

EE312 (1/2020 Section 046401): Ch.9 Real Intertemporal Model

Quiz 9 :You have 10 minutes.

(100 marks) Multiple choices. Please choose the correct answer by **circling one** letter only. [**Only for** the case there is no correct choice provided, please write down the correct answer. Score will be given only if there is no correct answer provided and your answer is correct.]

1. If **current total factor productivity**(z) increases, **output demand** will
 - a. remain the same
 - b. shift to the right
 - c. shift to the left
 - d. else, specify
2. If **current total factor productivity**(z) increases, **output supply** will
 - a. remain the same
 - b. shift to the right
 - c. shift to the left
 - d. else, specify
3. What is the total effect of an increase in **current total factor productivity**(z)? output interest rate
 - a. uncertain, increase
 - b. increase, increase
 - c. increase, decrease
 - d. else, specify
4. If **future total factor productivity**(z') increases, **output supply** will
 - a. remain the same
 - b. shift to the right
 - c. shift to the left
 - d. else, specify
5. If **future total factor productivity**(z') increases, **output demand** will
 - a. remain the same
 - b. shift to the right
 - c. shift to the left
 - d. else, specify
6. What is the total effect of **an increase in future total factor productivity**(z')? output will interest rate will
 - a. uncertain, increases
 - b. increase, increase
 - c. increase, decrease
 - d. else, specify
7. When **interest rate**(r) **increases**, **labor supply** (N^S)
 - a. remain the same
 - b. shift to the right
 - c. shift to the left
 - d. else, specify
8. When **interest rate**(r) **increases**, **investment** (I)
 - a. uncertain
 - b. increase
 - c. decrease
 - d. else, specify
9. When **investment increases**, marginal product of future capital ($MP'K$)..... for all levels of investment.
 - a. uncertain
 - b. increase
 - c. decrease
 - d. else, specify
10. As **current capital decreases**, **return on investment** ($MP'K - d$) for all levels of investment. Hence, **investment demand** (I^d) for all levels of interest rate.
 - a. uncertain, increase
 - b. increase, increase
 - c. increase, decrease
 - d. else, specify

EE312 (2/2017 Section 046402): Ch.10 Real Intertemporal Model

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 - b. increase
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10. As **current capital decreases**, **return on investment** ($MP'K - d$) for all levels of investment. Hence, **investment demand** (I^d) for all levels of interest rate.
 - a. increase, decrease
 - b. increase, increase
 - c. uncertain, increase
 - d. else, specify

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