

Homework 10

Due on 8/4/2025, by 23:00

This assignment is optional but **STRONGLY RECOMMENDED**. If you do not submit the answers till the deadline, the score of your final exam will substitute for the score for this assignment. Submit only the correct letter for each task on eLearn under 'Quizzes' within 'COR2100-Economics and Society G13-14-15-16'. Note that the actual text of questions and answers is not supposed to appear on the eLearn quiz. You have unlimited attempts. The system is programmed to credit your last attempt. Be informed that if you submit an attempt and afterwards you re-open the quiz, you must submit your answers **AGAIN** or else the system will grade the unfinished attempt with 0 (because it is the last one) and there is **NOTHING** I can do to fix this after the fact. Late homework or homework submitted outside eLearn cannot be accepted as this would violate SMU official policy for fairness and transparency in grading. This assignment is protected by Grade Insurance™: If the assignment's average turns out to be below 75, an equal amount of bonus points will be given to every work, for the average to become 75. Direct any homework questions to your TA.

1. Which of the following is **LESS** likely to be the target of Contractionary Fiscal Policy?
 - A. To decrease unemployment.
 - B. To curb inflation.
 - C. To decrease the government's budget deficit.
 - D. To decrease households' disposable income.
2. Which of the following combinations of policies would be more suitable for a country with high debt and deflation?
 - A. Expansionary Fiscal Policy and Expansionary Monetary Policy.
 - B. Expansionary Fiscal Policy and Contractionary Monetary Policy.
 - C. Contractionary Fiscal Policy and Expansionary Monetary Policy.
 - D. Contractionary Fiscal Policy and Contractionary Monetary Policy.
3. Which of the following may happen when the real interest rate in an economy becomes negative?
 - A. Consumption will fall.
 - B. Prices will tend to decrease.
 - C. Investment will tend to increase.
 - D. The quantity of loans will tend to decrease.
4. The Central Bank applies Contractionary Monetary Policy immediately after the government has conducted Expansionary Fiscal Policy. Why?
 - A. To accelerate the effects of the fiscal policy.
 - B. To stimulate investment.
 - C. To decrease the government deficit.
 - D. To ease potential inflation caused by EFP.
5. Which of the following did the Great Depression and the 2007-09 financial crisis have in common?
 - A. For both, the main cause was the collapse of major financial institutions.
 - B. For both, the main cause was the inadequate regulation in financial markets.
 - C. For both the main cause was a stock market bubble.
 - D. Both crises lasted more than a decade.

6. How can the government immediately stabilize a shock that started from the CB decreasing the money supply?
- By increasing G .
 - By decreasing G .
 - By increasing t .
 - By decreasing t .
 - None of the above.
7. Which of the following exacerbated the Greek recession?
- Extremely high interest rates discouraged private investment.
 - ECB left the Greek commercial banks with no reserves.
 - Greece had no means to conduct both Fiscal and Monetary Policy.
 - Greece relied excessively on its tourism, which lost its momentum.
8. How could the Central Bank stabilize the interest rate after a round of Expansionary Fiscal Policy?
- By increasing G .
 - By increasing t .
 - By legislating regulation.
 - By increasing M_s .
9. Which of the following is accurate?
- A shock from the money market cannot be transmitted to the commodity market.
 - A shock from the commodity market cannot be transmitted to the money market.
 - A shock from the money market cannot be stabilized by the commodity market.
 - A shock from the commodity market cannot be stabilized by the money market.
10. In which of the following it is likely for deposits to determine loans for investment?
- When reserves are scarce.
 - When reserves are ample.
 - Both A and B.
 - None of the above.

Good afternoon! As we approach the end, I would like to share some valuable lessons that I have learned through expensive experiences. I am not sure if they will be of any use to you but... you never know. The order is random: (1) Cherish the moments and those around you before they become memories. People and moments sometimes leave us without notice. (2) If you choose to do something, do it well or don't do it at all. Life is too short to waste it in mediocre shit. (3) The only person you need to be competing with is your yesterday's self. (4) You cannot be a Gentleman or a Lady only 'sometimes' or only to 'some'. You either are or you are not and the choice is yours. (5) Giving your best matters more than winning. (6) If somebody makes your life difficult, they are either a jerk or maybe they care for you. In most cases, it's the former, but it's worth exploring to see if it's the latter. (7) The right path is always uphill. (8) Only a foolish person takes pride in something they did not contribute to achieving. (9) Only losers succeed always because they never take on difficult challenges. (10) The journey matters more than the destination but who you are traveling with matters even more. (11) Those who give you advice will not be there to share the cost if you fail. (12) If everyone around you gives you the same advice, listen to them. Then, try to prove them wrong. It is your life. Live it as you want. (13) If everyone around you tells you what you want to hear, start looking for some real friends. (14) If something can be counted (money, likes, views, sexual partners, cars, houses etc.) it doesn't have any real value. Kosmas