

English Section
Macroeconomics
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Time: 120 Minutes

MODEL C

Level: First Year
Code: ECON102
Total Marks: 70
Total Pages: 4

Answer the following questions (MCQ)

1. If there is a trade deficit, then

- a. saving is greater than domestic investment and $Y > C + I + G$.
- b. saving is greater than domestic investment and $Y < C + I + G$.
- c. saving is less than domestic investment and $Y > C + I + G$.
- d. saving is less than domestic investment and $Y < C + I + G$.

2. When the yen gets "stronger" relative to the dollar,

- a. the U.S. trade deficit with Japan will rise.
- b. the U.S. trade deficit with Japan will fall.
- c. the U.S. trade deficit with Japan will be unchanged.
- d. None of the above necessarily happens .

3. If the U.S. real exchange rate appreciates, U.S. exports to Europe

- a. and European exports to the U.S. both rise.
- b. and European exports to the U.S. both fall.
- c. rise, and European exports to the U.S. fall.
- d. fall, and European exports to the U.S. rise.

4. When a union raises the wage above the equilibrium level, it reduces the quantity of labor supplied and raises the quantity of labor demanded, resulting in unemployment.

5. The labor-force participation rate is the percentage of the adult population that is either employed or unemployed.

6. The adult population must equal the sum of employed and unemployed.

7. An economy's natural rate of unemployment refers to the amount of unemployment that the economy normally experiences .

8. Cyclical unemployment refers to the year-to-year fluctuations in unemployment around its natural rate .

9. The natural rate of unemployment is closely associated with the short-run ups and downs of economic activity.

10. The natural rate of unemployment is the desirable rate of unemployment for an economy.

11. Which of the following equations is always correct in an open economy?

- a. $I = Y - C$
- b. $I = S$
- c. $I = S - NCO$
- d. $I = S + NX$

12. If a country has $Y > C + I + G$, then it has

- a. positive net capital outflow and positive net exports.
- b. positive net capital outflow and negative net exports.
- c. negative net capital outflow and positive net exports.
- d. negative net capital outflow and negative net exports.

13. The country of Sylvania has a GDP of \$900, investment of \$200, government purchases of \$200, and net capital outflow of -\$100. What is consumption?

- a. \$700
- b. \$600
- c. \$500
- d. \$300

14. In open economy, gross domestic product equals \$1,950 billion ,government expenditure equals \$280 billion, investment equals \$500, and net capital outflow equals \$280 billion. What is consumption expenditure?

- a. \$280 billion
- b. \$780 billion
- c. \$890 billion
- d. \$1,170 billion

15. The price level rises if either

- a. money demand shifts rightward or money supply shifts leftward; this rise in the price level is associated with a rise in the value of money.
- b. money demand shifts rightward or money supply shifts leftward; this rise in the price level is associated with a fall in the value of money.
- c. money demand shifts leftward or money supply shifts rightward; this rise in the price level is associated with a fall in the value of money.
- d. money demand shifts leftward or money supply shifts rightward; this rise in the price level is associated with a rise in the value of money.

MODEL C

16. Economists agree that

- a. neither high inflation nor moderate inflation is very costly.
- b. both high and moderate inflation are quite costly.
- c. high inflation is costly, but they disagree about costs of moderate inflation.
- d. moderate inflation is as costly as high inflation.

Table1: The table below contains data for Damietta for the year 2021.

Household purchases of durable goods	\$1293
Household purchases of nondurable goods	\$1717
Household purchases of services	\$301
Household purchases of new housing	\$704
Purchases of capital equipment	\$310
Inventory changes	\$374
Purchases of new structures	\$611
Depreciation	\$117
Salaries of government workers	\$1422
Government expenditures on public works	\$553
Transfer payments	\$777
Foreign purchases of domestically produced goods	\$88
Domestic purchases of foreign goods	\$120

17. Refer to Table 1. What was Damietta's GDP in 2021?

- a. \$6359
- b. \$7136
- c. \$7253
- d. \$8147

18. Refer to Table 1. What was Damietta's consumption in 2021?

- a. \$2018
- b. \$3010
- c. \$3311
- d. \$4015

19. Refer to Table 1. What was Damietta's investment in 2021?

- a. \$1178
- b. \$1295
- c. \$1882
- d. \$1999

20. Refer to Table1. What were Damietta's government purchases in 2021?

- a. \$553
- b. \$1198
- c. \$1975
- d. \$2752

21. Refer to Table1. What were Damietta's exports in 2021?

- a. -\$32
- b. \$32
- c. \$88
- d. \$120

22. Refer to Table1. What were Damietta's imports in 2021?

- a. -\$32
- b. \$32
- c. \$88
- d. \$120

23. Refer to Table1. What were Damietta's net exports in 2021?

- a. -\$32
- b. \$32
- c. \$88
- d. \$120

24. When an Egyptian firm purchases a cement mixer from Slovakia,

- a. Egyptian investment does not change, Egyptian net exports decrease, Egyptian GDP decreases, Slovakian net exports increase, and Slovakian GDP increases.
- b. Egyptian investment increases, Egyptian net exports decrease, Egyptian GDP is unaffected, Slovakian net exports increase, and Slovakian GDP increases.
- c. Egyptian investment decreases, Egyptian net exports increase, Egyptian GDP is unaffected, Slovakian net exports decrease, and Slovakian GDP decreases.
- d. Egyptian investment increases, Egyptian net exports do not change, Egyptian GDP increases, Slovakian net exports do not change, and Slovakian GDP is unaffected.

25. The U.S. Air Force pays a Turkish citizen \$30,000 to work on a U.S. base in Turkey. As a result,

- a. U.S. government purchases increase \$30,000; U.S. net exports decrease \$30,000, and U.S. GDP is unaffected.
- b. U.S. government purchases increase \$30,000; U.S. net exports are unaffected; and U.S. GDP increases \$30,000.
- c. U.S. government purchases, net exports, and GDP are unaffected.
- d. U.S. government purchases are unaffected; U.S. net exports decrease \$30,000; and U.S. GDP decreases \$30,000

26. An American receives a Social Security check for \$500, which he uses to purchase a \$480 television made in Japan by a Japanese firm and a \$20 dinner at a local restaurant. As a result, U.S. GDP

- a. does not change.
- b. increases by \$20.
- c. increases by \$520.
- d. increases by \$1000.

27. An American soldier stationed in California receives a paycheck from the federal government for \$500, which she uses to purchase a \$300 stereo made in Korea by a Korean firm and \$200 worth of groceries produced in California. As a result, U.S. GDP increases by

- a. \$200.
- b. \$500.
- c. \$700.
- d. \$1000.

28. If nominal GDP is \$8 trillion & real GDP is \$10 trillion, then the GDP deflator is

- a. 80, this indicates that the price level has decreased by 20 % since the base year.
- b. 80, and this indicates that price level increased by 80 % since base year.

MODEL C

c. 125, and this indicates that the price level has increased by 25 % since the base year.

d. 125, and this indicates that the price level has increased by 125 % since the base year.

29. The information below was reported by the World Bank. On the basis of this information, which list below contains the correct ordering of GDP per person from highest to lowest?

Country	Nominal GDP in 2000	Population in 2000
Japan	\$4,800,000 million	127 million
Switzerland	\$240,000 million	7.2 million
United States	\$9,800,000 million	280 million

a. Japan, Switzerland, United States

b. Japan, United States, Switzerland

c. Switzerland, United States, Japan

d. United States, Japan, Switzerland

30. Which of the following items is included in GDP?

a. the sale of stocks and bonds

b. the sale of used goods

c. the sale of services such as those performed by a doctor

d. All of the above are included in GDP

Table 2 contains data for Mansura, which produces only waffles and pancakes. The base year is 2016.

Year	Price of Waffles	Quantity of Waffles	Price of Pancakes	Quantity of Pancakes
2015	\$2	100	\$1	100
2016	\$2	120	\$2	150
2017	\$3	150	\$3	200
2018	\$4	180	\$3	220

31. Refer to Table 2. In 2015, Mansura's nominal GDP was

a. 300

b. 390\$

c. 400\$

d. 540\$

32. Refer to Table 2. In 2016, Mansura's nominal GDP was

a. 100\$

b. 390\$

c. 400\$

d. 540\$

33. Refer to Table 2. In 2015, Mansura's real GDP was

a. 300\$

b. 390\$

c. 400\$

d. 540\$

34. Refer to Table 2. In 2016, Mansura's real GDP was

a. 100\$

b. 390\$

c. 400\$

d. 540\$

35. Refer to Table 2. In 2017, Mansura's real GDP was

a. 540\$

b. 700\$

c. 810\$

d. 1050\$

36. Refer to Table 2. In 2018, Mansura's real GDP was

a. 540\$

b. 800\$

c. 930\$

d. 1380\$

37. Refer to Table 2. In 2015, Mansura's GDP deflator was

a. 75

b. 100

c. 133.3

d. This cannot be calculated from the information given.

38. Refer to Table 2. In 2016, Mansura's GDP deflator was

a. 1

b. 100

c. 138.5

d. 540

39. Refer to Table 2. In 2017, Mansura's GDP deflator was

a. 66.7

b. 100

c. 129.6

d. 150

40. Refer to Table 2. In 2018, Mansura's GDP deflator was

a. 58.0

b. 100

c. 148.1

d. 172.5

41. Refer to Table 2. From 2017 to 2018, Mansura's real output grew

a. %14.3

b. %31.4

c. %48.1

d. %155.6

42. Refer to Table 2. Mansura's inflation rate from 2015 to 2016 was

a. -25%.

b. %25

c. %33.3

d. %100

43. Refer to Table 2. Mansura's inflation rate from 2017 to 2018 was

a. %15

b. %22.5

c. %3.3

d. %72.5

44. According to quantity equation, if $P=4$ and $Y=450$, then which pairs of values are possible?

a. $M = 800$, $V = 4$

b. $M = 600$, $V = 3$

c. $M = 400$, $V = 2$

d. $M = 200$, $V = 1$

45. According to the quantity equation, if $P = 1.5$, $Y = 6,000$, $M = 4,000$, then $V =$

a. 2.25.

b. 3.00.

c. 6.50.

d. None of the above is correct.

46. Wealth is redistributed from creditors to debtors when inflation is expected to be

a. high and it turns out to be high.

b. low and it turns out to be low.

c. low and it turns out to be high.

d. high and it turns out to be low.

MODEL C

47. High and unexpected inflation entails a greater cost

- a. for those who borrow than for those who save.
- b. for those who hold a little money than for those who hold a lot of money.
- c. for those whose wages increase by as much as inflation, than for those who are paid a fixed nominal wage
- d. for savers in high income tax brackets than for savers in low-income tax brackets.

48. Higher inflation makes relative prices

- a. more variable, making it more likely that resources will be allocated to their best use.
- b. more variable, making it less likely that resources will be allocated to their best use.
- c. less variable, making it more likely that resources will be allocated to their best use.
- d. less variable, making it less likely that resources will be allocated to their best use.

49. The supply of money increases when

- a. the value of money increases.
- b. the interest rate increases.
- c. the Fed makes open-market purchases.
- d. None of the above is correct

50 .Money demand refers to

- a. how much wealth people want to hold in liquid form.
- b. the total quantity of financial assets that people want to hold.
- c. how much income people want to earn per year.
- d. how much currency the Federal Reserve decides to print.

**Last Page
Best Wishes**

Dr. Ibrahim Elatroush