

Your Name: _____

Economics 132.02 – Spring 2013 – Second Midterm Exam

Please tear off this sheet and write your name on the line above before handing it in.

1.
 - a. FALSE
 - b. FALSE
 - c. TRUE
 - d. TRUE
 - e. FALSE

2.
 - a. Government purchases are \$1.
 - b. Investment is \$7.
 - c. GDP is \$12.

3.
 - a. In the US, national saving is less than investment.
 - b. In China, national saving is greater than investment.
 - c. The US is borrowing from the rest of the world.
 - d. China is lending to the rest of the world.

4.
 - a. The supply curve shifts.
 - b. To the right.
 - c. National saving will rise.
 - d. Investment will rise.
 - e. The interest rate will fall.

5.
 - a. Employed.
 - b. Unemployed.
 - c. Employed.
 - d. Employed.

6.
 - a. The labor force participation rate is 50%
 - b. The unemployment rate is 20%

7.
 - a. The number of employed people goes up.
 - b. The number of unemployed people goes down.
 - c. The size of the labor force goes down.
 - d. The natural rate of unemployment goes down.

8.
 - a. M1 is \$23.
 - b. M2 is \$101.
 - c. M1 goes up.
 - d. M2 stays the same.

9.
 - a. TRUE
 - b. TRUE
 - c. TRUE
 - d. TRUE
 - e. TRUE