

# Homework (chapter 13)

**Due** Feb 10 at 11:59pm**Points** 20**Questions** 20**Available** until Feb 10 at 11:59pm**Time Limit** None**Allowed Attempts** 2

## Instructions

This required homework assignment covers material from chapter 13.

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 10 at 11:59pm.

## Attempt History

	Attempt	Time	Score
LATEST	<a href="#">Attempt 1</a>	19 minutes	18 out of 20

Score for this attempt: **18** out of 20

Submitted Feb 5 at 5:32pm

This attempt took 19 minutes.

### Question 1

**1 / 1 pts**

If you were to start a business delivering documents, you might need to purchase cell phones, bicycles, desks, and chairs.



These purchases are called capital investment. If you raise the funds to purchase them from others you are a saver.

**Correct!**

These purchases are called capital investment. If you raise the funds to purchase them from others you are a borrower.



These purchases are called consumption. If you raise the funds to purchase them from others you are a saver.



These purchases are called consumption. If you raise the funds to purchase them from others you are a borrower.

**Question 2****1 / 1 pts**

Stock represents

☐ a claim to a share of the profits of a firm.☐ ownership in a firm.☐ equity finance.☒ All of the above are correct**Correct!****Question 3****1 / 1 pts**

A *stock index* is

☒ an average of a group of stock prices.☐ an average of a group of stock yields.**Correct!**

- ☐ a measure of the risk relative to the profitability of corporations.
- ☐ a report in a newspaper or other media outlet on the price of the stock and earnings of the corporation that issued the stock.

**Question 4****1 / 1 pts**

A U.S. Treasury bond is a

- ☐ store of value and common medium of exchange.
- ☒ store of value, but not a common medium of exchange.
- ☐ a common medium of exchange, but not a store of value.
- ☐ neither a store of value nor a common medium of exchange.

**Correct!****Question 5****1 / 1 pts**

Mutual funds

- ☒ provide diversification. Shareholders assume all of the risk associated with the mutual fund.
- ☐ provide diversification. Government insurance eliminates the risk of mutual fund shareholders.

**Correct!**



do not provide diversification. Shareholders assume all of the risk associated with the mutual fund



do not provide diversification. Government insurance eliminates the risk of mutual fund shareholders.

**Question 6****0 / 1 pts**

Banks

**Correct Answer**

play a role in creating an asset that people can use as a medium of exchange.

**You Answered**

are financial intermediaries, but mutual funds are not financial intermediaries.



are financial markets, as are bond markets.



All of the above are correct.

**Question 7****1 / 1 pts**

In a closed economy, what does  $(T - G)$  represent?



national saving

**Correct!**

- ☐ investment
- ☐ private saving
- ☒ public saving

**Question 8****1 / 1 pts**

In a closed economy, what does  $(Y - T - C)$  represent?

- ☐ national saving
- ☐ government tax revenue
- ☐ public saving
- ☒ private saving

**Correct!****Question 9****1 / 1 pts**

**Scenario 26-1. Assume the following information for an imaginary, closed economy.**

GDP = \$100,000; taxes = \$22,000; government purchases = \$25,000; national saving = \$15,000.

**Refer to Scenario 26-1.** For this economy, investment amounts to

- ☐ \$38,000.
- ☐ \$18,000.

**Correct!**☐ \$12,000.☒ \$15,000.**Question 10****0 / 1 pts****Scenario 26-1. Assume the following information for an imaginary, closed economy.**

GDP = \$100,000; taxes = \$22,000; government purchases = \$25,000; national saving = \$15,000.

**Refer to Scenario 26-1.** This economy's government is running a**You Answered**☒ budget surplus of \$3,000.☐ budget surplus of \$12,000.**Correct Answer**☐ budget deficit of \$3,000.☐ budget deficit of \$12,000.**Question 11****1 / 1 pts****Scenario 26-1. Assume the following information for an imaginary, closed economy.**

GDP = \$100,000; taxes = \$22,000; government purchases = \$25,000; national saving = \$15,000.

**Refer to Scenario 26-1.** For this economy, private saving amounts to☐ \$22,000.

**Correct!**

- ☒ \$18,000.
- ☐ \$15,000.
- ☐ \$37,000.

**Question 12****1 / 1 pts**

**Scenario 26-1. Assume the following information for an imaginary, closed economy.**

GDP = \$100,000; taxes = \$22,000; government purchases = \$25,000; national saving = \$15,000.

**Refer to Scenario 26-1.** For this economy, consumption amounts to

- ☐ \$68,000.
- ☐ \$38,000.
- ☐ \$53,000.
- ☒ \$60,000.

**Correct!****Question 13****1 / 1 pts**

**Scenario 26-2. Assume the following information for an imaginary, closed economy.**

GDP = \$5 trillion; consumption = \$3.1 trillion;  
government purchases = \$0.7 trillion; and taxes = \$0.9 trillion.

**Refer to Scenario 26-2.** For this economy, investment amounts to

**Correct!**

- ☐ \$0.4 trillion.
- ☐ \$2.1 trillion.
- ☐ \$1.7 trillion.
- ☒ \$1.2 trillion.

**Question 14****1 / 1 pts**

**Scenario 26-2. Assume the following information for an imaginary, closed economy.**

GDP = \$5 trillion; consumption = \$3.1 trillion;  
government purchases = \$0.7 trillion; and taxes = \$0.9 trillion.

**Refer to Scenario 26-2.** For this economy, national saving is equal to

- ☐ \$1.1 trillion.
- ☐ \$2.9 trillion.
- ☒ \$1.2 trillion.
- ☐ \$1.7 trillion.

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

The slope of the demand for loanable funds curve represents the

- ☐ positive relation between the real interest rate and investment.



**Correct!**

- ☒ negative relation between the real interest rate and investment.
- ☐ positive relation between the real interest rate and saving.
- ☐ negative relation between the real interest rate and saving.

**Question 16****1 / 1 pts**

If there is a shortage of loanable funds, then

- ☐ the quantity of loanable funds demanded is greater than the quantity of loanable funds supplied and the interest rate is above equilibrium.
- ☒ the quantity of loanable funds demanded is greater than the quantity of loanable funds supplied and the interest rate is below equilibrium.
- ☐ the quantity of loanable funds supplied is greater than the quantity of loanable funds demanded and the interest rate is above equilibrium.
- ☐ the quantity of loanable funds supplied is greater than the quantity of loanable funds demanded and the interest rate is below equilibrium.

**Correct!****Question 17****1 / 1 pts**

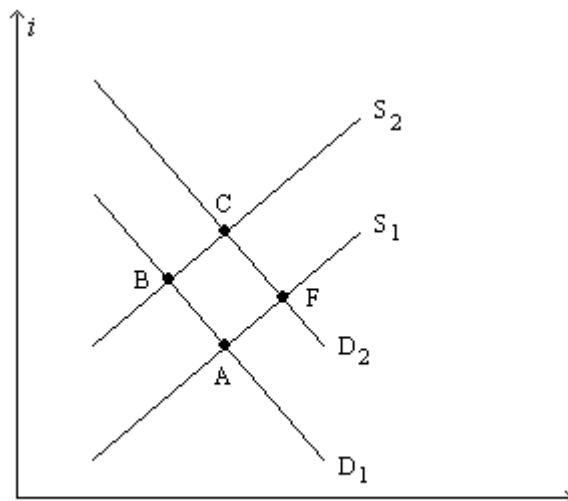
Crowding out occurs when investment declines because

**Correct!**

- ☒ a budget deficit makes interest rates rise.
- ☐ a budget deficit makes interest rates fall.
- ☐ a budget surplus makes interest rates rise.
- ☐ a budget surplus makes interest rates fall.

**Question 18****1 / 1 pts**

**Figure 26-3.** The figure shows two demand-for-loanable-funds curves and two supply-of-loanable-funds curves.



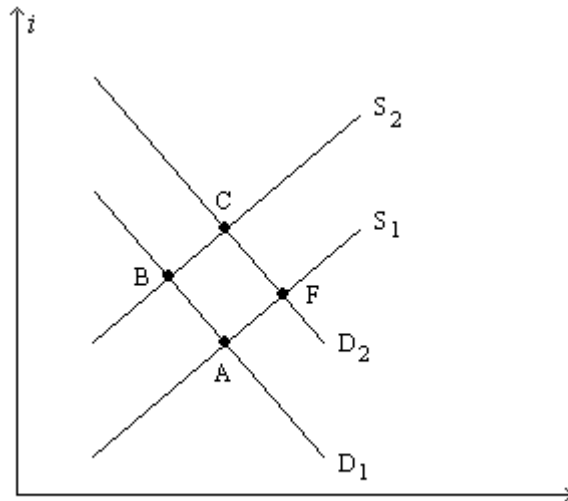
**Refer to Figure 26-3.** What, specifically, does the label on the vertical axis,  $i$ , represent?

- ☐ the nominal interest rate
- ☒ the real interest rate
- ☐ the inflation rate
- ☐ the dividend yield

**Correct!**

**Question 19****1 / 1 pts**

**Figure 26-3.** The figure shows two demand-for-loanable-funds curves and two supply-of-loanable-funds curves.



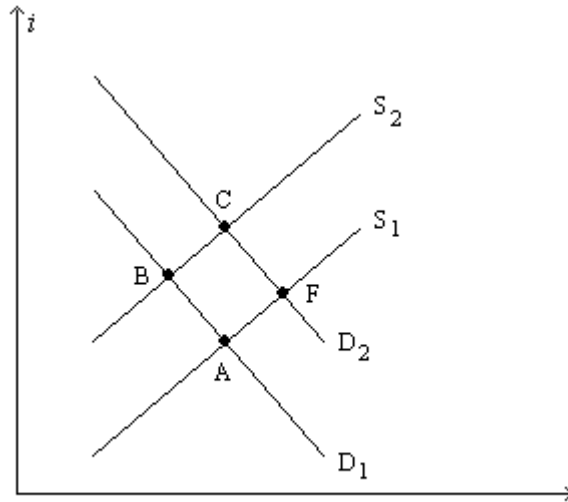
**Refer to Figure 26-3.** Which of the following movements shows the effects of the government going from a budget surplus to a budget deficit?

**Correct!**

- ☒ a movement from Point A to Point B
- ☐ a movement from Point B to Point A
- ☐ a movement from Point A to Point F
- ☐ a movement from Point B to Point C

**Question 20****1 / 1 pts**

**Figure 26-3.** The figure shows two demand-for-loanable-funds curves and two supply-of-loanable-funds curves.



**Refer to Figure 26-3.** Which of the following movements would be consistent with the government budget going from deficit to surplus and the simultaneous enactment of an investment tax credit?

- ☐ a movement from Point A to Point C
- ☐ a movement from Point B to Point A
- ☒ a movement from Point B to Point F
- ☐ a movement from Point C to Point B

**Correct!**

Quiz Score: **18** out of 20