

Principles of Macro-MWF, Hardee
Quiz, Chap. 13

Quiz-Ch13

Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

- _____ 1. Which of the following is human capital?
- breakfasts served in a company's cafeteria
 - understanding how to use a company's accounting software
 - training videos for new corporate employees
 - All of the above are correct.
- _____ 2. If there are constant returns to scale, the production function can be written as
- $xY = 2xAF(L, K, H, N)$.
 - $Y/L = A F(xL, xK, xH, xN)$.
 - $Y/L = A F(1, K/L, H/L, N/L)$.
 - $L = AF(Y, K, H, N)$.
- _____ 3. One of the Ten Principles of Economics in Chapter 1 is that people face tradeoffs. The growth that arises from capital accumulation is not a free lunch: It requires that society
- conserve resources for future generations.
 - sacrifice consumption goods and services now in order to enjoy more consumption in the future.
 - recycle resources so that future generations can produce goods and services with the accumulated capital.
 - None of the above are correct.
- _____ 4. In the long run, a higher saving rate
- cannot increase the capital stock.
 - means that people must consume less in the future.
 - increases productivity.
 - None of the above are correct.
- _____ 5. A certificate of indebtedness that specifies the obligations of the borrower to the holder is called a
- bond.
 - stock.
 - mutual fund.
 - All of the above are correct.
- _____ 6. Which of the following is a financial intermediary?
- a mutual fund
 - the stock market
 - a U.S. government bond
 - None of the above are correct.
- _____ 7. Which of the following equations represents national saving in a closed economy?
- $Y - I - G - NX$
 - $Y - C - G$
 - $Y - I - C$
 - $G + C - Y$

- _____ 8. Suppose that in a closed economy GDP is equal to 10,000, Taxes are equal to 1,500, Consumption equals 6,500, and Government expenditures equal 2,000. What is national saving?
- 500
 - 0
 - 1500
 - None of the above are correct.
- _____ 9. If the current market interest rate for loanable funds is above the equilibrium level, then
- the quantity of loanable funds demanded will exceed the quantity of loanable funds supplied and the interest rate will rise.
 - the quantity of loanable funds supplied will exceed the quantity of loanable funds demanded and the interest rate will rise.
 - the quantity of loanable funds demanded will exceed the quantity of loanable funds supplied and the interest rate will fall.
 - the quantity of loanable funds supplied will exceed the quantity of loanable funds demanded and the interest rate will fall.
- _____ 10. Suppose the U.S. government allowed taxpayers to earn their first \$5,000 of interest income tax free. This would shift the
- supply for loanable funds right making interest rates fall.
 - supply of loanable funds left making interest rates rise.
 - demand for loanable funds right making the interest rate rise.
 - demand for loanable funds left making the interest rate fall.
- _____ 11. Between 2000 and 2001 the debt of Bolivia rose. Other things the same, we would expect that interest rates
- and investment rose.
 - rose and investment fell.
 - fell and investment rose.
 - and investment fall.

Quiz-Ch13
Answer Section**MULTIPLE CHOICE**

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|-----|------------------------|--------|--------------------|
| 1. | ANS: B
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 12.2 |
| 2. | ANS: C
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 12.2 |
| 3. | ANS: B
OBJ: TYPE: M | DIF: 1 | REF: SECTION: 12.3 |
| 4. | ANS: C
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 12.3 |
| 5. | ANS: A
OBJ: TYPE: M | DIF: 1 | REF: SECTION: 13.1 |
| 6. | ANS: A
OBJ: TYPE: M | DIF: 1 | REF: SECTION: 13.1 |
| 7. | ANS: B
OBJ: TYPE: M | DIF: 1 | REF: SECTION: 13.2 |
| 8. | ANS: C
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 13.2 |
| 9. | ANS: D
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 13.3 |
| 10. | ANS: A
OBJ: TYPE: M | DIF: 2 | REF: SECTION: 13.3 |
| 11. | ANS: B
OBJ: TYPE: M | DIF: 1 | REF: SECTION: 13.3 |