time: 02:40:42 AM) Total Marks: 1

A schedule which shows the various (amounts of a product) consumers are willing and able to purchase at each price in a series of possible prices during a specified period of time is called:

Select correct option:

Supply

Demand

Quantity supplied

Quantity demanded