

Name_____Answer Key_____

Balance of Payments (BOP) Assessment Worksheet

1. In 2000, net exports were -375.7, net investment income was -14.9 and net transfers were -54.1. What was the balance of the Current Account? _____ [-444.7. -375.7-14.9-54.1 = -444.7.]

[2] In 2001, exports for the United States was 720.8 billion and imports were -1,147.4 billion. How much is net exports? _____ [-426.6 = 720.8-1,147.4.]

[3] In 1980, the United States had net exports of -19.4 billion, investment income of 30.1 billion and transfer payments of -8.2 billion. Did the U. S. have a Current Account surplus or deficit? [*The U. S. had a Current Account surplus of 2.4 billion.*]

[4] Circle one: If a country is running a Current Account deficit, the Capital Account must be a (deficit/surplus). [*Surplus*]

[5] If Alpha buys stock in a corporation in Omega, which account, Current or Capital, would the transaction be recorded? [*Capital. Note: Since it increases the holdings of a foreign country's assets, there would be a transaction recorded for both countries.*]

[6] When Alpha imports cheese from Omega, how is the transaction recorded for Alpha. Is it a debit or a credit? [*Debit*]

[7] If Omega has a Current Account surplus of \$100, Omega's Capital account must equal _____? [*-\$100*]

[8] How is the trade balance calculated?_____ [*Exports - Imports*]

[9] Circle the answer that completes the statement: Some residents of Alpha send money to charities in Omega. This transaction would be recorded as a debit to transfers (to the world/from the world). [*To the world*]

[10] TRUE or FALSE. Alpha has an underground market in illegal drugs. Because these activities are not reported on the balance of payments, the current and capital account would not balance. [*FALSE*]