

Question 1

Not yet answered

Marked out of 1.00

The unit-of-account function of money means that money is used:

Select one:

- ☐ a. as a consistent means of measuring the value of things.
- ☐ b. as the common denominator of future payments.
- ☐ c. to pay for goods and services.
- ☐ d. to accumulate purchasing power.

Question 2

Not yet answered

Marked out of 1.00

Money that some authority has declared legal tender is called:

Select one:

- ☐ a. fiat money.
- ☐ b. currency.
- ☐ c. convertible paper money.
- ☐ d. commodity money.

Question 3

Not yet answered

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Exhibit: Table 9-2

<i>Components of the Money Supply</i>	<i>Year 1</i>	<i>Year 2</i>
	<i>\$ billion</i>	<i>\$ billion</i>
Currency	50	100
Savings deposits	150	200
Checkable deposits and traveler's checks	250	450
Small-denomination time deposits	100	150
Treasury Bonds	400	500

In this exhibit (Table 9-2), in Year 2, if the supply of money measured by M2 was \$1,000 billion, then the components of M2 not shown in the table must have totaled:

Select one:

- ☐ a. less than \$250 billion.
- ☐ b. \$250 billion.
- ☐ c. \$300 billion.
- ☐ d. \$450 billion.

Question 4

Not yet answered

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The largest component of M1 is:

Select one:

- ☐ a. checkable deposits.
- ☐ b. credit card balances.
- ☐ c. currency in circulation.
- ☐ d. savings deposits.

Question 5

Not yet answered

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When her \$1,000 time deposit expires, Suneeta decides not to renew the time deposit and opts to cash out. As a result of her transaction:

Select one:

- ☐ a. M1 and M2 increase.
- ☐ b. M1 increases and M2 decreases.
- ☐ c. M1 is unaffected and M2 decreases.
- ☐ d. M1 increases and M2 is unaffected.

Question 6

Not yet answered

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A bank's reserves are:

Select one:

- ☐ a. the minimum value of assets it must have.
- ☐ b. the amount of gold it is required to have as reserves against loans.
- ☐ c. the value of federal securities it is required to have as reserves against loans.
- ☐ d. deposits that banks have accepted from customers but have not loaned out.

Question 7

Not yet answered

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Exhibit: Table 9-5
Bolton Bank: Partial Balance Sheet
(All figures in \$ million)

<i>Assets</i>		<i>Liabilities</i>	
Total Reserves	100	Checkable deposits	300
Government Securities	100		
Loans	100		
Total Assets	300	Total liabilities	300

In this exhibit (Table 9-5), the required reserve ratio is 10%. What is the value of the deposit multiplier?

Select one:

- ☐ a. 1
- ☐ b. 2.5
- ☐ c. 7
- ☐ d. 10

Question 8

Not yet answered

Marked out of 1.00

Money that some authority, generally a government, has ordered to be accepted as a medium of exchange is called _____ money.

Select one:

- ☐ a. fiat
- ☐ b. intrinsic
- ☐ c. commodity
- ☐ d. debt

Question 9

Not yet answered

Marked out of 1.00

Which of the following is not a function of the Federal Reserve System?

Select one:

- ☐ a. It acts as a central bank to the central government.
- ☐ b. It acts as a banker to banks.
- ☐ c. It determines tax levels in conjunction with the U.S. Treasury.
- ☐ d. It sets monetary policy.

Question 10

Not yet answered

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Suppose a bank has \$50,000 in deposits and \$6,000 in reserves. The required reserve ratio is 10%. Which of the following occurs if the required reserve ratio is increased to 12%?

Select one:

- ☐ a. The bank's total reserves will fall.
- ☐ b. The bank will now be fully loaned up.
- ☐ c. The bank will have insufficient required reserves.
- ☐ d. The bank's profit will fall.