

1. Which sentence is not false?

- (a) All the monetary aggregates are created by the central bank.
- (b) In the money multiplier model, **M1** is not the product of the monetary base and the money multiplier.
- (c) The monetary base is the money stock minus the money multiplier.
- (d) None of the above sentences is true.

2. The money multiplier remains constant if

- (a) the liquidity ratio duplicates and the reserve ratio diminishes by 50%.
- (b) the reserve ratio duplicates and the liquidity ratio diminishes by 50%.
- (c) the monetary base duplicates and the money stock diminishes by 50%.
- (d) None of the above

3. The only role of the central bank in the money creation process is to

- (a) accept deposits from households and firms.
- (b) establish the liquidity ratio.
- (c) make loans to firms, but only to those firms having profits.
- (d) None of the above

4. The money multiplier process is actually a process in which

- (a) the central bank continuously increases the amount of cash held by the public.
- (b) the amount of bank deposits continuously decreases.
- (c) the liquidity ratio converges to the reserve ratio.
- (d) None of the above

5. Financial assets are exclusively created by

- (a) the government.
- (b) the central bank.
- (c) the private sector (and, in that sector, mainly firms).
- (d) None of the above



Every question has a unique correct answer
 You can provide one or two answers in the table below
 Write your answers in minuscule

No answer: +0 · Only one answer: if correct, +1; if incorrect, -1/3.
Two answers: if one correct, +1/2; if none correct, -1/2.

1	2	3	4	5

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