

Q-1. The current situation is as follows:

Real trend rate=2%

Current inflation rate=3%

Long-run Expected inflation =2%

If the policy rate is 5%, which type of monetary policy is it?

- A. Expansionary
- B. Contractionary
- C. Neutral

Q-2. In an effort to influence the economy, a central bank conducted open market activities by selling government bonds. This action implies that the central bank is most likely attempting to:

- A. expand the economy through a lower policy interest rate.
- B. contract the economy through a lower policy interest rate.
- C. contract the economy by reducing bank reserves.

Q-3. Suppose Mexico exports vegetables to Brazil and imports flashlights used for mining from Brazil. The output per worker per day in each country is as follows:

	Flashlights	Vegetables
Mexico	20	60
Brazil	40	80

Which country has a comparative advantage in the production of vegetables and what is the most relevant opportunity cost?

- A. Brazil: 2 vegetables per flashlight
- B. Mexico: 1.5 vegetables per flashlight
- C. Mexico: 1/3 flashlight per vegetable

Q-4. Consider two countries, A and B. Country A is a closed country with a relative abundance of labor and holds a comparative advantage in the production of textiles. Country B has a relative abundance of capital. When the textile trade is opened between the two countries, Country A will most likely experience a favorable impact on:

- A. labor.
- B. capital.
- C. both capital and labor.

Q-5. Which type of trade restriction would most likely increase domestic government revenue?

- A. Tariff

- B. Import quota
- C. Export subsidy

金程教育