Multiple Choice Questions

1. The reason that only final sales are counted in GDP is
   A. To avoid double counting goods that are sold so as to be resold
   b. To not count production in other countries
   c. Because the government can't get records on intermediate sales
   d. To simplify the computation and no other reason

2. One subject of study for macroeconomics is
   A. Inflation
   b. Monopoly
   c. Perfect competition
   d. The shape of an individual's demand curve

3. One subject of study for macroeconomics is
   A. Unemployment
   b. Monopoly
   c. Perfect competition
   d. The shape of an individual's demand curve

4. One subject of study for macroeconomics is
   A. Economic growth
   b. Monopoly
   c. Perfect competition
   d. The shape of an individual's demand curve
5. In measuring Gross Domestic Product, goods produced by foreign firms in the United States are
   a. Counted, and so are goods produced by American firms in foreign countries
   B. Counted, but goods produced by American firms in foreign countries are not counted
   c. Not counted, but goods produced by American firms in foreign countries are counted
   d. Not counted, and goods produced by American firms in foreign countries are also not counted

6. Gross Domestic Product is counted using two methods: one which counts all the ways people _____ money and another which counts all the ways people _____ money.
   A. Earn, spend
   b. Spend, save
   c. Earn, save
   d. Loan, borrow

7. Inflation is measured using ________ in a price index.
   a. The absolute increase
   b. A multi-year weighted average increase
   C. The percentage year-to-year increase
   d. Logarithm adjusted absolute increase

8. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $11,000 to purchase those identical goods in 2007, then the base year is
   a. 2005
   B. 2006
   c. 2007
   d. None of these
9. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $11,000 to purchase those identical goods in 2007, then the price index for the base year is
   A. 100
   b. (10000/11000)*100=90.9
   c. (11000/10000)*100=110
d. None of these

10. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $11,000 to purchase those identical goods in 2007, then the price index for 2007 is
   a. 100
   b. (10000/11000)*100=90.9
   C. (11000/10000)*100=110
d. Unknown given this data

11. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $11,000 to purchase those identical goods in 2007, then the inflation rate from 2005 to 2006 is
   a. (100-100)/100*100%=0%
   b. (100-90.9)/100*100%=9.1%
   c. (110-100)/100*100%=10%
   D. Unknown given this data

12. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $11,000 to purchase those identical goods in 2007, then the inflation rate from 2006 to 2007 is
   a. (100-100)/100*100%=0%
   b. (100-90.9)/100*100%=9.1%
   C. (110-100)/100*100%=10%
   d. Unknown given this data
13. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $12,000 to purchase those identical goods in 2007, then the price index for the base year is
A. 100
b. \((\frac{10000}{12000})\times100=83.33\)
c. \((\frac{12000}{10000})\times100=120\)
d. Unknown given this data

14. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $12,000 to purchase those identical goods in 2007, then the price index for 2007 is
a. 100
b. \((\frac{10000}{12000})\times100=83.33\)
C. \((\frac{12000}{10000})\times100=120\)
d. Unknown given this data

15. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $12,000 to purchase those identical goods in 2007, then the inflation rate from 2005 to 2006 is
a. \((\frac{100-100}{100})\times100\times100\%=0\%\)
b. \((\frac{100-83.3}{100})\times100\times100\%=16.7\%\)
c. \((\frac{120-100}{100})\times100\times100\%=20\%\)
D. Unknown given this data

16. If a market basket was defined in 2006 and it cost $10,000 to purchase the items in that basket in 2006, while it cost $12,000 to purchase those identical goods in 2007, then the inflation rate from 2006 to 2007 is
a. \((\frac{100-100}{100})\times100\times100\%=0\%\)
b. \((\frac{100-83.3}{100})\times100\times100\%=16.7\%\)
C. \((\frac{120-100}{100})\times100\times100\%=20\%\)
d. Unknown given this data
Use Table 6.1 to answer questions 17-26:

CPI 1982-1984=100

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930</td>
<td>16.1</td>
</tr>
<tr>
<td>1950</td>
<td>25.0</td>
</tr>
<tr>
<td>1970</td>
<td>39.8</td>
</tr>
<tr>
<td>1990</td>
<td>133.8</td>
</tr>
<tr>
<td>1995</td>
<td>153.5</td>
</tr>
<tr>
<td>1996</td>
<td>158.6</td>
</tr>
<tr>
<td>1997</td>
<td>161.3</td>
</tr>
<tr>
<td>1998</td>
<td>163.9</td>
</tr>
<tr>
<td>1999</td>
<td>168.3</td>
</tr>
<tr>
<td>2000</td>
<td>174.0</td>
</tr>
<tr>
<td>2001</td>
<td>176.7</td>
</tr>
<tr>
<td>2002</td>
<td>180.9</td>
</tr>
<tr>
<td>2003</td>
<td>184.3</td>
</tr>
<tr>
<td>2004</td>
<td>190.3</td>
</tr>
</tbody>
</table>

17. Using Table 6.1, the inflation rate for 1999 would be
   a. 68.3% (168.3-100)
   b. 2.7% (((168.3-163.9)/163.9)*100 %)
   c. 4.4% (168.3-163.9)
   d. 3.0% (174-163.9)/(2*163.9)*100%)

18. Using Table 6.1, from the 1982-1984 base to 2002, prices increased
   a. 80.9%
   b. 80.9 times
   c. By 80.9 dollars per week on monthly bills
   d. 180.9%
19. Using Table 6.1, the inflation rate for 2000 would be
   a. 74.0% (174.0-100)
   B. 3.3% (((174.0-168.3)/168.3)*100 %)
   c. 5.7% (174.0-168.3)
   d. 3.1% (174-163.9)/(2*163.9)*100%

20. Using Table 6.1, the inflation rate for 2001 would be
   a. 76.7% (176.7-100)
   B. 1.6% (((176.7-174.0)/174.0)*100 %)
   c. 2.7% (176.7-174.0)
   d. 2.0% (180.9-174.0)/(2*174.0)*100%

21. Using Table 6.1, the inflation rate for 2002 would be
   a. 80.9% (180.9-100)
   B. 2.4% (((180.9-176.7)/176.7)*100 %)
   c. 4.2% (180.9-176.7)
   d. 2.2% (184.3-176.7)/(2*176.7)*100%

22. Using Table 6.1, the inflation rate for 2003 would be
   a. 84.3% (184.3-100)
   B. 1.9% (((184.3-180.9)/180.9)*100 %)
   c. 4.4% (184.3-180.9)
   d. 3.0% (190.3-180.9)/(2*180.9)*100%

23. Using Table 6.1, the inflation rate for 2004 would be
   a. 90.3% (190.3-100)
   B. 3.3% (((190.3-184.3)/184.3)*100 %)
   c. 6.0% (190.3-184.3)
   d. 2.6% (190.3-180.9)/(2*180.9)*100%
24. Using Table 6.1, from the 1982-1984 base to 2003, prices increased
   A. 84.3%
   b. 84.3 times
   c. By 84.3 dollars per week on monthly bills
   d. 184.3%

25. Using Table 6.1, from the 1982-1984 base to 2004, prices increased
   A. 90.3%
   b. 90.3 times
   c. By 90.3 dollars per week on monthly bills
   d. 190.3%

26. Using Table 6.1, were there to have been deflation during this time period you would have seen
   a. A slower rate of increase in the CPI
   b. A stationary CPI
   c. A more rapid rate of increase in the CPI
   D. A decrease in the CPI

27. In early 2005, inflation increased unexpectedly due to an increase in oil prices. This helped
   A. Borrowers
   b. Lenders
   c. People on fixed incomes
   d. Workers

28. Deflation occurs only when
   a. Some prices fall but average prices still rise
   b. All prices for all goods fall
   C. The average price level (CPI) falls
   d. The average price level increases but at a slower rate than before
29. Economists consider deflation
   a. To be generally healthy for the economy
   b. To be a normal part of the economy, not necessarily healthy or unhealthy
   C. Dangerous, as it can lead to a depression
   d. To be no better and no worse than inflation

30. With deflation people will
   a. Buy goods earlier than they had originally planned
   b. Feel compelled to borrow money
   C. Delay their purchases of goods in hopes prices will fall further
   d. See their paycheck rise as bosses seek to reward high performers

31. Economists generally believe that relative to the true cost of living, the CPI
   a. Is perfectly measured
   b. Overstates it by a factor of 2 (meaning that inflation is really only half as bad as the government states)
   C. Overstates it by a difference of about .8% (meaning that an official inflation rate of 1.8% is really only about 1%)
   d. Understates it by a factor of 2 (meaning that inflation is actually twice as bad as the government states)

32. The Consumer Price Index (CPI) is a heavily criticized measure of inflation because
   a. The government does nothing to fix its known deficiencies
   b. It consistently understates the increase in the cost-of-living
   C. It consistently overstates the increase in the cost-of-living
   d. The government constantly makes adjustments in it without warrant

33. Which of the following is not a reason that the CPI overstates the cost of living?
   A. There are too frequent updates of the market basket
   b. Quality improvements are not adequately incorporated
   c. The location of typical purchases is not adequately updated
   d. The tendency to substitute to nearly equivalent goods is not adequately accounted for
34. Which of the following is not a reason that the CPI overstates the cost of living?
   a. There are too infrequent updates of the market basket
   b. Quality improvements are not adequately incorporated
   c. The location of typical purchases is not adequately updated
   D. Substitution into nearly-equivalent goods is assumed to be more common than it is

35. According to the Bureau of Labor Statistics, the Consumer Price Index was
   a. Always intended to measure increases in the cost of living and does precisely that
   b. Never intended to measure increases in the cost of living and no one uses it that way
   C. Never intended to measure increases in the cost of living but many use it that way
   d. Only intended to measure increases in the cost of living for a small segment of society

36. The majority of economists believe that the Consumer Price Index
   A. Overstates the increase in the cost of living
   b. Understates the increase in the cost of living
   c. Precisely measures the increase in the cost of living
   d. Overstates the increase in the cost of living in some years and understates it in others

37. A reason given why the CPI overstates the cost of living is it
   a. Only measures the effects of inflation on the poor
   b. Makes no attempt to ascertain what average people buy
   c. Makes no attempt to update the market basket
   D. Makes no attempt to control for substitution to cheaper goods

38. A reason given why the CPI overstates the cost of living is it
   a. Only measures the effects of inflation on the poor
   b. Makes no attempt to ascertain what average people buy
   c. Makes no attempt to update the market basket
   D. Makes no attempt to control for the fact that sales often occur on holidays
39. A reason given why the CPI overstates the cost of living is it
a. Only measures the effects of inflation on the poor
b. Makes no attempt to ascertain what average people buy
c. Makes no attempt to update the market basket
D. Makes no attempt to control for quality improvements except in consumer goods

40. A reason given why the CPI overstates the cost of living is it
a. Only measures the effects of inflation on the poor
b. Makes no attempt to ascertain what average people buy
c. Makes no attempt to update the market basket
D. Inadequately deals with updates in product lines for existing goods

41. A reason given why the CPI overstates the cost of living is it
a. Only measures the effects of inflation on the poor
b. Makes no attempt to ascertain what average people buy
c. Makes no attempt to update the market basket
D. Updates the market basket infrequently thereby missing the steep price decline in the early adoption period

42. A reason given why the CPI overstates the cost of living is that the
a. CPI only measures the effects of inflation on the poor
b. CPI makes no attempt to ascertain what average people buy
c. CPI makes no attempt to update the market basket
D. BLS audits prices in the same types of stores, rather than shift to cheaper outlets

43. In the 1970s and 1980s Wal-Mart entered several markets outside of its home base of Arkansas. As a result it brought lower prices on a variety of goods. That the Bureau of Labor Statistics did not send its shoppers into these new stores until there was a new survey led to the CPI
a. Overstating inflation because they were missing "when people shop"
b. Understating inflation because they were missing "when people shop"
C. Overstating inflation because they were missing "where people shop"
d. Understating inflation because they were missing "where people shop"
44. In the 1990s and 2000s Wal-Mart entered the grocery sector in several U.S. cities and as a result it brought lower prices on food. That the Bureau of Labor Statistics did not send its shoppers into these new stores in a timely fashion led to the CPI
a. Overstating inflation because they were missing "when people shop"
b. Understating inflation because they were missing "when people shop"
C. Overstating inflation because they were missing "where people shop"
d. Understating inflation because they were missing "where people shop"

45. DVD writers allow people to record TV shows in a high quality format. They entered the market in 2002 at a price of $1000. By 2003 they were under $500. By the time they had become part of the CPI market basket they are likely to be less than $250. Economists will argue that this type of issue
A. Leads to the CPI overstating the rate of inflation
b. Leads to the CPI understating the rate of inflation
c. Is well handled the by the BLS as they determine the CPI
d. Is irrelevant to CPI calculations

46. Suppose people on diets buy the bulk of the ground chicken and ground turkey sold in the U.S. and they use either interchangeably as a substitute in recipes for ground beef. If the price of ground turkey rises and the price of ground chicken does not then CPI will
a. Understate inflation because of the issue of substitution
B. Overstate inflation because of the issue of substitution
c. Overstating inflation because of the issue of missing "where people shop"
d. Understating inflation because of the issue of missing "where people shop"

47. The magnitude of the annual overstatement of the CPI is approximately
a. One-tenth of one percentage point
b. One-half of one percentage point
C. One percentage point
d. Five percentage point
48. One of the consequences of the overstatement of the CPI is that
   A. Social Security taxes are higher than they would otherwise be
   b. Personal Income taxes are higher than they would otherwise be
   c. Social Security payments are lower than they would otherwise be
   d. The Poverty Line is lower than it would otherwise be

49. One of the consequences of the overstatement of the CPI is that
   a. Social Security taxes are lower than they would otherwise be
   B. Personal Income taxes are lower than they would otherwise be
   c. Social Security payments are lower than they would otherwise be
   d. The Poverty Line is lower than it would otherwise be

50. One of the consequences of the overstatement of the CPI is that
   a. Social Security taxes are lower than they would otherwise be
   b. Personal Income taxes are higher than they would otherwise be
   C. Social Security payments are higher than they would otherwise be
   d. The Poverty Line is lower than it would otherwise be

51. One of the consequences of the overstatement of the CPI is that
   A. The poverty line is higher than it would otherwise be
   b. Personal Income taxes are higher than they would otherwise be
   c. Social Security payments are lower than they would otherwise be
   d. Social Security taxes are lower than they would otherwise be

52. Over the years the consequences of the biased-measurement of the CPI
   a. Increase linearly
   b. Decrease steadily
   C. Increase exponentially
   d. Decrease dramatically
53. The consumer price index is computed by
a. The Bureau of Price Indexes
b. Health and Human Services
C. The Bureau of Labor Statistics
d. The White House Office of Management and Budget

54. The political problems associated with fixing the CPI are that
A. It would mean that personal income taxes would rise
b. It would mean that benefits to the poor would rise
c. It would mean that Social Security taxes would rise
d. It would mean that Social Security benefits would rise

55. The political problems associated with fixing the CPI are that
a. It would mean that personal income taxes would fall
B. It would mean that benefits to the poor would fall
c. It would mean that Social Security taxes would rise
d. It would mean that Social Security benefits would rise

56. The political problems associated with fixing the CPI are that
a. It would mean that personal income taxes would fall
b. It would mean that benefits to the poor would rise
c. It would mean that Social Security taxes would rise
D. It would mean that Social Security benefits would fall

57. Estimates of the overstatement of cost of living by the CPI suggest the magnitude of the overstatement is roughly
a. 5.0 percentage points
b. 0.3 percentage points
C. 1.0 percentage points
d. 0.1 percentage points
58. If the CPI were fixed then the fact that it is wrong by 0.8 percentage points means that over a ten year period it is wrong by
a. 1.1 percentage points
b. Between 1.1 and 11 percentage points
c. 11 percentage points
D. More than 11 percentage points

59. A CPI miscalculation that overstates its increase by 0.8 percentage points will cause
a. The price of goods to rise
b. The price of services rise
c. The personal exemption to rise too slowly
D. The personal exemption to rise too quickly

60. A CPI miscalculation that overstates its increase by 0.8 percentage points will cause
a. The price of goods to rise
b. The price of services rise
c. Social Security's Maximum Taxable Earnings to rise too slowly
D. Social Security's Maximum Taxable Earnings to rise too quickly

61. A CPI miscalculation that overstates its increase by 0.8 percentage points will cause
a. The price of goods to rise
b. The poverty line to rise too slowly
c. The price of services rise
D. The poverty line to rise too quickly

62. A CPI miscalculation that overstates its increase by 0.8 percentage points will cause
a. The price of goods to rise
b. Standard deduction to rise too slowly
c. The price of services rise
D. Standard deduction to rise too quickly
63. A CPI miscalculation that overstates its increase by 0.8 percentage points will cause
   a. The price of goods to rise
   b. The price of services rise
   c. Tax brackets cutoffs to rise too slowly
      **D.** Tax brackets cutoffs to rise too quickly

64. Because the CPI overstates the rate of inflation, Cost of Living Adjustments for wages that
   are based on it will
   a. Cause these wages to rise more slowly that they otherwise would
      **B.** Cause these wages to rise more quickly than they otherwise would
   c. Be correct
   d. Never have to account for this to get it right

65. One problem with using Real Gross Domestic Product as a measure of social welfare is that
   **A.** It fails to count home production
   b. It fails to count services, a growing part of the economy
   c. It double, triple, and sometimes quadruple counts goods that are produced in stages
   d. It fails to account for imports, a growing part of the economy

66. One of the reasons that Real Gross Domestic Product is not synonymous with social welfare
   is
   a. People substitute between goods
   b. Things produced by people under 18 are not counted
      **C.** Domestic production (cooking, laundry and such) are not counted
   d. Quality has remained steady

67. One of the reasons that Real Gross Domestic Product is not synonymous with social welfare
   is
   a. People substitute between goods
   b. Things produced by people under 18 are not counted
      **C.** It ignores the value of leisure
   d. Quality has remained steady
68. One of the reasons that Real Gross Domestic Product is not synonymous with social welfare is
   a. People substitute between goods
   b. Things produced by people under 18 are not counted
   C. It treats all spending the same (spending on military hardware is treated the same as spending on education)
   d. Quality has remained steady

69. One of the reasons that Real Gross Domestic Product is not synonymous with social welfare is
   a. People substitute between goods
   b. Things produced by people under 18 are not counted
   C. Environmental quality is ignored
   d. Quality has remained steady

70. One of the reasons that Real Gross Domestic Product is not synonymous with social welfare is
   a. People substitute between goods
   b. Things produced by people under 18 are not counted
   C. The underground economy (unreported and illegal income and sales) is not counted
   d. Quality has remained steady
Use Figure 6.1 to answer questions 71-75:

71. In Figure 6.1, which area represents a peak?
   a. A  
   b. B  
   c. C  
   d. D  
   **A. A**

72. In Figure 6.1, which area represents a recession?
   a. A  
   b. B  
   c. C  
   d. D  
   **B. B**

73. In Figure 6.1, which area represents an expansion?
   a. A  
   b. C  
   c. D  
   d. E  
   **D. E**
74. In Figure 6.1, which area represents a trough?
   a. A
   b. B
   C. C
   d. D

75. In Figure 6.1, which area represents a recovery?
   a. A
   b. B
   c. C
   D. D

76. A depression is different from a recession in that
   a. A recession is much worse
   B. A depression is much worse
   c. A recession has inflation and a depression does not
   d. A depression has inflation and a recession does not

77. In 2005, General Motors announced a 20% reduction in its staffing levels and the closure of many assembly plants. Those laid off as a result would likely be classified as
   a. Seasonally unemployed
   b. Frictionally unemployed
   c. Cyclically unemployed
   D. Structurally unemployed

78. With 125 million people working, 8 million out of work and looking for work, and 147 million neither working nor looking for work the unemployment rate would be
   a. 6.4% (8/125)*100%
   b. 2.9% (8/(125+8+147)*100%
   C. 6.0% (8/(125+8)*100%
   d. 55.5% (8+147)/(125+8+147)*100%
79. With 125 million people working, 8 million out of work and looking for work, and 147 million neither working nor looking for work, the "discouraged worker effect" would be illustrated by people in the
a. 125 million losing their jobs
b. 8 million giving up in their search for work
c. 147 million seeking and attaining employment
d. 147 million seeking but not attaining employment

80. With 125 million people working, 8 million out of work and looking for work, and 147 million neither working nor looking for work, the "encouraged worker effect" would be illustrated by people in the
a. 125 million losing their jobs
b. 8 million ending their search for work
c. 147 million seeking and attaining employment
d. 147 million seeking but not attaining employment

81. With 125 million people working, 8 million out of work and looking for work, and 147 million neither working nor looking for work, "underemployment" would be illustrated by people in the
a. 125 million losing their jobs
b. 8 million ending their search for work
c. Part of the 125 million holding part time jobs when they were qualified for only part-time jobs
d. Part of the 125 million holding part time jobs when they were qualified for full-time jobs

82. With 125 million people working, 8 million out of work and looking for work, and 147 million neither working nor looking for work, "underemployment" would be illustrated by people in the
a. 125 million losing their jobs
b. 8 million ending their search for work
c. Part of the 125 million holding low-skill jobs when they were qualified for only low-skill jobs
d. Part of the 125 million holding low-skill jobs when they were qualified for high-skill jobs
83. Which of the following can make the unemployment rate fall?
a. An increase in the number of people neither working nor looking for work
b. A decrease in the number of people who are looking for work
c. An increase in the number of people with jobs
\textbf{D. B and C}

84. Which of the following can make the unemployment rate rise?
a. A decrease in the number of people neither working nor looking for work
b. An increase in the number of people who are looking for work
c. An decrease in the number of people with jobs
\textbf{D. B and C}

85. If the unemployment rate falls because the number of people not working but searching for work falls, economists would attribute this to the
a. Fallacy of composition
\textbf{B. Discouraged worker effect}
c. Encouraged worker effect
d. None of the above

86. If the unemployment rate rises because the number of people not working but searching for work rises, economists would attribute this to the
a. Fallacy of composition
b. Discouraged worker effect
\textbf{C. Encouraged worker effect}
d. None of the above

87. To an economist a "market basket" is made up of
\textbf{A. The goods average people buy and the quantities in which they buy them}
b. The goods people should buy and the quantities they should buy them in
c. Only things like cars and not services like cell phone service
d. The goods and services people will buy next year
88. A price index
   a. Is a mechanism to compare all prices in two different years
   b. Is the ratio of the price of a market basket in one year to the price of the market basket in the previous year times 100
   c. Is the ratio of the price of a market basket in one year to the price of the market basket in a base year times 100
   D. A and C

89. The inflation rate is
   A. The percentage increase in the price index from one year to the next
   b. The percentage increase in the price index from the base year
   c. The price index in one year minus the price index in the previous year
   d. A and C

90. Real Gross Domestic Product is Gross Domestic Product
   a. After eliminating sales of intangible things like services
   B. Adjusted for inflation
   c. Adjusted for changes in interest rates
   d. Adjusted for the impact of pollution

91. If a person is laid-off from a job and told that they will be brought back as soon as the economy picks up and demand for their product rises, then economists call this person.
   a. Underemployed
   b. Frictionally unemployed
   c. Structurally unemployed
   D. Cyclically unemployed

92. If a person is unemployed because their industry has moved to another country, economists refer to the person as
   a. Underemployed
   b. Frictionally unemployed
   C. Structurally unemployed
   d. Cyclically unemployed
93. A 15 year old that wants a job but can't find one is
   a. Underemployed
   B. Not included at all in the unemployment rate
   c. Unemployed
   d. Cyclically unemployed

94. Of these, economists consider this the worst
   a. Inflation of 5%
   b. Recession
   c. Deflation of 5%
   D. Depression

95. On a graph of real gross domestic product over time, recessions appear as
   A. Relatively short and shallow drops on an otherwise increasing path
   b. Long, sharp declines on an otherwise increasing path
   c. The dips on a path that increases and decreases equally
   d. The periods where the rate of grow, while still positive, slows

96. The BLS has recently made explicit adjustments in its CPI calculations to control for
   A. Consumer electronics quality improvement issues
   b. Food safety quality issues
   c. Substitution between goods
   d. Purchase location adjustments

97. The BLS has recently made explicit adjustments in its CPI calculations to control for
   A. Issues relating to the frequency of market basket updates
   b. Food safety quality issues
   c. Substitution between goods
   d. Purchase location adjustments
98. The device used by the BLS to adjust the market basket more frequently while still retaining the ability to make inflation calculations is
   a. Chain-mail indexing
   b. Envelop indexing
   C. Chain-based indexing
   d. Automatic indexing

99. The adjustments made recently by the BLS to mitigate the overstatement of the cost-of-living by the CPI
   a. Completely eliminated the problem
   b. Over compensated for the problem
   C. Reduced the estimated overstatement from 1.1% to .8%
   d. Had no impact on the problem

100. A price index based upon the items purchased by firms is the
   a. PCE
   b. CPI
   c. Core PCE
   D. Producer Price Index

101. A consumer price index that has had the impact of food and energy prices removed is the
   a. PCE
   b. CPI
   C. Core CPI
   d. Producer Price Index

102. When estimating GDP using the income approach, aggregate income is adjusted by
   a. Subtracting depreciation
   B. Subtracting net income earned abroad
   c. Adding net income earned abroad
   d. Subtracting indirect business taxes
103. When estimating GDP using the income approach, aggregate income is adjusted by
A. Adding depreciation
b. Adding net income earned abroad
c. Subtracting indirect business taxes
d. Subtracting depreciation

104. When estimating GDP using the income approach, aggregate income is adjusted by
a. Adding net income earned abroad
b. Subtracting depreciation
c. Subtracting indirect business taxes
D. Adding indirect business taxes

105. If members of the labor force who had been classified as "unemployed" fail to find a
suitable job and stop looking for work, their decision tends to make the unemployment rate
A. Decrease as the labor force decreases
b. Decrease as the labor force increases
c. Increase as the labor force decreases
d. Increase as the labor force increases