

Homework (chapter 16)

Due Feb 24 at 11:59pm**Points** 20**Questions** 20**Available** until Feb 24 at 11:59pm**Time Limit** None**Allowed Attempts** 2

Instructions

This required homework assignment covers material from chapter 16.

Homework answers may be saved and returned to, as long as it is within the deadline. To do so, remember to save your responses before leaving the Canvas website, and do not click on the “Submit” button (or Canvas will automatically grade your assignment and you will have no way of changing your answers). If you start the quiz before the deadline but do not finish by the deadline, Canvas will submit the homework for you at the deadline.

This quiz was locked Feb 24 at 11:59pm.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	9 minutes	19 out of 20

Score for this attempt: **19** out of 20

Submitted Feb 11 at 10am

This attempt took 9 minutes.

Question 1

1 / 1 pts

As opposed to a payments system based on barter, a payments system based on money

☐ requires a double coincidence of wants.

☐ leads to less specialization.

☒ makes trades less costly.

Correct!

- ☐ None of the above is correct.

Question 2**1 / 1 pts**

The confidence you have that a retailer will accept dollars in exchange for goods is based primarily on money

- ☐ being a unit of account.
- ☒ being a medium of exchange.
- ☐ serving as a store of value.
- ☐ having intrinsic value.

Correct!**Question 3****1 / 1 pts**

Dollar bills, rare paintings, and emerald necklaces are all

- ☐ media of exchange.
- ☐ units of account.
- ☒ stores of value.
- ☐ All of the above are correct.

Correct!**Question 4****1 / 1 pts**

Liquidity refers to

Correct!

- ☒ the ease with which an asset is converted to the medium of exchange.
- ☐ the measurement of the intrinsic value of commodity money.
- ☐ the measurement of the durability of a good.
- ☐ how many time a dollar circulates in a given year.

Question 5

1 / 1 pts

Commodity money is

Correct!

- ☐ backed by gold.
- ☐ the principal type of money in use today.
- ☒ money with intrinsic value.
- ☐ receipts created in international trade that are used as a medium of exchange.

Question 6

1 / 1 pts

Currently, U.S. currency is

Correct!

- ☐ fiat money with intrinsic value.
- ☒ fiat money with no intrinsic value.

- ☐ commodity money with intrinsic value.
- ☐ commodity money with no intrinsic value.

Question 7**1 / 1 pts**

M1 includes

- ☐ currency.
- ☐ demand deposits.
- ☐ traveler's checks.
- ☒ All of the above are correct.

Correct!**Question 8****0 / 1 pts**

The agency responsible for regulating the money supply in the United States is

- ☒ the Comptroller of the Currency.
- ☐ the U.S. Treasury.
- ☐ the Federal Reserve.
- ☐ the U.S. Bank.

You Answered**Correct Answer****Question 9****1 / 1 pts**

An important function of the U.S. Federal Reserve is to

- ☐ set the debt ceiling.
- ☐ fund Congressional spending.
- ☒ control the supply of money.
- ☐ mint coins.

Correct!

Question 10

1 / 1 pts

Which of the following is correct concerning the FOMC?

- ☐ the members of the Board of Governors have the majority of the votes
- ☐ the New York Federal Reserve Bank District President is always a voting member
- ☐ all Federal Reserve Bank presidents attend the meetings
- ☒ All of the above are correct.

Correct!

Question 11

1 / 1 pts

An open-market purchase

Correct!

increases the number of dollars and the number of bonds in the hands of the public.



increases the number of dollars in the hands of the public and decreases the number of bonds in the hands of the public.



decreases the number of dollars and the number of bonds in the hands of the public.



decreases the number of dollars in the hands of the public and increases the number of bonds in the hands of the public.

Question 12**1 / 1 pts**

An open-market sale



increases the number of dollars and the number of bonds in the hands of the public.



increases the number of dollars in the hands of the public and decreases the number of bonds in the hands of the public.



decreases the number of dollars and the number of bonds in the hands of the public.

Correct!

decreases the number of dollars in the hands of the public and increases the number of bonds in the hands of the public.

Question 13**1 / 1 pts**

In a fractional-reserve banking system, a bank



does not make loans.



does not accept deposits.



keeps only a fraction of its deposits in reserve.



None of the above is correct.

Correct!**Question 14****1 / 1 pts**

If the reserve ratio is 4 percent, then the money multiplier is



24.



25.



26.



4.

Correct!**Question 15****1 / 1 pts**

Table 29-4.**The First Bank of Fairfield**

Assets	Liabilities
Reserves \$1,000	Deposits \$8,000
Loans 7,000	

Refer to Table 29-4. The reserve ratio for this bank is

- ☐ 8 percent.
- ☒ 12.5 percent.
- ☐ 87.5 percent.
- ☐ 25 percent.

Correct!**Question 16****1 / 1 pts****Table 29-4.****The First Bank of Fairfield**

Assets	Liabilities
Reserves \$1,000	Deposits \$8,000
Loans 7,000	

Refer to Table 29-4. Starting from the situation as depicted by the T-account, if someone deposits \$500 into the First Bank of Fairfield, and if the bank makes new loans so as to keep its reserve ratio unchanged, then the amount of new loans that it makes will be

Correct!

- ☐ \$40.
- ☒ \$437.50.
- ☐ \$71.42.
- ☐ \$428.57.

Question 17**1 / 1 pts***Table 29-7.***Bank of Springfield**

Assets		Liabilities	
Reserves	\$19,800	Deposits	\$180,000
Loans	160,200		

Refer to Table 29-7. If the Bank of Springfield has lent out all the money it can given its level of deposits, then what is the reserve requirement?

- ☐ 8.1 percent
- ☒ 11.0 percent
- ☐ 12.4 percent
- ☐ 89.0 percent

Correct!**Question 18****1 / 1 pts**

Table 29-7.**Bank of Springfield**

Assets		Liabilities	
Reserves	\$19,800	Deposits	\$180,000
Loans	160,200		

Refer to Table 29-7. Assuming the Bank of Springfield and all other banks have the same reserve ratio, then what is the value of the money multiplier?

☐ 1.1☐ 12.3☐ 8.1☒ 9.1**Correct!****Question 19****1 / 1 pts**

The discount rate is the interest rate that

☐ banks charge one another for loans.☐ banks charge the Fed for loans.☒ the Fed charges banks for loans.☐ the Fed charges Congress for loans.**Correct!**

Question 20**1 / 1 pts**

If the reserve ratio is 4 percent, then \$81,250 of new money can be generated by

- ☐ \$325 of new reserves.
- ☒ \$3,250 of new reserves.
- ☐ \$20,312.50 of new reserves.
- ☐ \$2,031,250 of new reserves.

Correct!**Quiz Score: 19 out of 20**