1) In the macroeconomic short run,
   A) actual real GDP may be less than or more than potential GDP.
   B) the unemployment rate is zero.
   C) the economy is always moving away from full employment.
   D) actual real GDP always equals potential GDP.

2) If the nominal wage rate is fixed, the short-run aggregate supply curve
   A) is vertical.
   B) has a negative slope.
   C) has a positive slope.
   D) is horizontal.

3) The short-run aggregate supply curve is upward sloping because
   A) a lower price level creates a wealth effect.
   B) lower taxes motivate people to work more.
   C) money wages do not immediately change when the price level changes.
   D) most business firms operate with long-term contracts for output but not labor.

4) In Figure 1, potential GDP equals
   A) $9.5 trillion.
   B) $10.0 trillion.
   C) $10.5 trillion.
   D) None of the above answers is correct.

5) In Figure 1, the economy is at point A when the price level rises to 120. Money wages and other
   resource prices remain constant. Firms are willing to supply output equal to
   A) $9.5 trillion.
   B) $10.0 trillion.
   C) $10.5 trillion.
   D) None of the above answers is correct.
6) In Figure 1, the economy is at point A when the price level falls to 100. Money wages and all other resource prices remain constant. Firms are willing to supply output equal to
   A) $9.5 trillion.
   B) $10.0 trillion.
   C) $10.5 trillion.
   D) None of the above answers is correct.

Figure 2

7) In Figure 2, the economy will be at full employment if the price level
   A) is 110.
   B) is above 110.
   C) is below 100.
   D) All of the above are possible because the economy will be at full employment at any price level at, above, or below 110.

8) A change in the full-employment quantity of labor ____ the short-run aggregate supply curve and ____ the long-run aggregate supply curve.
   A) shifts; shifts
   B) shifts; does not shift
   C) does not shift; shifts
   D) does not shift; does not shift

9) An increase in the amount of human capital labor ____ the short-run aggregate supply curve and ____ the long-run aggregate supply curve.
   A) shifts; shifts
   B) shifts; does not shift
   C) does not shift; shifts
   D) does not shift; does not shift
10) A change in the capital stock ____ the short-run aggregate supply curve and ____ the long-run aggregate supply curve.
   A) shifts; shifts
   B) shifts; does not shift
   C) does not shift; shifts
   D) does not shift; does not shift

11) A technological advance ____ the long-run aggregate supply curve and ____ the short-run aggregate supply curve.
   A) shifts; shifts
   B) shifts; does not shift
   C) does not shift; shifts
   D) does not shift; does not shift

12) Technological progress will
   A) shift the LAS curve rightward but will not shift the SAS curve.
   B) not shift either the LAS or the SAS curve.
   C) shift both the LAS and SAS curves rightward.
   D) shift the SAS curve rightward but will not shift the LAS curve.

13) The short-run aggregate supply curve shifts because of changes in all of the following EXCEPT
   A) the capital stock.
   B) technological progress.
   C) money wage rates.
   D) the price level.

14) A decrease in the money wage rate
   A) increases the long-run aggregate supply.
   B) decreases the long-run aggregate supply.
   C) increases the short-run aggregate supply.
   D) decreases the short-run aggregate supply.

15) A change in the money wage rate shifts
   A) both the SAS and LAS curves.
   B) the LAS curve but not the SAS curve.
   C) the SAS curve but not the LAS curve.
   D) neither the SAS nor the LAS curve.
16) In Figure 3, the economy is at point $A$ when the money wage rate and the price level both fall by 10 percent. Firms will be willing to supply output equal to
A) less than $10.0$ trillion
B) $10.0$ trillion
C) more than $10.0$ trillion
D) Without more information, it is impossible to determine which of the above answers is correct.

17) In Figure 3, the economy is at point $A$. Then the price level falls to 90 while the money wage rate does not change. Firms will be willing to supply output equal to
A) less than $10.0$ trillion
B) $10.0$ trillion
C) more than $10.0$ trillion
D) Without more information, it is impossible to determine which of the above answers is correct.

18) In Figure 3, the economy is at point $A$. Then the price level rises to 120 while the money wage rate remains constant. Firms will be willing to supply output equal to
A) less than $10.0$ trillion
B) $10.0$ trillion
C) more than $10.0$ trillion
D) Without more information, it is impossible to determine which of the above answers is correct.

19) In Figure 3, the economy is at point $A$ and the money wage rate falls by 10 percent. If the price level is constant, firms will be willing to supply output equal to
A) less than $10.0$ trillion
B) $10.0$ trillion
C) more than $10.0$ trillion
D) Without more information, it is impossible to determine which of the above answers is correct.
20) In Figure 3, the economy is at point A and the money wage rate rises by 10 percent. If the price level is constant, firms will be willing to supply output equal to
A) less than $10.0 trillion
B) $10.0 trillion
C) more than $10.0 trillion
D) Without more information, it is impossible to determine which of the above answers is correct.

21) In Figure 4, which part corresponds to a destruction of part of the nation’s capital stock?
A) Figure A.
B) Figure B.
C) Figure C.
D) Figure D.

22) In Figure 4, which point corresponds to an increase in technology?
A) Figure A.
B) Figure B.
C) Figure C.
D) Figure D.

23) In Figure 4, which part corresponds to an increase in the money wage rate?
A) Figure A.
B) Figure B.
C) Figure C.
D) Figure D.
24) In Figure 4, which part corresponds to a fall in the money wage rate?
   A) Figure A.
   B) Figure B.
   C) Figure C.
   D) Figure D.