

### Question 1

If a country is importing more than they are exporting, the current account will have a \_\_\_\_\_ balance and the capital and financial account will have a \_\_\_\_\_ balance.

- A) negative; positive
- B) negative; negative
- C) positive; negative
- D) positive; positive

Answer: <https://biology-forums.com/index.php?topic=1876659>

### Question 2

During World War II, the increasing productivity of workers who built ships was due primarily to

- A) human capital accumulation through schooling and training.
- B) human capital accumulation by repeatedly doing the same tasks.
- C) discoveries of new and better technologies.
- D) investments by shipyards in new capital equipment.

Answer: <https://biology-forums.com/index.php?topic=1876020>

### Question 3

The above table has the balance of the University National Bank. All figures are in millions of dollars. The desired reserve ratio is 20 percent. What is the value of excess reserves held by the University National Bank?

- A) \$88 million
- B) \$232 million
- C) \$320 million
- D) \$352 million

Answer: <https://biology-forums.com/index.php?topic=1876433>

### Question 4

According to the Economic Times (09/2012), Standard & Poor's forecast for India's GDP growth rate was cut by 1 percentage point to 5.5 percent as the entire Asia Pacific region feels the pressure of ongoing economic uncertainty. India has averaged 7 percent growth in GDP since 1997. Based on this story, it is most likely that the slowdown reflects a

- A) temporary business cycle slowdown.
- B) temporary business cycle expansion.
- C) change to India's long-term economic growth rate.
- D) shrinkage of India's economy.

Answer: <https://biology-forums.com/index.php?topic=1875911>

### Question 5

Depository institutions are good at minimizing

- A) the costs of monitoring borrowers.
- B) risky borrowers.
- C) liquidity.
- D) all of the above.

Answer: <https://biology-forums.com/index.php?topic=1876342>

### Question 6

Dividing the value of real GDP by aggregate labor hours gives

- A) the net domestic product.
- B) labor productivity.
- C) the size of the labor force.
- D) the rate of capital accumulation.

Answer: <https://biology-forums.com/index.php?topic=1875987>

### Question 7

The more education that workers have, the \_\_\_\_\_ is their human capital and the \_\_\_\_\_ is their productivity.

- A) larger; higher
- B) larger; smaller
- C) smaller; higher
- D) smaller; smaller

Answer: <https://biology-forums.com/index.php?topic=1876019>

### Question 8

Along the aggregate production function, as the quantity of labor rises, real GDP

- A) rises.
- B) falls.
- C) stays the same.
- D) may fall, rise, or stay the same.

Answer: <https://biology-forums.com/index.php?topic=1875936>

### Question 9

The demand for loanable funds curve shows that as the \_\_\_\_\_ interest rate increases, there will be \_\_\_\_\_ the curve.

- A) nominal; a rightward shift in
- B) real; a rightward shift in
- C) nominal; movement down along
- D) real; movement up along.

Answer: <https://biology-forums.com/index.php?topic=1876189>

### Question 10

If the economy is in long run equilibrium and aggregate demand increases, then in the short run

- A) nothing happens because the economy is in long run equilibrium.
- B) the price level rises and real GDP does not change.
- C) real GDP increases and the price level does not change.
- D) the price level rises and real GDP increases.

Answer: <https://biology-forums.com/index.php?topic=1876853>

### Question 11

As a unit of account, money is used to

- A) state prices of all goods and services.
- B) pay off future debts.
- C) hold purchasing power over time.
- D) exchange for goods and services.

Answer: <https://biology-forums.com/index.php?topic=1876293>

### Question 12

Which of the following influences household saving?

- I. The real interest rate
  - II. Disposable income
  - III. Expected future income
- A) I only
  - B) I and II
  - C) I and III
  - D) I, II, and III

Answer: <https://biology-forums.com/index.php?topic=1876204>

### Question 13

Which of the following contributes to a current account surplus for a country?

- A) having tourists visit the country
- B) importing textiles
- C) having foreigners buy government securities from the country's government
- D) importing financial services

Answer: <https://biology-forums.com/index.php?topic=1876641>

### Question 14

How will an increase in physical capital affect labor productivity, labor demand, and potential GDP?

Answer: <https://biology-forums.com/index.php?topic=1876103>

### Question 15

If the desired reserve ratio is 3 percent and deposits totaled \$575 billion, banks would hold

- A) \$534.75 in reserves.

- B) \$17.25 billion in excess reserves.  
C) \$1,725 billion in currency.  
D) \$17.25 billion in reserves.

Answer: <https://biology-forums.com/index.php?topic=1876409>

### Question 16

If the Federal Reserve increases interest rates, ceteris paribus

- A) the supply curve of U.S. dollars shifts leftward and the supply curve of European euros shifts rightward.  
B) the demand curve for U.S. dollars shifts leftward and the supply curve of U.S. dollars shifts rightward.  
C) the demand curve for U.S. dollars and the demand curve for European euros both shift rightward.  
D) the supply curve of U.S. dollars shifts rightward and the supply curve of European euros shifts leftward

Answer: <https://biology-forums.com/index.php?topic=1876573>

### Question 17

The Chairman of the Fed is appointed by \_\_\_\_\_.

- A) the Board of Governors of the Federal Reserve System  
B) the President of the United States  
C) Congress  
D) the U.S. Senate

Answer: <https://biology-forums.com/index.php?topic=1876376>

### Question 18

When the monetary base increases by \$2 billion, the quantity of money increases by \$10 billion. Thus, the money multiplier equals

- A) 0.2.  
B) 5.  
C) 20.0.  
D) 0.5.

Answer: <https://biology-forums.com/index.php?topic=1876443>

### Question 19

If the real interest rate is above the equilibrium real interest rate

- A) lenders will be unable to find borrowers willing to borrow all of the available funds and the real interest rate will fall.  
B) borrowers will be unable to borrow all of the funds they want to borrow and the real interest rate will rise.  
C) lenders will be unable to find borrowers willing to borrow all of the available funds and the real interest rate will rise.  
D) borrowers will be unable to borrow all of the funds they want to borrow and the real interest rate will fall.

Answer: <https://biology-forums.com/index.php?topic=1876225>

### Question 20

What is the equation of exchange? Suppose that real GDP and velocity are constant. In this case, what effect will an increase in the quantity of money have?

Answer: <https://biology-forums.com/index.php?topic=1876479>