

Fiscal and Financial System in Japan A / International Finance

Quiz # 4

December 13, 2013

ID		Name	
----	--	------	--

1. A yen's depreciation against the dollar
 - (a) increases net US demand for Japan's output
 - (b) decreases net US demand for Japan's output
 - (c) never affects net US demand for Japan's output
 - (d) has an ambiguous effect on net US demand for Japan's output

Answer (a)

2. In general, aggregate demand for domestic output rises
 - (a) by the same amount as income rises.
 - (b) by more than income.
 - (c) by less than income.
 - (d) None of the above.

Answer (c)

3. An increase in income
 - (a) improves the current account.
 - (b) does not affect the current account.
 - (c) worsens the current account.
 - (d) has an ambiguous impact on the current account.

Answer (c)

4. A fall in the yen/dollar exchange rate
 - (a) raises aggregate demand for Japanese goods and raises Japan's output.
 - (b) raises aggregate demand for Japanese goods and lowers Japan's output.
 - (c) raises aggregate demand for Japanese goods and does not affect Japan's output.
 - (d) lowers aggregate demand for Japanese goods and raises Japan's output.
 - (e) lowers aggregate demand for Japanese goods and lowers Japan's output.

Answer (e)