1. Other things equal, which of the following would decrease the rate of economic growth, as measured by changes in real GDP?
   A. An increase in the educational attainment of the labor force
   B. A permanent decrease in frictional unemployment
   C. An increase in the amount of capital per worker
   D. A decrease in the labor force participation rate

2. If the number of worker-hours in an economy is 100 and its labor productivity is $5 of output per worker-hour, the economy's real GDP:
   A. is $20.
   B. is $500.
   C. is $5000.
   D. cannot be calculated.

3. Which of the following best measures improvements in the standard of living of a nation?
   A. growth of nominal GDP
   B. growth of real GDP
   C. growth of real GDP per capita
   D. growth of national income

4. As of 1998, living standards in the United States were nearly _____ times higher than those in Africa.
   A. 3
   B. 8
   C. 14
   D. 20

5. The percentage of the working-age population in the labor force (= employed + officially unemployed) is called the:
   A. labor force participation rate.
   B. employment-population ratio.
   C. work-activity rate.
   D. work-nonwork ratio.

6. Between 1950 and 2009, U.S. real GDP per capita grew at an average annual rate of about:
   A. 5.5 percent.
   B. 4.2 percent.
   C. 3.2 percent.
   D. 2.0 percent.

7. More than half the growth of real GDP in the United States is caused by:
   A. a falling price level.
   B. the reallocation of labor from manufacturing to agriculture.
   C. increases in the productivity of labor.
   D. the use of fewer inputs of labor.

8. The period in the U.S. economy from 1995 to 2009 is characterized by:
   A. a higher trend rate of saving.
   B. a higher natural rate of unemployment.
   C. a higher trend rate of productivity growth.
   D. the end of the business cycle.
9. Between 2009 and 2020, productivity growth is expected to account for about ________ percent of the growth of real GDP in the United States.
   A. 23
   B. 40
   C. 75
   D. 92

10. Which of the following economic regions has experienced the least growth in real GDP per capita since 1820?
   A. Africa
   B. Asia excluding Japan
   C. Latin America
   D. Western Europe

11. Growth is advantageous to a nation because it:
   A. promotes faster population growth.
   B. lessens the burden of scarcity.
   C. eliminates the economizing problem.
   D. slows the growth of wants.

Use the list below to answer the following questions:
1. Improvements in technology
2. Increases in the supply (stock) of capital goods
3. Purchases of expanding output
4. Obtaining the optimal combination of goods, each at least-cost production
5. Increases in the quantity and quality of natural resources
6. Increases in the quantity and quality of human resources

12. Refer to the above list. As distinct from the supply factors and demand factor of economic growth, the efficiency factor(s) of economic growth is (are):
   A. 1 only.
   B. 4 only.
   C. 1 and 3 only.
   D. 3 only.

13. Refer to the above graph. Growth of production capacity is shown by the:
   A. shift from $AB$ to $CD$.
   B. shift from $CD$ to $AB$.
   C. movement away from point $A$ and toward point $B$.
   D. movement away from point $B$ and toward point $A$. 
14. Refer to the above diagram. Realized economic growth is best represented by a:
   A. a move from $Z$ to $X$ along $AB$.
   B. move from $X$ on $AB$ to $Y$ on $CD$.
   C. shift in the production possibilities curve from $CD$ to $AB$.
   D. move from $X$ to $Z$ along $AB$.

15. Economic growth is best defined as an increase in:
   A. either real GDP or real GDP per capita.
   B. nominal GDP.
   C. total consumption expenditures.
   D. wealth in the economy.

16. (Last Word) Growth of real per capita income and China has largely resulted from:
   A. increased use of technology and improved technology.
   B. population decline.
   C. reduced unemployment rates.
   D. its trade deficit with the United States.

17. All of the following are sources of increasing returns and economies of scale except:
   A. network effects.
   B. the multiplier effect.
   C. learning-by-doing.
   D. simultaneous consumption.

18. Empirical studies suggest that:
   A. labor productivity has declined throughout U.S. history.
   B. technological advances account for about 40 percent of U.S. productivity growth.
   C. the achieving of economies of scale is the most important factor in U.S. economic growth.
   D. all U.S. economic growth from between 2001 and 2007 can be attributed to increases in the quantity of labor.

19. Skeptics of the recent rise in the average rate of productivity growth say that:
   A. it is too soon to judge whether the high productivity advances between 1995 and 2009 are long-lasting or transitory.
   B. the difficulties of the dot.com companies in 2001 will eventually undermine productivity.
   C. between 1995 and 2009 the economy moved below its natural rate of unemployment and paid the price in the form of accelerating inflation.
   D. the improved growth performance of the U.S. economy between 1995 and 2009 resulted from shrewd monetary policy and not from increases in productivity.

20. Countries that have experienced modern economic growth have also tended to:
   A. adopt feudalistic institutions.
   B. restrict women and minorities from holding certain economic and political positions.
   C. move toward more democratic forms of government.
   D. have less leisure time for sport and artistic activities.
21. An outward shift of a nation's production possibilities curve:  
A. ensures the nation of an increase in real GDP per capita.  
B. ensures the nation of an increase in real GDP, but not of real GDP per capita.  
C. neither ensures a nation of an increase in real GDP nor of an increase in real GDP per capita.  
D. ensures a nation of an increase in both real GDP and real GDP per capita.

22. Other things equal, which of the following would increase labor productivity the most?  
A. the stock of real capital and inputs of labor increase proportionately  
B. the increase in the stock of real capital exceeds the increase in inputs of labor  
C. the increase in inputs of labor exceeds the increase in the stock of real capital  
D. inputs of labor increase and the stock of real capital remains constant

23. If the secular trend of labor productivity rises from 2 percent per year to 4 percent, the number of years that it will take for the standard of living to double will decline by about:  
A. 5 years.  
B. 10 years.  
C. 17 years.  
D. 23 years.

24. Economies of scale refer to:  
A. the idea that proprietorships are less bureaucratic and therefore more efficient than corporations.  
B. public investments in highways, schools, utilities, and such.  
C. the fact that large producers may be able to use more efficient technologies than smaller producers.  
D. the reallocation of labor from less-productive to more-productive uses.

25. Between 1995 and 2009, the U.S. productivity rate:  
A. was slightly negative, mainly because of record levels of employment growth.  
B. grew substantially compared to prior years, leading some economists to predict a long-lasting resurgence of productivity growth.  
C. slowed considerably relative to the high rates between 1990 and 1995.  
D. reached record low levels for the United States' economy, leading some economists to talk of a long-term trend of stagnation.