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Examination questions: Economics, Saturday Afternoon, November 21, 1931

Michigan Board of Accountancy

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Recommended Citation

Michigan Board of Accountancy, "Examination questions: Economics, Saturday Afternoon, November 21, 1931" (1931). *State Publications*. 134.

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MICHIGAN BOARD OF ACCOUNTANCY

EXAMINATION QUESTIONS

Economics

SATURDAY AFTERNOON, NOVEMBER 21, 1931

Question 1:

Define economics, utility, income.

Question 2:

Bye in PRINCIPALS OF ECONOMICS says: "Universal as is competition in economic life, cooperation is equally prevalent and just as fundamental. This may seem paradoxical but it is none the less true. In fact, cooperation arises out of competition." Illustrate and explain.

Question 3:

Outline the basis of Russia's Five-Year Plan and indicate the successes and failures which it is meeting.

Question 4:

List the risks in modern industry (a) of the management, (b) of the capitalist, (c) of the laborer. How may the various risks be met?

Question 5:

Frank H. Simonds in his Sunday letter for October 18th, said, "War debts and reparations are both dead. The attempt to renew the process of payments by which the United States lent money to the Germans, who paid it to the Allies, who paid it to us, is not to be renewed. We have \$3,000,000,000.00 tied up in frozen credits in Germany now and the British about half as much. If Germany goes in for a Fascist dictatorship, we shall never get a penny back and neither will the British." Would you favor a cancellation of these claims based on a disarmament agreement? Give reasons.

Question 6:

Explain the theory of business cycles.

Question 7:

Explain the influence of standards of living upon the non-competing groups.

Question 8:

Mark Sullivan in his Sunday letter of October 18th, referring to a recent newspaper headline said, "What was \$1.00 five years ago (in

purchasing power of food or wheat or copper or any other commodity) is now \$1.64." Illustrating this as it affects the wheat farmer who borrowed money five years ago, he said, "The debtor finds his burden tripled; the creditor, on the other hand, finds his wealth tripled." Referring to the usual argument of the political demagogue that all debtors are in one group and all creditors belong to another group he said, "That is not true. The great majority of us are in both classes." He also referred to another false political claim recently enunciated by a U. S. Senator that "The boosting of the value of the dollars is undoubtedly a concerted effort to make it more difficult for debtors. Explain your ideas on these points.

Question 9:

Explain the plan and the expected value of the National Credit Corporation.

Question 10:

President Hoover, in a letter addressed to The American Society of Certified Public Accountants, through its president, in connection with the recent annual meeting, said, "Certified public accountants are close students of economic problems relating to business and their application to the affairs of their clients. It is possible that through you some suggestion may come that would be of assistance in mitigating the effects of the present depression * * *." What suggestions would you make if called into a conference for the purpose of discussing efforts that should be made not only to mitigate the present situation but to prevent its recurrence?