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Examination Questions: Economics, Saturday Afternoon, May 21, 1932

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MICHIGAN BOARD OF ACCOUNTANCY

EXAMINATION QUESTIONS

Economics

SATURDAY AFTERNOON, MAY 21, 1932

Question 1. Much has been and is now being written about the ill effects of short sales. Explain the difference in economic results between short sales and regular margin purchases as distinguished from outright purchases.

Question 2. One of the propositions before Congress is to cash the soldier bonus claims by means of issuing in the neighborhood of \$2,000,000,000 of paper promises of the Government in the form of money. What would be the economic effects of such a procedure?

Question 3. Melvin A. Traylor, President of the First National Bank of Chicago, brought out in a recent address the fact that at the present time the total governmental tax levies require the payment of the income from one full day's work a week on the part of every man, woman and child in the United States. The public payroll has grown within a few years from one in every twenty-two people to one in every eleven. If you were a member of Congress or a member of the Legislature or a member of the Common Council, how would you suggest that this governmental load could and should be lessened?

Question 4. What are the factors affecting the market value of securities?

Question 5. There are two theories as to how business may be best restored. One is based on the theory that governments (national, State or local) should set an example by spending more on public works, even to the extent of borrowing and thus increasing the public debt. The other is based on the theory that governments should set an example by reducing their present expenditures in order that the tax burden should be lessened. Give your views both pro and con on either of these two theories (not on both).

Question 6. Explain the economic differences resulting from wage scale cuts, part time work schedules at present rates or compulsory furloughs without pay.

Question 7. During the recent and not fully completed warlike exchanges between China and Japan a considerable number of prominent per-

sons recommended that the United States boycott Japanese goods as a means of expressing its antagonism to Japan's policy. Explain why you would have favored or opposed that suggestion.

Question 8. Define inflation, rent, profits, legal tender, distribution.

Question 9. Distinguish between luxuries and necessities, stocks and bonds, patents and copyrights, checks and money, partnerships and corporations.

Question 10. Name, without explaining, what you believe to be the factors which in the first instance caused the present industrial break and in a second group name the factors which have tended to retard a return to a more nearly balanced economic condition.

