Chapter 4 - Sample Questions

1. Quantitative easing is most closely akin to:
   A) discount lending.
   B) open-market operations.
   C) fractional-reserve banking.
   D) capital requirements.

2. Money market mutual fund shares are included in:
   A) $M_1$ only.
   B) $M_2$ only.
   C) both $M_1$ and $M_2$.
   D) neither $M_1$ nor $M_2$.

3. To prevent banks from using excess reserves to make loans that would increase the money supply, the Federal Reserve could conduct open-market ______ and _____ the interest rate paid on bank reserves.
   A) purchases; raise
   B) purchases; lower
   C) sales; raise
   D) sales; lower

4. The minimum amount of owners' equity in a bank mandated by regulators is called a _____ requirement.
   A) reserve
   B) margin
   C) liquidity
   D) capital

5. If the ratio of reserves to deposits ($rr$) increases, while the ratio of currency to deposits ($cr$) is constant and the monetary base ($B$) is constant, then:
   A) it cannot be determined whether the money supply increases or decreases.
   B) the money supply increases.
   C) the money supply decreases.
   D) the money supply does not change.
6. In a 100-percent-reserve banking system, if a customer deposits $100 of currency into a bank, then the money supply:
   A) increases by $100.
   B) decreases by $100.
   C) increases by more than $100.
   D) remains the same.

7. If the monetary base equals $400 billion and the money multiplier equals 2, then the money supply equals:
   A) $200 billion.
   B) $400 billion.
   C) $800 billion.
   D) $1,000 billion.

8. Currency equals:
   A) $M_1$.
   B) the sum of funds in checking accounts.
   C) the sum of checking accounts and paper money.
   D) the sum of coins and paper money.

9. In the United States, monetary policy is controlled by:
   A) the President.
   B) the Congress.
   C) the Federal Reserve.
   D) the Treasury Department.

10. To increase the money supply, the Federal Reserve:
    A) buys government bonds.
    B) sells government bonds.
    C) buys corporate stocks.
    D) sells corporate stocks.

11. The currency–deposit ratio is determined by:
    A) the Federal Reserve.
    B) business policies of banks and the laws regulating banks.
    C) preferences of households about the form of money they wish to hold.
    D) the Federal Deposit Insurance Corporation (FDIC).
12. When the Fed decreases the interest rate paid on reserves, if the ratio of currency to deposits decreases also while the monetary base is constant, then:
   A) it cannot be determined whether the money supply increases or decreases.
   B) the money supply increases.
   C) the money supply decreases.
   D) the two changes exactly offset each other.

13. Money’s liquidity refers to the ease with which:
   A) coins can be melted down.
   B) illegally obtained money can be laundered.
   C) loans can be floated.
   D) money can be converted into goods and services.

14. If the monetary base fell and the currency–deposit ratio rose but the reserve–deposit ratio remained the same, then:
   A) the money supply would fall, but not by as much as it would have fallen if the reserve–deposit ratio had risen.
   B) the money supply would fall, but not by as much as it would have fallen if the reserve–deposit ratio had fallen.
   C) the money supply would fall more than it would have fallen if the reserve–deposit ratio had risen.
   D) it is impossible to be certain whether the money supply would fall or rise in this case.

15. To make a trade in a barter economy requires:
   A) currency.
   B) a check.
   C) scrip.
   D) a double coincidence of wants.

16. When the Fed makes an open-market sale, it:
   A) increases the money multiplier ($m$).
   B) increases the currency–deposit ratio ($cr$).
   C) increases the monetary base ($B$).
   D) decreases the monetary base ($B$).

17. Two ways for banks to borrow reserves from the Federal Reserve are through:
   A) the discount window and the Term Auction Facility.
   B) open-market operations and excess reserve swaps.
   C) decreasing the reserve–deposit ratio and decreasing the currency–deposit ratio.
   D) fractional-reserve banking and financial intermediation.
18. In prisoner of war camps during World War II, the “currency” used was:
   A) chocolates.
   B) cigarettes.
   C) gold.
   D) IOUs.

19. The difference between banks and other financial intermediaries is that only banks have the legal authority to:
   A) transfer funds from savers to borrowers.
   B) pay interest on debt obligations.
   C) manage portfolios of assets.
   D) create assets that are part of the money supply.

20. For borrowing from the discount window, the Fed sets the _____ of borrowing, compared to borrowing using the Term Auction Facility, where the Fed sets the _____ of borrowing.
   A) maximum quantity; minimum quantity
   B) minimum price; maximum price
   C) quantity; price
   D) price; quantity

21. Payment is deferred by using _______, but immediate access to funds occurs when using ______.
   A) currency; demand deposits
   B) credit cards; debit cards
   C) demand deposits; savings deposits
   D) debit cards; credit cards

22. Macroeconomists call assets used to make transactions:
   A) real income.
   B) nominal income.
   C) money.
   D) consumption.

23. People use money as a store of value when they:
   A) hold money to transfer purchasing power into the future.
   B) use money as a measure of economic transactions.
   C) use money to buy goods and services.
   D) hold money to gain power and esteem.
24. People use money as a medium of exchange when they:
   A) hold money to transfer purchasing power into the future.
   B) use money as a measure of economic transactions.
   C) use money to buy goods and services.
   D) hold money to gain power and esteem.

25. The Federal Reserve's tools to control the money supply include: open-market operations, the discount rate, and interest payments on reserves.
   a. How should each instrument be changed if the Fed wishes to decrease the money supply?
   b. Will the change affect the monetary base and/or the money multiplier?

26. As the U.S. economy approached the millennium, January 1, 2000, many people cautiously began to hold larger than normal quantities of currency as protection against a possible disruption of banking services that could result from computer glitches.
   a. How did this greater preference for currency affect the money supply?
   b. How could the Federal Reserve offset such an increase in currency preferences?

27. *All* of the following assets are included in *M1 except*:
   A) currency.
   B) demand deposits.
   C) traveler's checks.
   D) money market deposit accounts.

28. Economists use the term *money* to refer to:
   A) income.
   B) profits.
   C) assets used for transactions.
   D) earnings from labor.

29. The quantitative easing operations conducted by the Federal Reserve between 2007 and 2011 resulted in _____ increases in the monetary base and _____ increases in money supply.
   A) no; no
   B) large; larger
   C) large; smaller
   D) small; smaller
30. The use of borrowed funds to supplement existing funds for purposes of investment is called:
   A) arbitrage.
   B) leverage.
   C) convergence.
   D) intermediation.

31. An important factor in the evolution of commodity money to fiat money is:
   A) a desire to reduce transaction costs.
   B) a desire to increase transaction costs.
   C) the fact that gold is no longer highly valued.
   D) a desire to use gold for jewelry.

Use the following to answer question 32:

<table>
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<th>Bank Balance Sheet</th>
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<tbody>
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<td>Securities</td>
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</tbody>
</table>

32. (Table: Bank Balance Sheet) Based on the table, owners' equity will fall to zero if loan defaults reduce the value of total assets by _____ percent.
   A) 10
   B) 20
   C) 30
   D) 40

33. Assume that the monetary base ($B$) is $100 billion, the reserve–deposit ratio ($rr$) is 0.1, and the currency–deposit ratio ($cr$) is 0.1.
   a. What is the money supply?
   b. If $rr$ changes to 0.2, but $cr$ is 0.1 and $B$ is unchanged, what is the money supply?
   c. If $rr$ is 0.1 and $cr$ is 0.2, but $B$ is unchanged, what is the money supply?

34. The value of banks' owners' equity is called bank:
   A) deposits.
   B) reserves.
   C) capital.
   D) liquidity.
35. The quantity of money in the United States is essentially controlled by the:
   A) President of the United States.
   B) Department of the Treasury.
   C) Federal Reserve.
   D) system of commercial banks.

36. A macroeconomist threatens to call the Secret Service to have Mr. Biggy Rich arrested for counterfeiting because Mr. Rich claims he “makes a lot of money.”
   a. Carefully explain why the macroeconomist is making this threat based on the macroeconomic definition of money. Be sure to explain the macroeconomic functions of money.
   b. Suggest an alternative phrase that Mr. Rich can use that will not result in a charge of counterfeiting.

37. Construct a bank balance sheet with the following items: reserves, deposits, loans, securities, capital, and debt. Choose values so that the reserve–deposit ratio is 10 percent and the leverage ratio is 10. Give an example of a change in asset values that would push bank capital to zero. What happens when bank capital is gone?

38. If many banks fail, this is likely to:
   A) increase the ratio of currency to deposits.
   B) decrease the ratio of currency to deposits.
   C) have no effect on the ratio of currency to deposits.
   D) decrease the amount of currency in circulation, if the Fed takes no action.

39. Explain at least three factors that will affect the quantity of reserves that a bank wishes to hold.

40. When the Fed increases the discount rate, it:
   A) increases the reserve to deposit ratio (rr).
   B) decreases the reserve to deposit ratio (rr).
   C) is likely to increase the monetary base (B)
   D) is likely to decrease the monetary base (B).

41. In the United States, bank reserves consist of:
   A) currency and demand deposits.
   B) vault cash and deposits at the Federal Reserve.
   C) gold deposits at the Federal Reserve.
   D) the money supply.
Use the following to answer question 42:

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</tbody>
</table>

42. (Table: Bank Balance Sheet) Based on the table, what is the reserve ratio at the bank?
   A) 3 percent
   B) 5 percent
   C) 10 percent
   D) 15 percent

43. If the ratio of currency to deposits (cr) increases, while the ratio of reserves to deposits (rr) is constant and the monetary base (B) is constant, then:
   A) it cannot be determined whether the money supply increases or decreases.
   B) the money supply increases.
   C) the money supply decreases.
   D) the money supply does not change.

44. If currency held by the public equals $100 billion, reserves held by banks equal $50 billion, and bank deposits equal $500 billion, then the money supply equals:
   A) $100 billion.
   B) $150 billion.
   C) $600 billion.
   D) $650 billion.

45. In a fractional-reserve banking system, banks create money because:
   A) each dollar of reserves generates many dollars of demand deposits.
   B) banks have the legal authority to issue new currency.
   C) funds are transferred from households wishing to save to firms wishing to borrow.
   D) the wealth of the economy expands when borrowers undertake new debt obligations.

46. The interest rate charged on loans by the Federal Reserve to banks is called the:
   A) federal funds rate.
   B) prime rate.
   C) discount rate.
   D) Treasury bill rate.
47. If currency held by the public equals $100 billion, reserves held by banks equal $50 billion, and bank deposits equal $500 billion, then the monetary base equals:
   A) $50 billion.
   B) $100 billion.
   C) $150 billion.
   D) $600 billion.

48. The money supply will decrease if the:
   A) monetary base increases.
   B) currency–deposit ratio increases.
   C) discount rate decreases.
   D) reserve–deposit ratio decreases.

49. In 1932, the U.S. government imposed a two-cent tax on checks written on deposits in bank accounts. This action would be expected to ______ the currency–deposit ratio and ______ the money supply.
   A) increase; increase
   B) increase; decrease
   C) decrease; increase
   D) decrease; decrease

50. Liabilities of banks include:
   A) reserves.
   B) currency in the hands of the public.
   C) loans to customers.
   D) demand deposits.

51. Some economists have advocated replacing government deposit insurance with 100-percent-reserve banking. Under this plan, banks would hold all deposits as reserves. Deposit insurance would no longer be necessary, because banks would always have the reserves to meet customer withdrawals.
   a. What would happen to the money supply (defined as currency and bank deposits) in the transition from fractional-reserve to 100-percent-reserve, if this plan were implemented, holding other factors constant?
   b. What will be the value of the money multiplier?

52. In a system with 100-percent-reserve banking:
   A) all banks must hold reserves equal to 100 percent of their loans.
   B) no banks can make loans.
   C) the banking system completely controls the size of the money supply.
   D) no banks can accept deposits.
53. The money supply consists of:
   A) currency plus reserves.
   B) currency plus the monetary base.
   C) currency plus demand deposits.
   D) the monetary base plus demand deposits.

54. The amount of capital that banks are required to hold depends on the:
   A) amount of deposits held at a bank.
   B) riskiness of the bank's assets.
   C) reserve requirements set by the Fed.
   D) level of deposit insurance coverage.

55. Bank reserves equal:
   A) gold kept in bank vaults.
   B) gold kept at the central bank.
   C) currency plus demand deposits.
   D) deposits that banks have received but have not lent out.

56. If the currency–deposit ratio equals 0.5 and the reserve–deposit ratio equals 0.1, then the money multiplier equals:
   A) 0.6.
   B) 1.67.
   C) 2.0.
   D) 2.5.

57. If there is no currency and the proceeds of all loans are deposited somewhere in the banking system and if \( rr \) denotes the reserve–deposit ratio, then the total money supply is:
   A) reserves divided by \( rr \).
   B) \( 1/rr \).
   C) reserves times \( rr \).
   D) reserves divided by \( 1 – rr \).

58. Banks create money in:
   A) a 100-percent-reserve banking system but not in a fractional-reserve banking system.
   B) a fractional-reserve banking system but not in a 100-percent-reserve banking system.
   C) both a 100-percent-reserve banking system and a fractional-reserve banking system.
   D) neither a 100-percent-reserve banking system nor a fractional-reserve banking system.
59. The money supply will increase if the:
   A) currency–deposit ratio increases.
   B) reserve–deposit ratio increases.
   C) monetary base increases.
   D) discount rate increases.

60. If you hear in the news that the Federal Reserve conducted open-market purchases, then you should expect ______ to increase.
   A) reserve requirements
   B) the discount rate
   C) the money supply
   D) the reserve–deposit ratio

61. Credit cards:
   A) are part of the $M_1$ money supply.
   B) are part of the $M_2$ money supply.
   C) are part of both the $M_1$ and $M_2$ money supply.
   D) may affect the demand for money.

62. The use of fei as money on the island of Yap illustrates the idea of money as a social convention because:
   A) only fei physically in the possession of the owner is accepted in transactions.
   B) legal claim to a fei never seen by current generations was accepted in transactions.
   C) the central bank of Yap accepts fei in exchange for paper certificates.
   D) the government of Yap verifies the authenticity of fei used for transactions.

63. Demand deposits are funds held in:
   A) currency.
   B) certificates of deposit.
   C) checking accounts.
   D) money markets.

64. Money that has no value other than as money is called ______ money.
   A) fiat
   B) intrinsic
   C) commodity
   D) government
65. The monetary base consists of:
   A) currency held by the public, plus reserves held by banks.
   B) all outstanding currency, plus reserves held by banks.
   C) all outstanding currency, plus demand deposits.
   D) all bank reserves.

66. In a fractional-reserve banking system, banks create money when they:
   A) accept deposits.
   B) make loans.
   C) hold reserves.
   D) exchange currency for deposits.

67. If the reserve–deposit ratio is less than one, and the monetary base increases by $1
   million, then the money supply will:
   A) increase by $1 million.
   B) decrease by $1 million.
   C) increase by more than $1 million.
   D) decrease by more than $1 million.

68. All of the following are considered major functions of money except as a:
   A) medium of exchange.
   B) way to display wealth.
   C) unit of account.
   D) store of value.

Use the following to answer question 69:

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69. (Table: Bank Balance Sheet) Based on the table, what is the leverage ratio at the bank?
   A) 3
   B) 4.67
   C) 5
   D) 10
70. In a 100-percent-reserve banking system, banks:
   A) can increase the money supply.
   B) can decrease the money supply.
   C) can either increase or decrease the money supply.
   D) cannot affect the money supply.

71. If the Federal Reserve wishes to increase the money supply, it should:
   A) decrease the discount rate.
   B) increase interest paid on reserves.
   C) sell government bonds.
   D) decrease the monetary base.

72. Why does the Federal Reserve not have complete control over the size of the money supply? Give at least two reasons.

73. The banking system creates:
   A) liquidity.
   B) wealth.
   C) reserves.
   D) currency.

74. Between August 1929 and March 1933, the money supply fell 28 percent. At that time the monetary base ______ and the currency–deposit and reserve–deposit ratios both ______.
   A) fell; fell
   B) fell; rose
   C) rose; fell
   D) rose; rose

75. When the Fed increases the interest rate paid on reserves, it:
   A) increases the reserve–deposit ratio ($rr$).
   B) decreases the reserve–deposit ratio ($rr$).
   C) increases the monetary base ($B$).
   D) decreases the monetary base ($B$).
76. In the United States, the money supply is determined:
   A) only by the Fed.
   B) only by the behavior of individuals who hold money and of banks in which money is held.
   C) jointly by the Fed and by the behavior of individuals who hold money and of banks in which money is held.
   D) according to a constant-growth-rate rule.

77. If the monetary base is denoted by $B$, $rr$ is the ratio of reserves to deposits, and $cr$ is the ratio of currency to deposits, then the money supply is equal to ______ divided by ______ multiplied by $B$.
   A) $(rr + 1); (rr + cr)$
   B) $(cr + 1); (cr + rr)$
   C) $(rr + cr); (rr + 1)$
   D) $(rr + cr); (cr + 1)$

78. In a system with fractional-reserve banking:
   A) all banks must hold reserves equal to a fraction of their loans.
   B) no banks can make loans.
   C) the banking system completely controls the size of the money supply.
   D) all banks must hold reserves equal to a fraction of their deposits.

79. To increase the monetary base, the Fed can:
   A) conduct open-market purchases.
   B) conduct open-market sales.
   C) raise the interest rate paid on reserves.
   D) lower the required reserve ratio.

80. When the Fed decreases the interest rate paid on reserves, it:
   A) increases the reserve–deposit ratio ($rr$).
   B) decreases the reserve–deposit ratio ($rr$).
   C) increases the monetary base ($B$).
   D) decreases the monetary base ($B$).

81. The central bank in the United States is the:
   A) Bank of America.
   B) U.S. Treasury.
   C) U.S. National Bank.
   D) Federal Reserve.
82. People use money as a unit of account when they:
   A) hold money to transfer purchasing power into the future.
   B) use money as a measure of economic transactions.
   C) use money to buy goods and services.
   D) hold money to gain power and esteem.

83. The preferences of households determine the:
   A) reserve–deposit ratio.
   B) currency–deposit ratio.
   C) size of the monetary base.
   D) loan–deposit ratio.

84. Compared to typical open-market operations, when pursuing quantitative easing, Federal Reserve purchases tended to be _____ securities.
   A) safer and shorter-term
   B) tax-favored and foreign
   C) smaller-denomination and higher-grade
   D) riskier and longer-term

85. When banks borrow through the Term Auction Facility, the price of borrowing is determined by:
   A) the Federal Reserve.
   B) a competitive bidding process.
   C) the difference between the discount rate and the interest rate on three-month Treasury securities.
   D) open-market operations.

86. Credit card balances are included in:
   A) $M_1$ only.
   B) $M_2$ only.
   C) both $M_1$ and $M_2$.
   D) neither $M_1$ nor $M_2$.

87. The quantitative easing policy conducted by the Federal Reserve between 2007 and 2011 resulted in a large increase in the monetary base that was partially offset by:
   A) a significant increase in the reserve–deposit ratio.
   B) a significant decrease in the reserve–deposit ratio.
   C) open-market purchases.
   D) open-market sales.
88. Financial intermediation is the process of:
   A) settling disputes between borrowers and lenders.
   B) advising corporations on whether to expand using debt or equity.
   C) transferring funds from savers to borrowers.
   D) converting from a barter economy to a money economy.

89. The ratio of the money supply to the monetary base is called:
   A) the currency–deposit ratio.
   B) the reserve–deposit ratio.
   C) high-powered money.
   D) the money multiplier.

90. As the 2008–2009 financial crisis unfolded, one major U.S. bank had a leverage ratio of 54. In Canada regulators put a ceiling on bank leverage ratios of 20. Compare the change in asset values that would push the capital in the U.S. bank to zero with the change required to eliminate capital in a Canadian bank at the ceiling-leverage ratio. What is the implication of the differences in maximum leverage ratios for the stability of the banking system?

91. Checking account balances that are linked to debit cards are included in:
   A) $M_1$.
   B) $M_2$ only.
   C) both $M_1$ and $M_2$.
   D) neither $M_1$ nor $M_2$.

92. The size of monetary base is determined by:
   A) the Federal Reserve.
   B) the Federal Reserve and banks.
   C) preferences of households about the form of money they wish to hold.
   D) business policies of banks and the laws regulating banks.

93. Assets of banks include:
   A) money market mutual funds.
   B) currency in the hands of the public.
   C) loans to customers.
   D) demand deposits.
94. In a country on a gold standard, the quantity of money is determined by the:
   A) government.
   B) central bank.
   C) amount of gold.
   D) buying and selling of government securities.

95. The more funds that the Federal Reserve makes available for banks to borrow through
   the Term Auction Facility, the ______ the monetary base and the ______ the money
   supply.
   A) smaller; smaller
   B) smaller; greater
   C) greater; greater
   D) greater; smaller

96. The reserve–deposit ratio is determined by:
   A) the Federal Reserve.
   B) business policies of banks and the laws regulating banks.
   C) preferences of households about the form of money they wish to hold.
   D) the Federal Deposit Insurance Corporation (FDIC).

97. Open-market operations change the ______; changes in interest rate paid on reserves
   change the ______; and changes in the discount rate change the ______.
   A) monetary base; monetary base; monetary base
   B) money multiplier; money multiplier; money multiplier
   C) monetary base; money multiplier; monetary base
   D) money multiplier; monetary base; money multiplier

98. High-powered money is another name for:
   A) currency.
   B) demand deposits.
   C) the monetary base.
   D) $M_2$.

99. If the Federal Reserve increases the interest rate paid on reserves, banks will tend to hold
   ______ excess reserves, which will ______ the money multiplier.
   A) more; increase
   B) more; decrease
   C) fewer; increase
   D) fewer; decrease
100. The most frequently used tool of monetary policy is:
   A) open-market operations.
   B) changes in the discount rate.
   C) changes in reserve requirements.
   D) changes in interest rate paid on reserves
Answer Key

1. B
2. B
3. C
4. D
5. C
6. D
7. C
8. D
9. C
10. A
11. C
12. B
13. D
14. A
15. D
16. D
17. A
18. B
19. D
20. D
21. B
22. C
23. A
24. C
25. a. The Fed would conduct open-market sales, raise the discount rate, and raise interest paid on reserves.
   b. Open-market operations and discount rate changes affect the monetary base. Changing interest payments on reserves alters the money multiplier.

26. a. The greater preference for currency increased the currency–deposit ratio, which reduced the money multiplier and reduced the money supply for a given monetary base.
   b. The Fed could engage in open-market purchases to increase the monetary base to offset the decline in the money multiplier. (Reducing the discount rate and reducing reserve requirements could theoretically achieve the same outcome but are not as practical).

27. D
28. C
29. C
30. B
31. A
32. B
33. a. The money supply is $550 billion.
   b. The money supply is $366.67 billion.
   c. The money supply is $400 billion.

34. C
35. C

36. a. Money consists of the assets used to make transactions. Money serves as a store of value, unit of account, and medium of exchange. In most fiat money economies, the government maintains a monopoly over the supply of money. If Mr. Rich is “making money,” i.e., increasing the supply of money, this is counterfeiting and is illegal.
   b. Mr. Rich could say he “earns a large income,” or “is very wealthy,” or “has a lot of money,” or “makes big profits.”

37. Many values are possible in the balance sheet, but (1) assets should equal liabilities and net worth, (2) items should be correctly categorized as assets or liabilities, (3) the ratio of reserves to deposits should be 10 percent, and (4) the ratio of assets to capital should be 10, as in the example below. If asset values fall by 10 percent of total assets (for example, if loans fall from 100,000 to 85,000 in the example below), then capital equals zero. When capital is exhausted, the bank will not have sufficient resources to pay off depositors or debt holders if there is a further decline in asset values.

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38. A
39. Banks' demand for reserves will be affected by: (1) legal reserve requirements, (2) the size and regularity of customer deposits and withdrawals, (3) the interest rate paid on reserves relative to alternative bank investments, and (4) the number of bank failures and level of uncertainty in the economy.

40. D
41. B
42. C
43. C
44. C
45. A
46. C
47. C
48. B
49. B
50. D

51. a. In the process of moving from fractional-reserve to 100-percent-reserve banking, the money supply would have to contract if the monetary base remained unchanged. Deposits will have to contract to equal the quantity of reserves.
   
b. The money multiplier equals $M = \frac{(1 + cr)}{(1 + cr)}$. 

52. B
For a given monetary base, controlled by the Federal Reserve, the money supply also depends on: (1) the amount of currency the public chooses to hold relative to deposits, and (2) the amount of reserves that banks choose to hold relative to deposits. Therefore, actions of both the public and banks influence the size of the money supply in addition to the actions of the Fed.

With a leverage ratio of 54, a 1.85 percent fall in asset values wipes out capital, while with a leverage ratio of 20, a 5 percent fall in asset values wipes out capital. The higher leverage ratio of the U.S. bank makes it much more susceptible to losing capital and being unable to pay off depositors. The higher leverage ratio puts the U.S. system at greater risk for bank runs, bank failures, and greater instability.
91. C
92. A
93. C
94. C
95. C
96. B
97. C
98. C
99. B
100. A