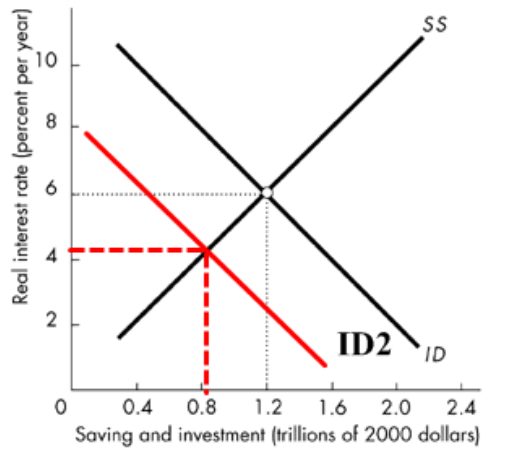


Question 5 (1 point)

Forces - Question 220



"Other things being the same, the greater the expected profit rate from new capital the greater is the amount of investment."

The three largest effects on the expected profit rate are the phase of the business cycle, advances in technology and taxes.

Chapter 8/24 near figure 8.7.

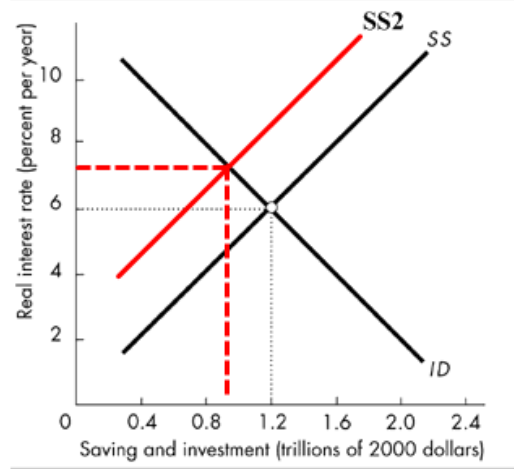
In the above figure, if the expected profit rate decreases, the real interest rate _____ and the equilibrium quantity of investment _____.

Student response:

Percent Value	Correct Response	Student Response	Answer Choices
0.0%			a. rises; increases
0.0%		<input checked="" type="radio"/>	b. rises; decreases
0.0%			c. falls; increases
100.0%	<input checked="" type="radio"/>		d. falls; decreases

Question 5 (1 point)

Forces - Question 221



"Along the savings rate curve, all influences on saving except the interest rate remain the same. ... An increase in disposal income, a decrease in wealth, or a decrease in expected future income increases saving supply, and the saving supply curve shifts rightward."

Chapter 8/24 near figure 8.8

In the above figure, if people's expected future incomes increase, the real interest rate _____ and the equilibrium quantity of investment _____.

Student response:

Percent Value	Correct Response	Student Response	Answer Choices
0.0%		<input type="radio"/>	a. rises; increases
100.0%	<input checked="" type="radio"/>	<input type="radio"/>	b. rises; decreases
0.0%		<input type="radio"/>	c. falls; increases
0.0%		<input type="radio"/>	d. falls; decreases