

1. A stock variable:

- *a. Is measured at a point in time.
- b. Is measured over a period of time.
- c. Is an inconsistency in terms, because something cannot be a "variable" and a "stock" at the same time.

2. A flow variable:

- a. Is an inconsistency in terms, because something cannot be a "variable" and a "flow" at the same time.
- b. Is measured at a point in time.
- *c. Is measured over a period of time.

3. Which of the following is a flow variable:

- *a. Income
- b. Money supply
- c. Wealth
- d. Debt

4. Which of the following is a stock variable:

- a. Income
- *b. Money supply
- c. Investment
- d. Profits

1. There are three major macroeconomics markets (i.e., markets in the Three-Sector-Model) that will be the focus of this course. Which of the following choices is not included:

- a. Real Goods Market
- *b. Bond Market
- c. Foreign Exchange Market
- d. Real Loanable Funds Market

2. There are three major macroeconomics markets (i.e., markets in the Three-Sector-Model) that will be the focus of this course. Which of the following choices is not included:

- a. Real goods market
- b. Real loanable funds market
- *c. Money market
- d. Foreign exchange market

3. The major difference between short-term macroeconomic theory and long-run macroeconomic theory is:

- *a. Short-term theory focuses mainly on demand-oriented factors, and long-run theory focuses mainly on supply-oriented factors.
- b. Short-term theory focuses mainly on supply-oriented factors, and long-run theory focuses mainly on demand-oriented factors.
- c. Short-term theory focuses mainly on financial markets, and long-run theory focuses mainly on the real goods market and the foreign exchange market.
- d. Short-term focuses mainly on the real goods market and foreign exchange market, and long-run theory focuses mainly on the financial markets.
- e. Short-term theory focuses mainly on the role government has in an economy, and long-run theory focuses mainly on the role financial and real markets have on the real goods market.

4. Macroeconomic theory can be helpful to business managers, because:

- a. It is like a crystal ball showing the future.
- *b. It can reduce the odds of making bad decisions and increase the odds of making goods ones.
- c. It shows how the future is rather predictable, and by using these tools, countless riches can be made.
- d. It has been shown to be a highly accurate way of forecasting economic activity.
- e. All of the above.

1. Which of the following factors is not a major cause of long-term economic growth?

- a. Investments in physical and human capital
- b. Constructive labor-management relations
- *c. Expansionary monetary policy
- d. Effective corporate governance policies
- e. Government institutions and policies to improve economic efficiency

2. Which of the following factors is not a major cause of long-term economic growth?

- a. Advancements in technology & innovation
- b. Constructive labor-management relations
- *c. Expansionary monetary policy
- d. Effective corporate governance policies
- e. Government institutions and policies to improve economic efficiency

3. Which of the following factors is not a major cause of long-term economic growth?

- a. Government-defined property rights for individuals
- b. A stable, fair, and predictable political environment
- *c. Expansionary fiscal policy (i.e., lower taxes and higher government spending)
- d. Competitive markets
- e. Free movement of goods, services, capital, and labor

1. The difference between a business plan and a budget is:

- a. A budget is a one-to-three year planning document, but a business plan is a 10-to-20 year planning document.
- b. Really, there is no difference
- c. A budget is a long-term planning document, and a business plan is a very short-term planning document.
- *d. A business plan is a three-to-five year planning document, and a budget is generally a one-to-three year planning document.
- e. None of the above

2. The difference between a business plan and a scenario plan is:

- a. A scenario plan is a one-to-three year planning document, but the business plan is a 10-to-20 year planning document.
- b. Really, there is no difference
- c. A scenario plan is like a capital budgeting plan. In short, it is for one scenario. But a business plan is for three to five years.
- *d. A scenario plan is a long-term planning document (normally 10 to 20 years), and a business plan is a three-to-five year plan.
- e. None of the above.

3. Assumptions about expected national and international macroeconomic variables should play a prominent role in three major business financial documents, which are the:

- a. Income statement, balance of payments, and cash flow statement
- b. Income statement, balance sheet, and credit report
- c. Income statement, balance sheet, and foreign direct investment report
- *d. Income statement, balance sheet, and cash flow statement
- e. Gross national product, inflation, and balance of payments