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Easily Testing of Basic Macroeconomic Knowledge

Revisited and Added Edition

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Contents

Economic Classicism

I. Choose the right variant:

1. The economic classicism manifested:
   a) by the end of the 18^{th} century
   b) by the end of the 19^{th} century
   c) at the beginning of the 20^{th} century
   d) in the mid of the 20^{th} century

2. It is not a promoter of economic classicism:
   a) John Stuart Mill
   b) Thomas Malthus
   c) John Hicks
   d) David Ricardo

3. The pioneer of economic classicism is:
   a) David Ricardo
   b) Thomas Malthus
   c) Jean-Baptiste Say
   d) Adam Smith

4. The classical theory of value states that:
   a) the value of a product is given by the total amount of capital factor needed for its production

b) the value of a product is given by the total amount of labour factor needed for its production
c) the value of a product is given by the total amount of production factors needed for its production
d) the value of a product is given by its utility for the target consumers

5. Choose the right variant:
   a) the classical economists have launched the law of markets, focussing on the supply side
   b) the classical economists have launched the law of markets, focussing on the demand side
   c) the neoclassical economists have launched the law of markets, focussing on the supply side
   d) the neoclassical economists have launched the law of markets, focussing on the demand side

6. The initiator of the classical law of markets was:
   a) Thomas Malthus
   b) Adam Smith
   c) David Ricardo
   d) Jean-Baptiste Say

7. The classical law of markets, suggests that:
   a) supply creates is own demand
   b) not everything produced in an economy will be sold
   c) demand creates its own supply
   d) none of the above-mentioned

8. According to the classical conception:
   a) markets self-adjust, based on a consistent state intervention in economy

b) markets self-adjust, without needing a consistent state intervention in economy
c) markets self-adjust, based on a consistent monetary authority intervention in economy
d) markets fail in self-adjusting

9. The classical perspective regarding the unemployment level on the equilibration of markets is as follows:
   a) the equilibration of markets occurs at full unemployment
   b) the equilibration of markets occurs at zero unemployment
   c) the equilibration of markets occurs at a natural rate of unemployment
   d) the equilibration of markets occurs at a high rate of involuntary unemployment

10. The theory of absolute advantage was launched by:
   a) Adam Smith
   b) John Stuart Mill
   c) John Maynard Keynes
   d) David Ricardo

11. The theory of absolute advantage refers to:
   a) the ability to produce a good/service at a lower opportunity cost
   b) the ability to produce a greater quantity of a good/service than competitors, while using the same amount of resources
   c) the ability to produce a good/service at a higher opportunity cost
   d) the ability to produce a greater quantity of a good/service than competitors, while using different amounts of resources

12. The theory of comparative advantage was launched by:
   a) Jean-Baptiste Say
   b) John Stuart Mill
   c) John Maynard Keynes
   d) David Ricardo

13. The theory of relative advantage refers to:
   a) the ability to produce a good/service at a lower opportunity cost
   b) the ability to produce a greater quantity of a good/service than competitors, while using the same amount of resources
   c) the ability to produce a good/service at a higher opportunity cost
   d) the ability to produce a greater quantity of a good/service than competitors, while using different amounts of resources

14. According to the classical conception:
   a) prices are flexible, being quickly adjustable to the market related conditions
   b) prices are sticky, being slowly adjustable to the market related conditions
   c) prices are flexible, being slowly adjustable to the market related conditions
   d) prices are sticky, being quickly adjustable to the market related conditions

15. The classical economists considered that:
   a) any shift in the level of prices determines a quick adjustment of the supply of goods and services
   b) any shift in the level of prices determines a quick adjustment of the labour demand

   c) any shift in the level of prices determines the modification of the inflation rate
   d) any shift in the level of prices determines the modification of the unemployment rate

16. The basic general equilibrium theory is specific to:
   a) economic classicism
   b) neoclassicism
   c) Keynesianism
   d) neo-Keynesianism

17. The initiator of the general equilibrium theory was:
   a) Thomas Malthus
   b) John Maynard Keynes
   c) Franco Modigliani
   d) Leon Walras

18. The neoclassical theory of value states that:
   a) the value of a product is given by the total amount of capital factor needed for its production
   b) the value of a product is given by the total amount of labour factor needed for its production
   c) the value of a product is given by the total amount of production factors needed for its production
   d) the value of a product is given by its utility for the target consumers

19. The neoclassical economists considered that:
   a) markets fail in self-adjusting
   b) markets self-adjust in the short run
   c) markets self-adjust in the long run
   d) markets are continuously self-adjusting

20. Lucas critique:
   a) is the same as Lucas paradox
   b) is a neoclassical theory
   c) states that the apparent consistent relationships between economic variables can change as result of the changes occurred at the level of the adopted economic policies, given the rational expectations of the economic agents
   d) all the above-mentioned

21. A new economic classicism adept is:
   a) Milton Friedman
   b) William Jevons
   c) John Stuart Mill
   d) Paul Samuelson

22. The concept of rational expectations was launched by:
   a) Milton Friedman
   b) Carl Menger
   c) Franco Modigliani
   d) Robert Lucas Jr.

23. The rational expectations refer to:
   a) expectations which are exclusively based on past experiences
   b) expectations which are exclusively based on current circumstances
   c) expectations which are based both on past experiences and current circumstances
   d) none of the above-mentioned

24. According to the new classical conception:
   a) the state intervention in economy is highly efficient

   b) the monetary authority intervention in economy is necessary
   c) the monetary authority intervention in economy is not desirable
   d) both state and monetary authority intervention in economy are strictly necessary

25. The new classical economists:
   a) resorted to the supply side approach
   b) resorted to the demand side approach
   c) revealed the adequacy of adopting demand management policies
   d) all the above-mentioned

26. The microeconomic foundations are specific to:
   a) the economic classicism models
   b) the new economic classicism models
   c) the Keynesianism models
   d) the new Keynesianism models

27. The microeconomic foundations refer to:
   a) analysing micro-economy by directly disaggregating consumption, investments and so on
   b) analysing macro-economy by directly aggregating consumption, investments and so on
   c) analysing the behaviour of representative economic agents and aggregating the related results at macroeconomic level
   d) analysing the behaviour of the national economy and disaggregating the related results at microeconomic level