Quiz (chapter 17)

Due Apr 2 at 11:59pm **Points** 13 **Questions** 13
Available Mar 31 at 12am - Apr 2 at 11:59pm 3 days **Time Limit** 30 Minutes

Instructions

This quiz covers material from chapter 17.

The time limit is 30 minutes.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	16 minutes	13 out of 13

ⓘ Correct answers will be available on Apr 3 at 12am.

Score for this quiz: **13** out of 13
Submitted Mar 31 at 10:20pm
This attempt took 16 minutes.

Question 1

1 / 1 pts

When the price level rises, the number of dollars needed to buy a representative basket of goods

- ○ increases, and so the value of money rises.
- ◉ increases, and so the value of money falls.
- ○ decreases, and so the value of money rises.

○ decreases, and so the value of money falls

Question 2

1 / 1 pts

The value of money rises as the price level

○ rises, because the number of dollars needed to buy a representative basket of goods rises.

○ rises, because the number of dollars needed to buy a representative basket of goods falls.

○ falls, because the number of dollars needed to buy a representative basket of goods rises.

◉ falls, because the number of dollars needed to buy a representative basket of goods falls.

Question 3

1 / 1 pts

The supply of money is determined by

○ the price level.

- ○ the Treasury and Congressional Budget Office.
- ◉ the Federal Reserve System.
- ○ the demand for money.

Question 4

1 / 1 pts

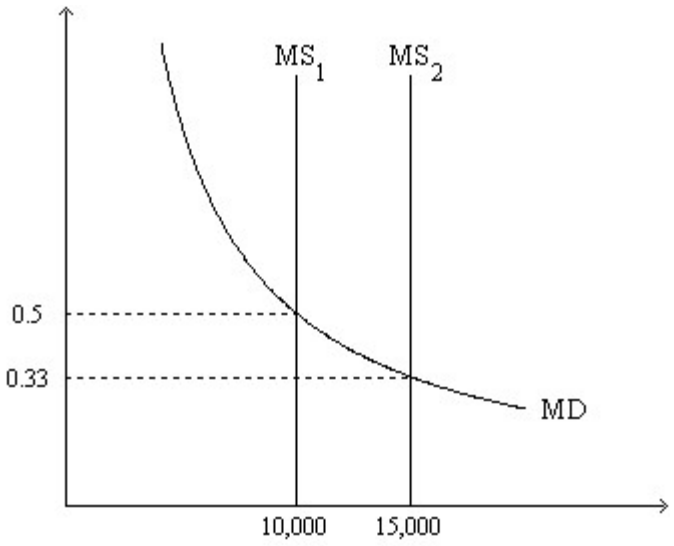
The primary reason people hold money is

- ○ to keep wealth in a less liquid form.
- ◉ to use it as a medium of exchange.
- ○ to use it for investment.
- ○ to earn interest.

Question 5

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



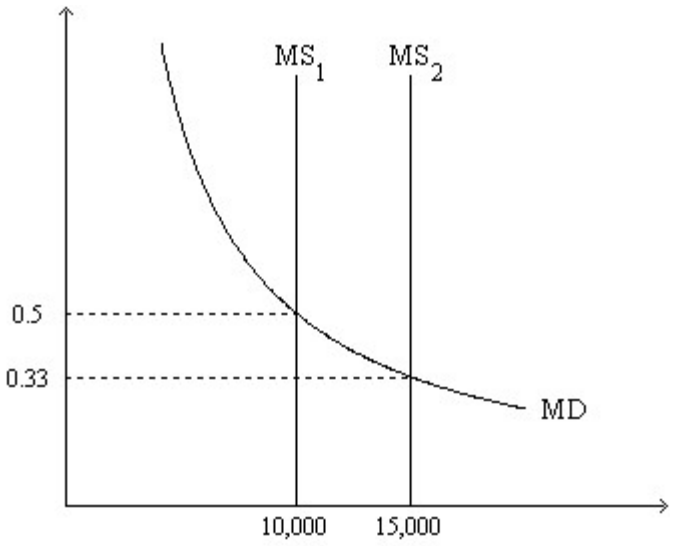
Refer to Figure 30-3. What quantity is measured along the vertical axis?

- ○ the price level
- ○ the velocity of money
- ◉ the value of money
- ○ the quantity of money

Question 6

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



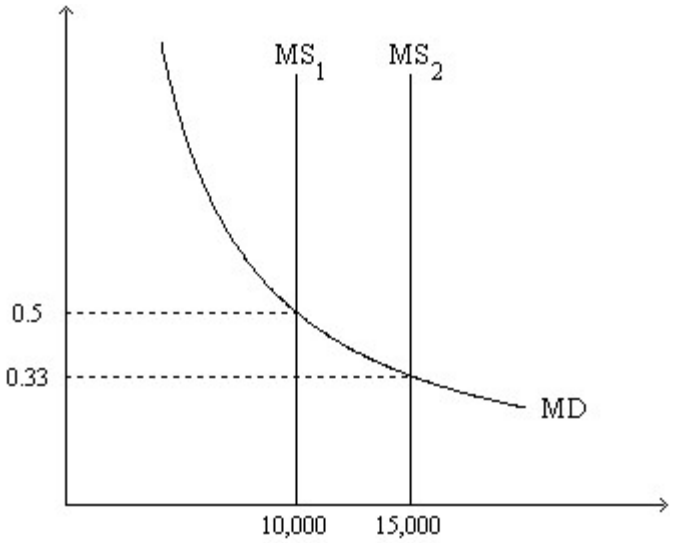
Refer to Figure 30-3. If the relevant money-supply curve is the one labeled MS_1, then the equilibrium price level is

- ○ 0.5 and the equilibrium value of money is 2.
- ◉ 2 and the equilibrium value of money is 0.5.
- ○ 0.5 and the equilibrium value of money cannot be determined from the graph.
- ○ 2 and the equilibrium value of money cannot be determined from the graph.

Question 7

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



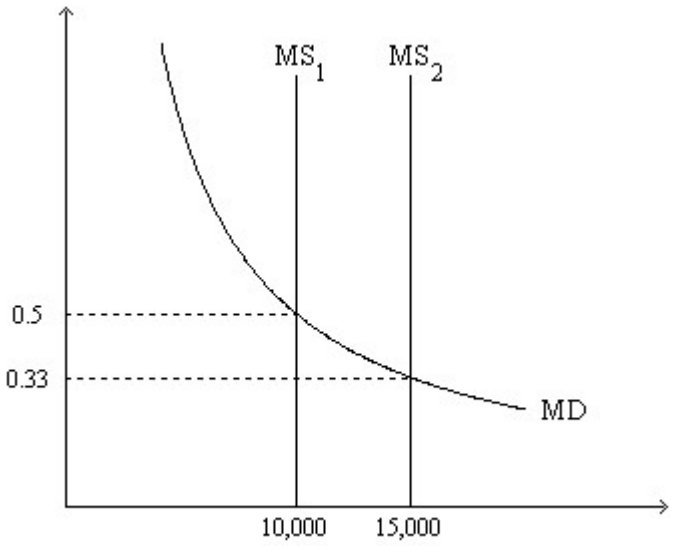
Refer to Figure 30-3. If the relevant money-supply curve is the one labeled MS_2, then

- ◉ when the money market is in equilibrium, one dollar purchases about one-third of a basket of goods and services.
- ○ when the money market is in equilibrium, one unit of goods and services sells for 33 cents.
- ○ there is an excess demand for money if the value of money in terms of goods and services is 0.5.
- ○ All of the above are correct.

Question 8

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



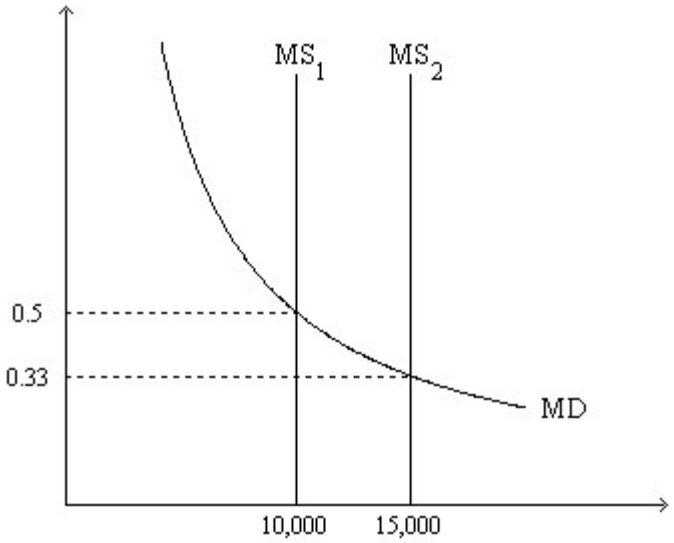
Refer to Figure 30-3. Which of the following events could explain a shift of the money-supply curve from MS_1 to MS_2?

- ○ an increase in the value of money
- ○ a decrease in the price level
- ◉ an open-market purchase of bonds by the Federal Reserve
- ○ the Federal Reserve sells bonds.

Question 9

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



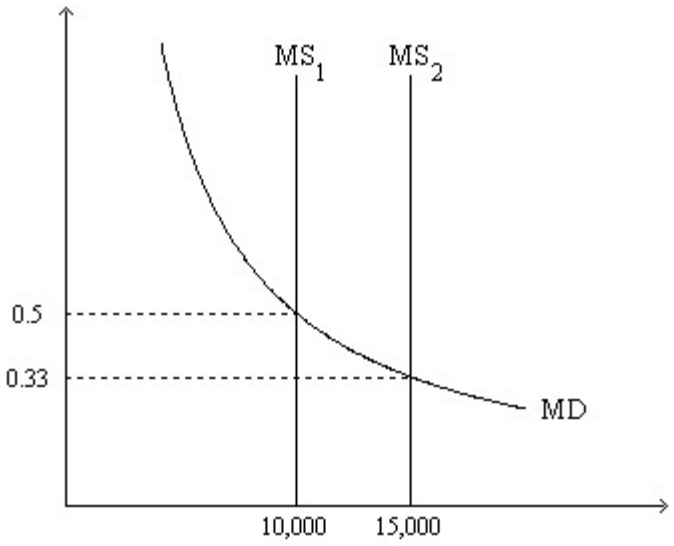
Refer to Figure 30-3. Suppose the relevant money-supply curve is the one labeled MS_1; also suppose the economy's real GDP is 30,000 for the year. If the money market is in equilibrium, then the velocity of money is approximately

- ○ 3.0
- ◉ 6.0
- ○ 9.0
- ○ 1.5

Question 10

1 / 1 pts

Figure 30-3. On the graph, MS represents the money supply and MD represents money demand. The usual quantities are measured along the axes.



Refer to Figure 30-3. At the end of 2009 the relevant money-supply curve was the one labeled MS_1. At the end of 2010 the relevant money-supply curve was the one labeled MS_2. Assuming the economy is always in equilibrium, what was the economy's approximate inflation rate for 2010?

- ○ -33 percent
- ○ 17 percent
- ◉ 50 percent
- ○ 67 percent

Question 11

1 / 1 pts

The classical dichotomy argues that changes in the money supply

- ○ affect both nominal and real variables.

- affect neither nominal nor real variables.
- (selected) affect nominal variables, but not real variables.
- do not affect nominal variables, but do affect real variables.

Question 12

1 / 1 pts

If $M = 12{,}000$, $P = 3$, and $Y = 32{,}000$, then velocity =

- 1.125. Velocity will rise if money changes hands more frequently.
- 1.125. Velocity will rise if money changes hands less frequently.
- (selected) 8. Velocity will rise if money changes hands more frequently.
- 8. Velocity will rise if money changes hands less frequently.

Question 13

1 / 1 pts

Based on the quantity equation, if $M = 150$, $V = 4$, and $Y = 300$, then $P =$

- 8.
- 0.5.
- (selected) 2.

3.

Quiz Score: **13** out of 13