ECO401 – Economics
Online Quiz 6

Question # 1 of 15 (Start time: 03:10:05 PM) Total Marks: 1

In a free-market economy the allocation of resources is determined by:

Select correct option:

Votes taken by consumers.
A central planning authority.
By consumer preferences.
The level of profits of firms.

Question # 2 of 15 (Start time: 03:11:12 PM) Total Marks: 1

Intermediate goods are meant for:

Select correct option:

Direct use by the consumers
further processing
The term do not exist
None

Question # 4 of 15 (Start time: 03:12:20 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 # 5 of 15 (Start time: 03:13:29 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: 03:14:49 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 # 7 of 15 (Start time: 03:15:57 PM) 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 # 9 of 15 (Start time: 03:17:58 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 # 10 of 15 (Start time: 03:19:10 PM) Total Marks: 1

If your demand price for one unit of a good is $100 and the market price is $75, your consumer's surplus is:

Select correct option:
$25

$50
$75
$100

Question # 11 of 15 (Start time: 03:19:36 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, what is the value of the marginal product (VMPL) of the 5th worker? Labor Total output 1 10 2 25 3 35 4 40 5 41

Select correct option:

5
10
50
100

Question # 12 of 15 (Start time: 03:20:26 PM) Total Marks: 1

The numerical measurement of a consumer's preference is called:

Select correct option:

Satisfaction
Use
Pleasure
Utility

Question # 13 of 15 (Start time: 03:21:24 PM) Total Marks: 1

Monopolistically competitive firms have monopoly power because they:

Select correct option:

Face downward sloping demand curves.
Are great in number.
Have freedom of entry.
Are free to advertise.

Question # 14 of 15 (Start time: 03:22:30 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

Question # 15 of 15 (Start time: 03:23:47 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