

The Economic Development  
of the Global Economy

\_\_\_\_\_ #1. Which of the following is NOT a characteristic of secular stagnation?

- a. low inflation
- b. low economic growth
- c. low debt to GDP ratios
- d. low interest rates

\_\_\_\_\_ #2. The dependency ratio measures

- a. the number of people working in the government
- b. the number of people who use social services and government
- c. the percentage of the labor force working in government
- d. the ratio of workers to those who do not work

\_\_\_\_\_ #3. Those who favor *austerity* feel that \_\_\_\_\_ should be reduced.

- a. inflation
- b. taxes
- c. government spending
- d. work hours

\_\_\_\_\_ #4. Current monetary policies in the US, EA19, Japan, and China are characterized by

- a. low interest rates and central bank purchases of government debt
- b. high interest rates coupled with low inflation
- c. reduced growth of the money supply and higher taxes
- d. large deficits in the government budget and reduced levels of inflation

\_\_\_\_\_ #5. In 2015-2016, which country or region has been doing moderately well?

- a. Japan
- b. EA19
- c. China
- d. Greece

\_\_\_\_\_ #6. Which country has an official unemployment rate that does not change much over the last few years.

- a. the US
- b. Japan
- c. the EA19
- d. China

\_\_\_\_#7. US *annualized* QoQ growth in 2016 Q2 was

- a. 1.9%
- b. 1.2%
- c. 1.7%
- d. 2.2%

\_\_\_\_#8. Which country currently has the lowest unemployment rate?

- a. Japan
- b. China
- c. the US
- d. EA19

\_\_\_\_#9. China is rebalancing its economy, meaning that

- a. it is exporting more to the EA19 and less to the US
- b. it is using more consumption and less investment
- c. it is using monetary policy rather than fiscal policy
- d. it is using more capital and less labor

\_\_\_\_#10. US health care costs are rising very rapidly. Health care is currently 17% of the GDP. One important reason for the rise in health care costs is \_\_\_\_\_.

- a. greater demand due to an ageing population
- b. more children being born
- c. strong increases in the money supply
- d. reductions in taxes on hospitals

\_\_\_\_#11. The EU is different than the Eurozone because

- a. the Eurozone is larger
- b. the UK is part of the Eurozone, but not the EU
- c. the Eurozone does not have a debt problem, but the EU does
- d. not all EU countries use the euro, but all Eurozone countries use it

\_\_\_\_#12. The major problem with the Eurozone is that it uses the same money but each country has its own \_\_\_\_\_.

- a. government
- b. military
- c. fiscal policy
- d. monetary policy

\_\_\_\_\_ #13. Perhaps the most worrisome country in the Eurozone is currently

- a. Norway
- b. Spain
- c. UK
- d. Germany

\_\_\_\_\_ #14. The President of the ECB recently made news by

- a. pledging that the ECB would not intervene in the Greece debt crisis
- b. pledging that the ECB would allow Eurobonds to be sold
- c. pledging that the ECB would do what it takes to guarantee the euro
- d. saying that the euro will only last about another year

\_\_\_\_\_ #15. Japanese debt to GDP ratio is approximately

- a. 100%
- b. 175%
- c. 230%
- d. 320%