

20101: Econ202 Principles of Macroeconomics
Section 02

Quiz 1 Answers

1. Which one would be defined as recession?
- a. A period of rapid decline in output.
 - b. An extended period of rapid decline in output
 - c. A consecutive decline in output for two quarters
 - d. None of the above.

Answer: C

2. Which one true in the Circular Flow Diagram?
- a. Households supply in the final goods market.
 - b. Firms receive tax from the households.
 - c. Government pays wages to households.
 - d. The rest of the world pays transfer payments to the firms.

Answer: C

3. Which one is not an example of transfer payment?
- a. unemployment benefit.
 - b. free college education .
 - c. free medical service
 - d. pension scheme.

Answer: B