

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 1) In order to be defined as unemployed a person must: 1) \_\_\_\_\_  
A) not have a job and must have looked for work at some time.  
B) not have a job and must be actively looking for work.  
C) have a job but be looking for a different job.  
D) not have a job.  
E) working less than their desired amount of time.
- 2) An increase in a country's capital stock relative to its work force is known as: 2) \_\_\_\_\_  
A) capital depletion.  
B) capital growth.  
C) capital augmentation.  
D) capital deepening.  
E) capital improvement.
- 3) Which of the following is not an example of technological progress? 3) \_\_\_\_\_  
A) the development of computers  
B) the development of new prescription drugs  
C) developing a method to produce cars using less steel  
D) an increase in the labor supply as the result of immigration  
E) the invention of no-iron shirts
- 4) In a simple economy without government or foreign trade, any income not consumed is called: 4) \_\_\_\_\_  
A) depreciation.  
B) investment.  
C) net investment.  
D) saving.  
E) none of the above
- 5) Technological progress occurs when the economy gets more output: 5) \_\_\_\_\_  
A) by using more labor but not more capital.  
B) without any more capital or labor.  
C) by using more labor and more capital.  
D) by using more capital per worker.  
E) by using more capital but not more workers.
- 6) Economists compare how rich or poor different nations are by measuring: 6) \_\_\_\_\_  
A) debt to GDP ratios.  
B) debt to deficit ratios.  
C) GDP per unit of capital.  
D) GDP.  
E) GDP per capita.

- 7) Structural unemployment occurs: 7) \_\_\_\_\_
- A) because of a mismatch between the jobs that are available in the economy and the skills of workers seeking jobs.
  - B) with economic fluctuations; it increases during bad times and decreases during good times.
  - C) naturally during the normal workings of an economy, as people change jobs, move across the country, etc.
  - D) because the government labels some people who aren't really in the labor force as unemployed.
  - E) None of the above is correct.

- 8) The \_\_\_\_\_ is the most widely used price index by the government and the private sector to measure changes in the cost of living. 8) \_\_\_\_\_
- A) producer price index
  - B) core index
  - C) chain-type price index
  - D) consumer price index
  - E) GDP deflator

- 9) Frictional unemployment occurs: 9) \_\_\_\_\_
- A) because the government labels some people who aren't really in the labor force as unemployed.
  - B) naturally during the normal workings of an economy, as people change jobs, move across the country, etc.
  - C) because of a mismatch between the jobs that are available in the economy and the skills of workers seeking jobs.
  - D) with economic fluctuations; it increases during bad times and decreases during good times.
  - E) None of the above is correct.

Number of workers	Units of output
2	100
3	160
4	210
5	250
6	280
7	300
8	310

**Table 9.1: Production of Tony's tulips**

- 10) Refer to Table 9.1. The marginal product of the third unit of labor is: 10) \_\_\_\_\_
- A) 60.
  - B) 160.
  - C) 53.333.
  - D) 30.

- 11) The long-run labor demand curve is: 11) \_\_\_\_\_
- A) might be more or less elastic than the short run labor demand curve.
  - B) perfectly elastic (horizontal).
  - C) less elastic than the short run labor demand curve.
  - D) more elastic than the short run labor demand curve.

- 12) Suppose an economy consists of 300,000 individuals 16 years and older, 160,000 are employed, and 18,000 are unemployed but actively seeking work. In this example the labor force is: 12) \_\_\_\_\_
- A) 140,000.
  - B) 160,000.
  - C) 178,000.
  - D) 300,000.
  - E) Cannot be determined from the information given.
- 13) If real GDP were 100 in year 1 and 105 in year 2, the growth rate of real GDP between these years would be: 13) \_\_\_\_\_
- A) 5 percent.
  - B) 102.5 percent.
  - C) 2.5 percent.
  - D) 105 percent.
  - E) 100 percent.
- 14) Which of the following is not included in GDP? 14) \_\_\_\_\_
- A) college tuition
  - B) gambling expenses at a Las Vegas casino
  - C) health care expenses
  - D) purchases of illegal drugs
  - E) none of the above
- 15) U.S. gross domestic product includes: 15) \_\_\_\_\_
- A) income of domestic firms producing in the U.S.
  - B) income of foreign firms producing in the U.S.
  - C) income of U.S. firms producing in foreign countries.
  - D) both A and B
  - E) both B and C
- 16) Which of the following is not an example of a consumption expenditure? 16) \_\_\_\_\_
- A) television sets
  - B) clothing
  - C) restaurant meals
  - D) hair-styling service
  - E) military airplanes
- 17) Government transfer payments include all of the following except: 17) \_\_\_\_\_
- A) Social Security payments to the elderly.
  - B) wage payments to police officers.
  - C) direct "welfare" payments to low-income households.
  - D) direct payments on interest on the government debt.
  - E) All of the above are transfer payments.
- 18) An intermediate good is: 18) \_\_\_\_\_
- A) a good directly consumed by individuals.
  - B) counted as part of GDP.
  - C) a good used only in the production of other products.
  - D) Both A and C are correct.
  - E) Both B and C are correct.

19) Labor unions try to increase wages by: 19) \_\_\_\_\_  
A) imposing work rules that increase the amount of labor required to perform a particular task.  
B) promoting products produced by union workers.  
C) organizing workers and negotiating a higher wage.  
D) All of the above are correct.

20) If wages increase in a profession, it is expected that some workers: 20) \_\_\_\_\_  
A) will leave the profession.  
B) will take early retirement.  
C) will switch from other occupations to this profession.  
D) will demand fewer fringe benefits.

21) 21) \_\_\_\_\_

## Answer Key

Testname: FINAL EXAMINATION\_NEW

- 1) B
- 2) D
- 3) D
- 4) D
- 5) B
- 6) E
- 7) A
- 8) D
- 9) B
- 10) A
- 11) D
- 12) C
- 13) A
- 14) D
- 15) D
- 16) E
- 17) B
- 18) C
- 19) D
- 20) C
- 21) No Correct Answer Was Provided.