

**20 Multiple choice questions**

Term

1 of 20

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

2 of 20

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

3 of 20

Expansionary Fiscal and Easy money policy fights

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

Term

4 of 20

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

5 of 20

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

6 of 20

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

7 of 20

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

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

Term

8 of 20

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

9 of 20

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

10 of 20

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

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

Term

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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

12 of 20

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

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Fiscal policy is conducted by the

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

Term

14 of 20

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

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If there is inflation the government can \_\_\_\_\_ taxes and/or \_\_\_\_\_ government spending

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

Definition

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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

17 of 20

If there is inflation the FED can \_\_\_\_\_ the federal funds rate and/ or \_\_\_\_\_ bonds

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

Term

18 of 20

Monetary policy is conducted by the

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

Term

19 of 20

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

20 of 20

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