

Question 1

What types of government policies can increase long-run living standards?

Answer: <https://biology-forums.com/index.php?topic=387604>

Question 2

How has the severity and duration of business cycles changed over time in the United States?

Answer: <https://biology-forums.com/index.php?topic=387737>

Question 3

What function is money playing in each of these situations:

- You walk into a store in Germany and see that all the prices are in euros.
- You buy a candy bar for \$1.25.
- Your Aunt Jane keeps \$100 bills tucked into many books in her house.

Answer: <https://biology-forums.com/index.php?topic=387631>

Question 4

Ball's research on disinflation across different countries found that

- costs of disinflation were about the same for both rapid and gradual disinflation.
- costs of disinflation were smaller for rapid disinflation than for gradual disinflation.
- costs of disinflation were smaller when the central bank had a strong inflation-fighting reputation.
- costs of disinflation were larger for rapid disinflation than for gradual disinflation.

Answer: <https://biology-forums.com/index.php?topic=388159>

Question 5

The desired level of the capital stock will increase if the

- expected future marginal product of capital increases.
- effective tax rate increases.
- user cost of capital increases.
- price of capital increases.

Answer: <https://biology-forums.com/index.php?topic=387380>

Question 6

The primary purpose of the discount window is to

- control banks' excess reserves.
- influence the nation's money supply.
- fulfill the bank's lender of last resort role.
- influence the amount of loans that banks provide to the public.

Answer: <https://biology-forums.com/index.php?topic=388302>

Question 7

The uncertainty about the return an asset will earn is

- risk.
- stochastic dominance.
- liquidity.
- time to maturity.

Answer: <https://biology-forums.com/index.php?topic=387635>

Question 8

Why do people keep currency in their pockets when bank deposits pay interest?

- Because bank deposits lose value due to inflation.
- Because banks might steal your money.
- Because bank deposits lose value due to changes in interest rates.
- Because currency is more liquid.

Answer: <https://biology-forums.com/index.php?topic=387614>

Question 9

A firm has current and future marginal productivity of capital given by $MPK = 10,000 - 2K + N$, and marginal productivity of labor given by $MPN = 50 - 2N + K$. The price of capital is \$5,000, the real interest rate is 10%, and capital depreciates at a 15% rate. The real wage rate is \$15.

- (a) Calculate the user cost of capital.
(b) Find the firm's optimal amount of employment and the size of the capital stock.

Answer: <https://biology-forums.com/index.php?topic=387400>

Question 10

Compare and contrast the classical and Keynesian schools of thought for the following economic issues.

- (a) The flexibility of wages and prices.
(b) The importance of macroeconomic policies.

Answer: <https://biology-forums.com/index.php?topic=387172>

Question 11

If a Japanese company sells 200 VCRs to a French company and uses the money to buy U.S. government bonds, the Japanese merchandise trade balance _____, and the Japanese capital and financial account balance _____.

- A) falls; falls
B) falls; rises
C) rises; rises
D) rises; falls

Answer: <https://biology-forums.com/index.php?topic=387448>

Question 12

According to the Solow model, an increase in the capital-labor ratio will

- A) increase steady state consumption per worker if the capital-labor ratio is below the Golden rule capital stock.
B) always increase steady state consumption per worker.
C) reduce steady state consumption per worker if the capital-labor ratio is below the Golden rule capital stock.
D) always reduce steady state consumption per worker.

Answer: <https://biology-forums.com/index.php?topic=387571>

Question 13

An increase in the expected real interest rate tends to

- A) raise desired saving only.
B) raise both desired saving and desired investment.
C) raise desired investment only.
D) raise desired saving, but lower desired investment.

Answer: <https://biology-forums.com/index.php?topic=387409>

Question 14

In economics, money refers to

- A) currency.
B) assets used and accepted as payment.
C) income.
D) wealth.

Answer: <https://biology-forums.com/index.php?topic=387607>

Question 15

Suppose the real interest rate is 4% and the expected inflation rate is 3%. If the money supply increases by 10% and output, the real interest rate, and the expected inflation rate are unchanged, then the price level increases by

- A) 3%.
B) 4%.
C) 10%.
D) 7%.

Answer: <https://biology-forums.com/index.php?topic=387684>

Question 16

The type of tax receipts that has shown the slowest growth since World War II has been

- A) personal taxes.
B) taxes on production and imports.
C) contributions for social insurance.
D) corporate taxes.

Answer: <https://biology-forums.com/index.php?topic=388374>

Question 17

Vault cash is equal to \$8 million, deposits by depository institutions at the central bank are \$2 million, the monetary base is \$40 million, and bank deposits are \$90 million. The money multiplier is equal to

- A) 3.0.
- B) 5.0.
- C) 2.5.
- D) 4.0.

Answer: <https://biology-forums.com/index.php?topic=388278>

Question 18

What determines the interest rate in a small open economy?

Answer: <https://biology-forums.com/index.php?topic=387497>

Question 19

For a borrower, an increase in the real interest rate will lead to

- A) higher current consumption and less borrowing.
- B) lower current consumption and less saving.
- C) higher current consumption and less saving.
- D) lower current consumption and less borrowing.

Answer: <https://biology-forums.com/index.php?topic=387433>

Question 20

An increase in expected inflation is likely to cause

- A) a decline in the demand for real balances.
- B) no change in the demand for real balances.
- C) no change in the demand for real balances only if the income elasticity of real money demand is zero.
- D) an increase in the demand for real balances.

Answer: <https://biology-forums.com/index.php?topic=387656>