
Question 44

Question ID: 57bdf96a-fa2a-11e2-bd00-bc764e043e0c

Points Possible: 1

Objective: Apply a problem-solving process to a problem.

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A disadvantage of adding a salad bar to a school lunch menu would be

- longer lines for food.
 - a shorter lunch time.
 - higher costs for students.
 - lower food quality.
-

Question 45

Question ID: cfa676d6-e32e-11e2-a937-bc764e043e0c

Points Possible: 1

Objective: Describe the fundamental policy principles of Keynesian economics.

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John Maynard Keynes developed new economic theories in response to the

- stock market crash of 1929.
 - Great Depression of the 1930s.
 - first and second world wars.
 - economic boom of the 1950s.
-

Question 46

Question ID: ee71c16a-e32e-11e2-b146-bc764e043e0c

Points Possible: 1

Objective: Examine the theories of Friedrich Hayek and Milton Friedman.

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Hayek believed that the economy could be hard to measure because

- individuals have the power to make decisions and are unpredictable.
- individuals have the power to make decisions and are predictable.
- government has the power to make decisions and is unpredictable.
- government has the power to make decisions and is predictable.

Question 47

Question ID: c5e55166-e29e-11e2-9b08-bc764e043e0c

Points Possible: 1

Objective: Explain why government regulation is necessary in a mixed-market economy.

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When does government regulate producers in a mixed-market economy?

- always
- as needed
- as requested
- never

Question 48

Question ID: 026d7e2e-e29f-11e2-a1cf-bc764e043e0c

Points Possible: 1

Objective: Explain how regulatory agencies uphold fair business practices.

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A regulatory agency that attempts to limit risk in the banking system is

- the FDA.
- the EPA.
- the OCC.

the HHS.

Question 49

Question ID: ad34d328-e292-11e2-9e9f-bc764e043e0c

Points Possible: 1

Objective: Identify the goals of monetary policy.

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Why is the slow growth that can result from a contractionary policy a positive effect?

- It can increase interest rates.
 - It can decrease available credit.
 - It can increase the money supply.
 - It can decrease inflation.
-

Question 50

Question ID: f08a72d6-e292-11e2-a99e-bc764e043e0c

Points Possible: 1

Objective: Describe the tools used by the Federal Reserve to influence the money supply.

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The Fed may respond to a recession by

- discouraging consumer borrowing.
 - decreasing interest rates.
 - decreasing government spending.
 - decreasing available credit.
-

Question 51

Question ID: 99efadf8-e286-11e2-b2f0-bc764e043e0c

Points Possible: 1

Objective: Identify the types of taxes collected by federal, state, and local governments.

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Corporate taxes are a type of

- income tax.
 - property tax.
 - sales tax.
 - excise tax.
-

Question 52

Question ID: decd34d6-e286-11e2-b282-bc764e043e0c

Points Possible: 1

Objective: Analyze the effects of differing levels of taxation on the economy.

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If expansionary taxation policies are left unchecked, which is the **most likely** result?

- reduced profits
 - high inflation
 - reduced production
 - reduced disposable income
-

Question 53

Question ID: 19803968-e27b-11e2-9959-bc764e043e0c

Points Possible: 1

Objective: Identify the goals of government spending.

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When it spends money on education, a government is trying to

- find a way to meet a social need.
 - encourage immediate economic growth.
 - meet a social need and improve the economy.
 - find a way to spend budget surpluses.
-

Question 54

Question ID: 87bb4116-e27b-11e2-9131-bc764e043e0c

Points Possible: 1

Objective: Analyze how government budgets influence the economy.

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When the government injects money into the economy, consumers may have less purchasing power, which may lead to

- higher unemployment.
 - lower production.
 - higher production.
 - increases in taxes.
-

Question 55

Question ID: 519cf1a6-e352-11e2-89bf-bc764e043e0c

Points Possible: 1

Objective: Describe the characteristics of money.

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Why do most nations use fiat money today?

- Governments are able to exert control over the value of fiat money.
- Fiat money is stable and will not lose value during economic downturns.
- Fiat money will maintain its value despite fluctuating exchange rates.

- Governments know that fiat money derives its value from gold and silver.
-

Question 56

Question ID: 52a259ba-e352-11e2-89bf-bc764e043e0c

Points Possible: 1

Objective: Describe the characteristics of money.

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What is true of the M1 category of money?

- It is not usually in circulation.
 - It cannot be quickly exchanged.
 - It can be easily liquidated.
 - It is in investment accounts.
-

Question 57

Question ID: 38fe343a-e31f-11e2-91e0-bc764e043e0c

Points Possible: 1

Objective: Explain the causes and effects of inflation and stagflation.

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Which is the **best** definition of hyperinflation?

- a gradual decrease in the price of goods and services
 - a gradual increase in the price of goods and services
 - an exponential decrease in the price of goods and services
 - an exponential increase in the price of goods and services
-

Question 58

Question ID: 39b9de38-e31f-11e2-801a-bc764e043e0c

Points Possible: 1

Objective: Analyze historical examples of inflation and stagflation.

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Demand-pull inflation occurs when

- the price of goods rises suddenly and extremely fast.
 - consumers begin purchasing more goods.
 - producers need more money to make and distribute goods.
 - the government prints more money and pushes prices up.
-

Question 59

Question ID: 58ee4e56-e275-11e2-9442-bc764e043e0c

Points Possible: 1

Objective: Compare the four stages of the business cycle.

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An extended recessionary period is indicative of

- a depression.
 - the start of a depression.
 - a growing recession.
 - the end of a recession.
-

Question 60

Question ID: 5a58ba74-e275-11e2-b282-bc764e043e0c

Points Possible: 1

Objective: Examine factors that influence the business cycle.

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What do the indicators used by economists reveal?

- changes in production and demand
 - changes in employment levels
 - changes in prices
 - changes in the health of an economy
-

Question 61

Question ID: 998f16ac-e266-11e2-ba20-bc764e043e0c

Points Possible: 1

Objective: Explain how gross domestic product can be used to analyze economic growth.

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Economists use changes in GDP to measure

- the balance of trade with other countries.
 - any economic growth or shrinkage.
 - the causes of unemployment.
 - the distances between cities.
-

Question 62

Question ID: b7534fbe-e266-11e2-b302-bc764e043e0c

Points Possible: 1

Objective: Explain how gross domestic product can be used to analyze economic growth.

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Which are indicators that economists use to measure how an economy grows? Select all that apply.

- monitoring election results
- measuring how much the economy produces
- monitoring the popularity of different music groups

- studying the economy of another country
- tracking the unemployment rate

Question 63

Question ID: 8915d96a-e25b-11e2-8fe8-bc764e043e0c

Points Possible: 1

Objective: Describe the concepts that shape macroeconomics.

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Gross domestic product (GDP) is the value of goods and services produced in a country annually.

It can best be described as measuring an economy's

- total product.
- total demand.
- total input.
- total output.

Question 64

Question ID: 8a2859d6-e25b-11e2-b2f0-bc764e043e0c

Points Possible: 1

Objective: Explain how macroeconomics studies demand and supply in the aggregate.

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Aggregate supply is best described as the

- total output of a product.
- point of equilibrium.
- nation's real gross domestic product.
- excess supply in the market.

Question 65

Question ID: ba815f4a-e03c-11e2-b3ca-bc764e043e0c

Points Possible: 1

Objective: Explain how oligopolies function.

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Which **best** describes how advertising influences consumer choice in an oligopoly?

- Advertising coaxes people to buy new products.
- Advertising alerts consumers to price reductions.
- Advertising undermines competition.
- Advertising informs brand knowledge.

Question 66

Question ID: f4f49afc-e03c-11e2-bbcb-bc764e043e0c

Points Possible: 1

Objective: Explain how oligopolies function.

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Which of these practices describe how producers in oligopolies generally try to create competition?

Check all that apply.

- by keeping prices low
- by offering promotions
- by advertising
- by cultivating brand loyalty
- by overcoming barriers to entry
- by developing a specific image