Question 1: If interest rates increase, people will most likely hold:

- ✅ More bonds and less cash
- Less bonds and less cash
- More bonds and more cash
- Less bonds and more cash

Question 2: In the Keynesian Cross model, the aggregate expenditure line has a slope of:

- 0
- ✅ 1
- Less than 1
- Greater than 1

Question 3: If 10% of employed workers lose their jobs (s= 0.1) and 10% of unemployed worker find new jobs (f=0.1),the natural rate of unemployment will be ___________

- 1
- ✅ 0.5
- 0.2
- 0.1

Question 4: Dissaving occurs if:

- Saving is negative
- National income is negative
- ✅ Personal income is negative
- The Marginal Propensity to Consume is negative

Question 5: In the sticky-price model:

- All firms adjust prices instantly in response to changes in demand.
- ✅ No firms adjust prices instantly in response to changes in demand
- Some firms adjust prices instantly in response to changes in demand while others do not
- Output is constant

Question 6: Monetary policy is totally ineffective on output under:

- ✅ Floating exchange rate
- Fixed exchange rate
- Nominal exchange rate
- Real exchange rate

Question 7: A common misperception about inflation is that it reduces real wages; this is: