

1. One meter is _____ inches.
2. The current range set by the Fed for federal funds is _____ to _____.
3. CSU Stanislaus started in the year _____.
4. The velocity of money is measured as _____.

Answer four (4) of the following six (6) questions:

1. What is fiscal policy? What are the implications for fiscal policy with a balanced budget? Could deficits/surpluses be a problem? If so, how/when?
2. Define, explain, illustrate as appropriate: paradox of thrift, accelerator, full employment budget, balance of payments, and flexible U.S. fixed exchange rates.
3. If $Y = C + I$ $C = C_0 + aY$ $I = I_0 + bY$
What is Y where $C = 45 + .65Y$ and $I = 95 + .1Y$ What is the multiplier, what are the equilibrium levels of C , I , and S ?
4. Assume a machine costs \$5000 lasting four years with a return of \$1600 per year and costs of \$50, \$100, \$150 and \$200 in years 1-4. For evaluation assume an interest rate of 7%.
5. What is meant by the consumption function? What concepts does it reflect? How is the short-run vs. the long-run consumption function different? What do the following hypotheses reflect? Absolute income, relative income, permanent income and life cycle income.
6. If $Y = C + I + G + X - M$
 $C = C_0 + aY - T_0 - atY$
 $I = I_0 + bY$
 $M = M_0 + mY$
What are the values of the variables where $a = .85$, $b = .12$, $t = .2$, $C_0 = 30$, $T_0 = 40$, $I_0 = 84$, $G = 200$, $X = 100$ and $M_0 = 60$? What is the value of the multiplier