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?
   a. breakfasts served in a company's cafeteria
   b. understanding how to use a company's accounting software
   c. training videos for new corporate employees
   d. All of the above are correct.

2. If there are constant returns to scale, the production function can be written as
   a. \( xY = 2xAF(L, K, H, N) \).
   b. \( Y/L = A F(xL, xK, xH, xN) \).
   c. \( Y/L = A F(1, K/L, H/L, N/L) \).
   d. \( L = AF(Y, K, H, N) \).

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
   a. conserve resources for future generations.
   b. sacrifice consumption goods and services now in order to enjoy more consumption in the future.
   c. recycle resources so that future generations can produce goods and services with the accumulated capital.
   d. None of the above are correct.

4. In the long run, a higher saving rate
   a. cannot increase the capital stock.
   b. means that people must consume less in the future.
   c. increases productivity.
   d. None of the above are correct.

5. A certificate of indebtedness that specifies the obligations of the borrower to the holder is called a
   a. bond.
   b. stock.
   c. mutual fund.
   d. All of the above are correct.

6. Which of the following is a financial intermediary?
   a. a mutual fund
   b. the stock market
   c. a U.S. government bond
   d. None of the above are correct.

7. Which of the following equations represents national saving in a closed economy?
   a. \( Y - I - G - NX \)
   b. \( Y - C - G \)
   c. \( Y - I - C \)
   d. \( G + C - Y \)
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?
   a. -500
   b. 0
   c. 1500
   d. None of the above are correct.

9. If the current market interest rate for loanable funds is above the equilibrium level, then
   a. the quantity of loanable funds demanded will exceed the quantity of loanable funds supplied and the interest rate will rise.
   b. the quantity of loanable funds supplied will exceed the quantity of loanable funds demanded and the interest rate will rise.
   c. the quantity of loanable funds demanded will exceed the quantity of loanable funds supplied and the interest rate will fall.
   d. 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
    a. supply for loanable funds right making interest rates fall.
    b. supply of loanable funds left making interest rates rise.
    c. demand for loanable funds right making the interest rate rise.
    d. 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
    a. and investment rose.
    b. rose and investment fell.
    c. fell and investment rose.
    d. and investment fall.
## Quiz-Ch13
### Answer Section

**MULTIPLE CHOICE**

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