

Name: \_\_\_\_\_

Score: \_\_\_\_\_

## 55 Multiple choice questions

### Definition

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Dollar bills or other currencies with values backed up by gold or another commodity

- ☐ Cryptocurrencies
- ☐ Gold-standard Currencies
- ☐ Commodity-Backed Currencies
- ☐ Smart Cards

**Definition**

Like a check, this is an instruction to the user's bank to transfer money directly from your bank to the seller

- ☐ **Debit Card**
- ☐ **Certificate Of Deposit**
- ☐ **Deposit Slip**
- ☐ **Secured Credit Card**

**Definition**

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Those who are not working and not looking for work

- ☐ **Employed Part-Time**
- ☐ **Out of the Labor Force**
- ☐ **Temporarily Laid Off**
- ☐ **Unemployed and Seeking Work**

**Definition**

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A general and ongoing rise in the level of prices in an entire economy.

- ☐ **Recession**
- ☐ **Depreciation**
- ☐ **Inflation**
- ☐ **Deflation**

**Definition**

Immediately transfers money from the credit card company's checking account to the seller, and at the end of the month the user owes the money to the credit card company with interest

- ☐ **Debit Card**
- ☐ **Credit Card**
- ☐ **Smart Cards**
- ☐ **Store Card**

**Definition**

Checkable deposit in banks that is available by making a cash withdrawal or writing a check.

- ☐ **M1 Includes: Checkable (demand) deposits**
- ☐ **M2 also Includes: Savings Deposits**
- ☐ **M1 Includes: Coins and currency in circulation**
- ☐ **M2 also Includes: Money market fund**

**Definition**

Whatever serves society in four functions

- ☐ Land
- ☐ Stock
- ☐ Money
- ☐ Labor

**Definition**

Unemployment closely tied to the business cycle, like unemployment during a recession.

- ☐ Seasonal Unemployment
- ☐ Structural Unemployment
- ☐ All Unemployment
- ☐ Cynical Unemployment

**Definition**

Stores a certain value of money on a card and then one can use the card to make purchases

- ☐ **Barter**
- ☐ **Pcard Program,**
- ☐ **Smart Cards**
- ☐ **Credit Card**



**Definition**

A measure of inflation based on the prices of merchandise that is exported or imported

- ☐ International Price Index
- ☐ U.s. Producer Trade Index
- ☐ Employment Cost Index
- ☐ Core Inflation Index

**Definition**

Whatever is widely accepted as a method of payment

- ☐ **Unit of Exchange**
- ☐ **Money**
- ☐ **Debit Card**
- ☐ **Medium of Exchange**

**Definition**

The percentage of the labor force that is unemployed, yet looking for jobs

Unemployed People x100

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Total Labor Force

- ☐ Participation Rate
- ☐ Interest Rate
- ☐ Inflation Rate
- ☐ Unemployment Rate

**Definition**

The organization responsible for conducting monetary policy and ensuring that a nation's financial system operates smoothly

- ☐ **Advising Bank**
- ☐ **Member Bank**
- ☐ **Mutual Fund**
- ☐ **Central Bank**

**Definition**

A narrow definition of the money supply that includes currency and checking accounts in banks, and to a lesser degree, travelers checks

- ☐ **M3 Money Supply**
- ☐ **M1 Money Supply**
- ☐ **M2 Money Supply**
- ☐ **Reserve Money Supply**

**Definition**

An accounting tool that lists assets and liabilities

- ☐ None Of These
- ☐ Balance Sheet
- ☐ Cash Flow Statement
- ☐ Income Statement

**Definition**

people who are mislabeled in the categorization of employed, unemployed, or out of the labor force

- ☐ discouraged workers
- ☐ hidden unemployment
- ☐ natural unemployment
- ☐ discouraged unemployment

**Definition**

The deposits of many investors are pooled together and invested in a safe way like short-term government bonds

- ☐ **M2 also Includes: Certificates of Deposit (CD's) and other time deposits**
- ☐ **Double coincidence of wants**
- ☐ **M2 also Includes: Money market fund**
- ☐ **M1 Includes: Coins and currency in circulation**



**Definition**

The costs associated with finding a lender or borrower for this money

- ☐ **Bargaining Costs**
- ☐ **Implicit Costs**
- ☐ **Transaction Costs**
- ☐ **Sunk Costs**

**Definition**

An item of worth that a firm or individual owns

- ☐ **None Of These**
- ☐ **Asset**
- ☐ **Liability**
- ☐ **Money**

**Definition**

Trading one good or service for another, without the use of money

- ☐ **Barter**
- ☐ **Common**
- ☐ **Market**
- ☐ **Smart Cards**

**Definition**

Account that the depositor has committed to leaving in the bank for a certain period of time, in exchange for a higher rate of interest

- ☐ **M2 also Includes: Certificates of Deposit (CD's) and other time deposits**
- ☐ **M3 also Includes: Mutual Funds and Stocks**
- ☐ **Reserve also Includes: Government Bonds and Treasury Bills**
- ☐ **M1 also Includes: Checking Accounts and Savings Accounts**

**Definition**

The excess of the asset value over and above the amount of the liability; total assets minus total liabilities

- ☐ **Bank capital**
- ☐ **Net working capital**
- ☐ **Net worth**
- ☐ **Net income**

**Definition**

Money must also be acceptable to make purchases today that will be paid in the future

- ☐ **Standard Unit of Account**
- ☐ **Standard of Value**
- ☐ **Medium of Exchange**
- ☐ **Standard of Deferred Payment**

**Definition**

A balance sheet with a two-column format, with the T-shape formed by the vertical line down the middle and horizontal line under the column headings for "Assets" and "Liabilities"

- ☐ **Ledger**
- ☐ **Barter**
- ☐ **Journal**
- ☐ **T-Account**

**Definition**

Unemployment that occurs because people lack the skills that are valued by employers

- ☐ Cyclical Unemployment
- ☐ Structural Unemployment
- ☐ Frictional Unemployment
- ☐ Seasonal Unemployment

**Definition**

A bank's net worth

- ☐ **Liability**
- ☐ **M2 also includes: Money market fund**
- ☐ **Bank capital**
- ☐ **Mortgages**



**Definition**

A measure of inflation that U.S. government statisticians calculate based on the price level from a fixed basket of goods and services that represents the average consumer's purchases.

- ☐ **Consumer Price Index (CPI)**
- ☐ **Consumer Confidence Index (cci)**
- ☐ **Producer Price Index (PPI)**
- ☐ **Retail Price Index (rpi)**

**Definition**

An inflation rate calculated using a fixed basket of goods over time tends to overstate the true rise in the cost of living, because it does not take into account that the person can substitute away from goods whose prices rose

- ☐ **Complimentary Bias**
- ☐ **Outlet Bias**
- ☐ **Income Bias**
- ☐ **Substitution Bias**

**Definition**

The percentage of adults in an economy who are either employed or who are unemployed and looking for a job.

Total Labor Force x 100

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Total Adult Population

- ☐ **Unemployment Rate**
- ☐ **Labor Force Participation Rate**
- ☐ **Employment Cost Index**
- ☐ **Discouraged-worker Ratio**

**Definition**

Includes all of M1 Money Supply (currency and checking accounts and travelers checks) but adds savings deposits, money market funds, and certificates of deposit

- ☐ **M3 Money Supply**
- ☐ **Broad Money Supply**
- ☐ **Liquid Asset Supply**
- ☐ **M2 Money Supply**

**Definition**

Unemployment that occurs when workers move between jobs

- ☐ **Structural Unemployment**
- ☐ **Frictional Unemployment**
- ☐ **Natural Unemployment**
- ☐ **Cyclical Unemployment**

**Definition**

A situation in which two people each want a good or service that the other person can provide

- ☐ **Money**
- ☐ **Balance of trade**
- ☐ **Smart Cards**
- ☐ **Double coincidence of wants**

**Definition**

A measure of inflation based on the prices of all the GDP components

- ☐ **GDP Deflator**
- ☐ **Balance Sheet**
- ☐ **Cpi**
- ☐ **Core Inflation Index**

## Definition

**A group of indexes that measure the average change in selling prices for domestic producers of goods and services**

- ☐ International Price Index
- ☐ Consumer Price Index (CPI)
- ☐ Employment Cost Index
- ☐ Producer Price Index (PPI)



**Definition**

Something that serves as a way of preserving economic value that one can spend or consume in the future

- ☐ **Standard of Value**
- ☐ **Store of Value**
- ☐ **Money**
- ☐ **Asset**

**Definition**

Any amount or debt that a firm or an individual owes

- ☐ **None Of These**
- ☐ **Revenue**
- ☐ **Equity**
- ☐ **Liability**

**Definition**

Takes the CPI and excludes things like energy and food prices

- ☐ **Employment Cost Index**
- ☐ **International Price Index**
- ☐ **Employment Core Index**
- ☐ **Core Inflation Index**

**Definition**

Money that has no intrinsic value itself, but is declared by a government to be the country's legal tender

- ☐ **Commodity Money**
- ☐ **Fiat Money**
- ☐ **Smart Cards**
- ☐ **Paper Money**

**Definition**

Helps an economy exchange goods and services for money or other financial assets

- ☐ **Debt System**
- ☐ **Payment System**
- ☐ **Central Bank**
- ☐ **Deposit System**

**Definition**

An institution that operates between a saver with financial assets to invest and an entity who will borrow those assets and pay a rate of return.

- ☐ **Financial Intermediary**
- ☐ **Central Bank**
- ☐ **Bank Capital**
- ☐ **Depository Institution**

**Definition**

Individuals who are employed in a job below their skills

- ☐ Indexed
- ☐ Structurally Unemployed
- ☐ Frictionally Unemployed
- ☐ Underemployed

**Definition**

Bank account where you cannot withdraw money by writing a check, but can withdraw the money at a bank, or transfer it into a checking account easily.

- ☐ **Natural Rate of Unemployment**
- ☐ **Quality/new goods bias**
- ☐ **Standard of Deferred Payment**
- ☐ **M2 also Includes: Savings Deposits**

**Definition**

A type of loan a borrower uses to purchase a home in which the interest rate varies with market interest rates

- ☐ **Adjustable-rate mortgage (ARM)**
- ☐ **Military service loan (msl)**
- ☐ **Fixed-rate loan**
- ☐ **Fixed-rate mortgage**



**Definition**

A price, wage, or interest rate is adjusted automatically for inflation

- ☐ Fixed
- ☐ Nominally Adjusted
- ☐ Partially Amortized
- ☐ Indexed

**Definition**

A contractual provision wage that wage increases will keep up with inflation

- ☐ Consumer Price Index (CPI)
- ☐ Cost of Living (COLAS)
- ☐ Money
- ☐ Liability

**Definition**

The unemployment rate that exists in a healthy economy from the combination of economic, social, and political factors at a given time.

- ☐ **Natural Rate of Unemployment**
- ☐ **Hidden Unemployment**
- ☐ **Frictional Rate of Unemployment**
- ☐ **Cyclical Unemployment**

**Definition**

A measure of inflation based on wages paid in the labor market

- ☐ Processing Price Index
- ☐ International Price Index
- ☐ Product Price Index
- ☐ Employment Cost Index

**Definition**

The common way in which we measure market values in an economy

- ☐ Indexed
- ☐ Unit of Exchange
- ☐ Unit of Account
- ☐ Balance Sheet

**Definition**

Institution that accepts money deposits and then uses these to make loans

- ☐ **Central Bank**
- ☐ **Contractual Institution**
- ☐ **Federal Institution**
- ☐ **Depository Institution**

**Definition**

The coins and bills that are in circulation that are not held by the U.S Treasury or in bank vaults.

- ☐ **M2 also Includes: Money market fund**
- ☐ **M1 Includes: Coins and currency in circulation**
- ☐ **M1 Includes: Checkable (demand) deposits**
- ☐ **Transaction Costs**

**Definition**

An item that is used as money, but also has value as something else other than money (think gold, seashells, etc.)

- ☐ **Flat Money**
- ☐ **Paper Money**
- ☐ **Fiat Money**
- ☐ **Commodity Money**

**Definition**

Those who have stopped looking for employment due to the lack of suitable positions available

- ☐ **Marginally Attached Workers**
- ☐ **People Employed In The Underground Economy**
- ☐ **Discouraged Workers**
- ☐ **Retirees**

**Definition**

When depositors race to the bank to withdraw their deposits for fear that otherwise they would be lost

- ☐ **Bank run**
- ☐ **Bank panic**
- ☐ **Money**
- ☐ **Margin call**



**Definition**

Inflation calculated using a fixed basket of goods over time tends to overstate the true cost of living due to new inventions or improvement in quality to said goods

- ☐ **Producer price bias**
- ☐ **Substitution Bias**
- ☐ **Self-attribution bias**
- ☐ **Quality/new goods bias**

**Definition**

The number of people employed plus the unemployed

- ☐ **Liability**
- ☐ **Money**
- ☐ **Labor Force**
- ☐ **Discouraged Workers**