commerce undergraduate society

ECON 102 (RATNA)
FINAL REVIEW SESSION – PRACTICE MC

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CMP

1. If the inflation rate is smaller than the nominal interest rate, the real interest rate is
A - positive.
B - negative.
C - zero.
D - either positive or zero.
A

2. Saving equals
A - Y - C.
B - Y - planned I.
C - Y - actual I.
D - Inventory changes.
A

3. If Wanda's income is reduced to zero after she loses her job, her consumption will be ________ and her saving will be ________.
A - less than zero; less than zero
B - greater than zero; greater than zero
C - less than zero; greater than zero
D - greater than zero; less than zero

4. For the aggregate economy, income equals _______
A - expenditure equals GDP.
B - GDP, but expenditure is generally less than these.
C - expenditure, but these are not generally equal to GDP.
D - expenditure equals GDP only if there is no depreciation.
E - expenditure equals GDP only if there is no government or foreign sectors.
Answer: A

5. The short-run aggregate supply curve is the relationship between the quantity of real GDP supplied and ______
A - the quantity of real GDP demanded.
B - real income.
C - the inflation rate.
D - the real interest rate.
E - the price level.

6. Which of the following statements about money is incorrect?
A - money is a medium of exchange
B - money is the most liquid "store of value"
C - money is both income and wealth

D - money is a unit of account

7. When the Fed wants to increase money supply in the economy:

A - decrease the required reserve ratio or increase the interest rate
B - decrease the required reserve ratio or decrease the interest rate
C - increase the required reserve ratio or decrease the interest rate
D - increase the required reserve ratio or increase the interest rate

8. Which of the following determines the quantity demanded for money
A - the required reserve ratio
B - the price level
C - the money multiplier
D - the policies of the Treasury Bond

9. Expansionary monetary policy
A - tends to lead to an appreciation of a nation's currency.
B - usually has no effect on a currency's exchange value.
C - tends to lead to a depreciation of the currencies of other nations.
D - tends to lead to a depreciation of a nation's currency

10. If the interest rate falls, then
A - bond prices will remain the same
B - bond prices will rise
C - bond prices will fall

11. The aggregate demand (AD) curve would shift down if
A - government spending were increased.
B - taxes were increased.
C - the money supply were increased.
D - the interest rate decreased.

12. If the quantity of money demanded is less than the quantity of money supplied, then the interest rate will
A - either increase or decrease, depending on the amount of excess demand.
B - increase.
C - decrease.
D - not change.