

*ECO-401 Economics
Online Quiz 5*

Question # 1 of 15 (Start time: 04:23:56 PM) Total Marks: 1

In the kinked demand curve model, if one firm reduces its price:

Select correct option:

Other firms will also reduce their price

Other firms will compete on a non-price basis

Other firms will raise their price

Both (a) and (b) are correct

Question # 2 of 15 (Start time: 04:24:40 PM) Total Marks: 1

If a sales tax on beer leads to reduced tax revenue, this means:

Select correct option:

Elasticity of demand is < 1 .

Elasticity of demand is > 1 .

Demand is upward-sloping.

Demand is perfectly inelastic.

Question # 3 of 15 (Start time: 04:25:50 PM) Total Marks: 1

The law of diminishing marginal utility states:

Select correct option:

The supply curve slopes upward.

Your utility grows at a slower and slower rate as you consume more and more units of a good.

The elasticity of demand is infinite.

None of the given options.

Question # 4 of 15 (Start time: 04:27:23 PM) Total Marks: 1

Suppose price rises from \$15 to \$17 and quantity demanded decreases by 20%. We can conclude:

Select correct option:

Demand is inelastic

The elasticity of demand is 2

Total revenue will decrease

Demand is unit elastic

Question # 5 of 15 (Start time: 04:28:09 PM) Total Marks: 1

A reason why some economists basically ignore the short run is because they believe that the economy:

Select correct option:

Has self-correcting mechanisms

Can only be graphed with a vertical curve

Can only be graphed with a horizontal curve

Never needs correction

Question # 6 of 15 (Start time: 04:28:56 PM) Total Marks: 1

Which of the following statements describes increasing returns to scale:

Select correct option:

Doubling the inputs used leads to double the output.

Increasing the inputs by 50% leads to a 25% increase in output.

Increasing inputs by 1/4 leads to an increase in output of 1/3.

None of the given options.

Question # 7 of 15 (Start time: 04:29:12 PM) Total Marks: 1

The demand curve faced by an individual firm in a competitive market is:

Select correct option:

Upward sloping.

Downward sloping.

Horizontal.

Vertical.

Question # 8 of 15 (Start time: 04:30:13 PM) Total Marks: 1

Unlike the classical economists, Keynes believed that the economy could get stuck in the short run for a significant period of time because:

Select correct option:

There was insufficient aggregate supply

There was insufficient aggregate demand

The self correcting mechanisms worked too quickly

The government purchased too many goods and services

Question # 9 of 15 (Start time: 04:31:08 PM) Total Marks: 1

The kinked demand curve model is based on the assumption that each firm:

Select correct option:

Considers its rival's output to be fixed

Considers its rival's price to be fixed

Believes rivals will match all price changes

None of the given options

Question # 10 of 15 (Start time: 04:31:46 PM) Total Marks: 1

Marginal Cost is defined as:

Select correct option:

The derivative of variable cost with respect to quantity produced.

The derivative of Average Cost with respect to quantity produced.

The derivative of Total Cost with respect to quantity produced.

None of the given option.

Question # 11 of 15 (Start time: 04:32:31 PM) Total Marks: 1

The firm's demand for labor is:

Select correct option:

The marginal revenue product curve

The marginal input cost curve

The marginal cost curve

Undetermined

Question # 12 of 15 (Start time: 04:33:08 PM) Total Marks: 1

The oligopoly model that predicts that oligopoly prices will tend to be very rigid is the _____ model.

Select correct option:

Cournot

Stackelberg

Dminant firm

kinked demand

Question # 13 of 15 (Start time: 04:33:34 PM) 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 # 14 of 15 (Start time: 04:34:46 PM) Total Marks: 1

Any shift in AD curve will cause only change in the price level but output will not change.

Select correct option:

True

False

Question # 15 of 15 (Start time: 04:35:23 PM) Total Marks: 1

There are _____ methods of measuring GDP:

Select correct option:

Four

Three

Five

None

Question # 1 of 15 (Start time: 04:39:03 PM) Total Marks: 1

An individual whose attitude toward risk is illustrated:

Select correct option:

Risk averse.

Risk loving.

Risk neutral.

None of the given is necessarily correct.

Question # 2 of 15 (Start time: 04:39:17 PM) Total Marks: 1

For a firm buying labor competitively, the marginal input cost is equal to the:

Select correct option:

Wage

Interest rate

Price of output

cost of raw materials

Question # 3 of 15 (Start time: 04:39:49 PM) 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 # 4 of 15 (Start time: 04:40:50 PM) Total Marks: 1

The law of diminishing returns assumes:

Select correct option:

There are no fixed factors of production.

There are no variable factors of production.

Utility is maximised when marginal product falls.

Some factors of production are fixed.

Question # 6 of 15 (Start time: 04:42:06 PM) Total Marks: 1

unlike the classical economists, Keynes believed that the economy could get stuck in the short run for a significant period of time because:

Select correct option:

There was insufficient aggregate supply

There was insufficient aggregate demand

The self correcting mechanisms worked too quickly

The government purchased too many goods and services

Question # 7 of 15 (Start time: 04:43:13 PM) Total Marks: 1

Price floor results in:

Select correct option:

Equilibrium

Excess demand

Excess supply

All of the given options

Question # 8 of 15 (Start time: 04:45:34 PM) Total Marks: 1

Which of the following markets is most likely to be oligopolistic?

Select correct option:

The market for corn.

The market for aluminum.

The market for colas.

The market for ground coffees.

Question # 9 of 15 (Start time: 04:46:37 PM) Total Marks: 1

The point at which AC intersects MC is where:

Select correct option:

AC is decreasing.

MC is at its minimum.

AC is at its minimum.

AC is at its maximum.

Question # 10 of 15 (Start time: 04:47:58 PM) Total Marks: 1

The good produced by a monopoly:

Select correct option:

Has perfect substitutes

Has no substitutes at all

Has no close substitutes

Can be easily duplicated

Question # 11 of 15 (Start time: 04:48:22 PM) Total Marks: 1

The effect of a change in the price of a good or service on the quantities consumed when the consumer remains indifferent between the original and new combination of goods consumed is the:

Select correct option:

Substitution effect

Real income effect

Income effect

Price effect

Question # 12 of 15 (Start time: 04:49:03 PM) 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 # 13 of 15 (Start time: 04:50:09 PM) Total Marks: 1

Although there are many reasons why a market can be non-competitive, the principal economic difference between a competitive and a non-competitive market is:

Select correct option:

The number of firms in the market.

The extent to which any firm can influence the price of the product.

The size of the firms in the market.

The annual sales made by the largest firms in the market.

Question # 14 of 15 (Start time: 04:54:25 PM) Total Marks: 1

Any shift in AD curve will cause only change in the price level but output will not change.

Select correct option:

True

False

Question # 3 of 15 (Start time: 04:54:49 PM) Total Marks: 1

AD curve slopes upward for both Keynes and classical

Select correct option:

True

False

Question # 4 of 15 (Start time: 04:55:13 PM) Total Marks: 1

Under New Classical macroeconomics monetary policy:

Select correct option:

Affects the level of equilibrium output

Affects the composition of equilibrium output

Affects both the level and composition of equilibrium output

None of the given options

Question # 5 of 15 (Start time: 04:55:40 PM) Total Marks: 1

The price elasticity of supply shows us:



Select correct option:

How steep the supply curve is

How fast supply responds to price

How much supply shifts when income changes

How much quantity supplied responds to price changes

Question # 6 of 15 (Start time: 04:56:12 PM) Total Marks: 1

Our economy is characterized by:

Select correct option:

Unlimited wants and needs

Unlimited material resources

No energy resources

Abundant productive labor

Question # 7 of 15 (Start time: 04:56:36 PM) Total Marks: 1

A Demand Curve is price inelastic when:

Select correct option:

Changes in demand are proportionately smaller than those in price

Changes in demand are proportionately greater than those in price

Changes in demand are equal than those in price

None of the given options.

Question # 8 of 15 (Start time: 04:57:16 PM) 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 # 9 of 15 (Start time: 04:58:31 PM) 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 # 10 of 15 (Start time: 04:59:42 PM) Total Marks: 1

A person with a diminishing marginal utility of income:
Select correct option:

Will be risk averse.

Will be risk neutral.

Will be risk loving.

Cannot decide without more information.

Question # 11 of 15 (Start time: 04:59:57 PM) Total Marks: 1

Final goods are meant for:
Select correct option:

Direct use by the consumers

further processing

The term do not exist



None

Question # 12 of 15 (Start time: 05:00:38 PM) Total Marks: 1

Which of the following concepts apply to oligopoly more than to any other market structure?

Select correct option:

Advertising and product differentiation

Easy entry and more than one firm in the market

Homogeneous product and perfect information

Concentration and interdependence

Question # 13 of 15 (Start time: 05:01:15 PM) Total Marks: 1

If there is a price ceiling, there will be:

Select correct option:

Shortages

Surpluses

Equilibrium

None of the given options.

Question # 14 of 15 (Start time: 05:02:37 PM) Total Marks: 1

Which of the following is not a stock variable?

Select correct option:

Government debt

The labor force

The amount of money held by the public

Inventory investment

Question # 15 of 15 (Start time: 05:03:15 PM) Total Marks: 1

An important difference between the approaches of the classical and Keynesian economists use to achieve a macroeconomic equilibrium is that:



Select correct option:

Keynesian economists actively promote the use of fiscal policy; the classical economists do not

Keynesian economists actively promote the use of monetary policy to improve aggregate economic performance; classical economists do not

classical economists believe that monetary policy will certainly affect the level of output; Keynesians believe that money growth affects only prices

classical economists believe that fiscal policy is an effective tool for achieving economic stability; Keynesians do not

to capacity constraints, the price elasticity of supply for most products is:
Select correct option:

The same in the long run and the short run.

Greater in the long run than in the short run.

Greater in the short run than in the long run.

Too uncertain to be estimated.

Question # 15 of 15 (Start time: 04:51:21 PM) Total Marks: 1

Gina's Hair Styling rents storage space in the basement from Gina's mom for \$300 per month. Gina's mom is thinking of increasing the rent to \$400 per month. As a result, Gina's marginal cost of styling hair will:

Select correct option:

Decrease by \$100.

Not change.

Increase by \$100 divided the number of customers.

Increase by \$100.