

Macroeconomics, 8e (Blanchard)
Appendix 2: A Math Refresher

26.1 Multiple Choice Questions

1) A linear relation $Y=X$ is represented by

- A) the 45 degree line.
- B) X axis.
- C) Y axis.
- D) a ray.

Answer: A

Diff: 1

2) In the linear consumption function $C = c_0 + c_1 Y_D$, which of the following is not correct?

- A) c_1 is marginal propensity to consume
- B) Y_D is disposable income
- C) c_1 is the intercept
- D) c_1 is the slope

Answer: C

Diff: 1

3) Which of the following is not correct?

- A) GDP grows at a constant rate every year.
- B) A recession may lead to a few years of negative GDP growth.
- C) The evolution of GDP would be better represented by using a logarithmic scale.
- D) The Great Depression was not associated with a permanently lower level of output.

Answer: A

Diff: 1

4) In the linear consumption function $C = c_0 + c_1 Y_D$, which of the following is correct?

- A) c_1 is marginal propensity to consume
- B) Y_D is real GDP
- C) c_1 is the intercept
- D) c_0 is the slope

Answer: A

Diff: 1

5) If the evolution of X using logarithmic scale is a straight line, then

- A) X is growing at a constant rate over time.
- B) X is a linear function of time t.
- C) X is growing at different rates over time.
- D) none of these

Answer: A

Diff: 1

6) If the evolution of X using logarithmic scale is not a straight line, then

A) X is growing at a constant rate over time.

B) X is a linear function of time t .

C) X is growing at different rates over time.

D) none of these

Answer: C

Diff: 1