Name: Score:

## 20 Multiple choice questions

Term 

If there is a recession, the government can ___ and the Fed can ___

- ○ cut government jobs, raise interest rates
- ○ increase tariffs, decrease exports
- ○ decrease taxes, buy bonds
- ○ increase taxes, sell stocks

Term 

If there is inflation, the government can ___ and the Fed can ___

- ○ increase taxes, sell bonds
- ○ reduce regulations, increase imports
- ○ increase government spending, lower interest rates
- ○ decrease taxes, buy stocks

Term 

Expansionary Fiscal and Easy money policy fights

- ○ Multiple choice question.
- ○ Recession and unemployment
- ○ Recession and inflation
- ○ Interest and loans

Term 

How does the Federal Reserve conduct Easy money policy?

- ○ Increase tariffs to protect domestic industries
- ○ Increase reserve requirement, sell bonds, and raise taxes
- ○ Decrease reserve requirement, decrease discount rate, decrease federal funds rate, buy bonds
- ○ Implement stricter regulations on financial institutions

Term 

If there is a recession, the Fed can ___ and the government can ___

- ○ decrease interest rates, reduce tariffs
- ○ decrease the discount rate, increase government spending
- ○ sell bonds, raise taxes
- ○ increase the discount rate, cut government spending

Term 

How does the government conduct contractionary fiscal policy?

- ○ Increase public investment in infrastructure
- ○ Lower interest rates to encourage borrowing
- ○ Provide subsidies to struggling industries
- ○ Increase taxes and/or decrease spending

Definition



The interest rate on the loans that the Fed makes to banks

- ◯ discount rate
- ◯ none of these
- ◯ prime rate
- ◯ real interest rate

Term



If there is inflation, the FED can ____ and the government can ___

- ◯ lower interest rates, increase exports
- ◯ increase the reserve requirement, decrease government spending
- ◯ increase taxes, buy bonds
- ◯ decrease the reserve requirement, increase subsidies

Term



If the Fed conducts tight money policy they will ______ bonds, if the Fed conducts easy money policy they will _______ buy

- ◯ Increase, Decrease
- ◯ Buy, Buy
- ◯ Hold, Trade
- ◯ Sell, Buy

Definition



bank's reserves over and above its required reserves --> the reserves that banks can lend

- ◯ excess reserves
- ◯ required reserves
- ◯ total reserves
- ◯ deficit reserves

Term



How does the Federal Reserve conduct tight money

- ◯ Increase government spending on social programs
- ◯ Increase reserve requirement, increase discount rate, increase federal funds rate, sell bonds
- ◯ Lower reserve requirement, decrease discount rate, decrease federal funds rate, buy bonds
- ◯ Reduce taxes to stimulate economic growth

Term



If there is a recession or high unemployment, the government can ________ taxes and/or _________ government spending

- ◯ decrease, increase
- ◯ reduce, eliminate
- ◯ increase, increase
- ◯ maintain, stabilize

Term



Fiscal policy is conducted by the

- ◯ Federal Reserve
- ◯ Recession and unemployment
- ◯ Government (Congress and President)
- ◯ Inflation

Term



If there is a recession or unemployment the FED can ________ Discount rate and/or ________ the Reserve requirement

- eliminate, reduce
- increase, decrease
- decrease, decrease
- maintain, stabilize

Term



If there is inflation the government can _____ taxes and/or ______ government spending

- decrease, decrease
- increase, decrease
- maintain, stabilize
- eliminate, reduce

Definition



the interest rate that a bank must pay on an overnight loan from another bank

- Consumer Price Index (cpi)
- Annual Percentage Rate (apr)
- Marginal tax rate
- Federal Funds Rate (FFR)

Term



If there is inflation the FED can _______ the federal funds rate and/ or ________ bonds

- reduce, trade
- decrease, sell
- increase, sell
- maintain, hold

Term



Monetary policy is conducted by the

- Securities And Exchange Commission
- Office Of The Comptroller Of The Currency
- Federal Reserve
- U.s. Treasury

Term



If there is a recession or high unemployment the Fed can _______ the Federal funds rate and/ or ________ bonds

- increase, buy
- reduce, trade
- decrease, buy
- maintain, hold

Term



How does the government conduct expansionary fiscal policy?

- Reduce government regulations on businesses
- Increase interest rates to control inflation
- Decrease taxes and/ or increase spending
- Increase tariffs on imported goods