



**PEPERIKSAAN AKHIR SESI 2017/DIS(2)
FINAL EXAMINATION SESSION 2017/DEC(2)**

NAMA KURSUS (COURSE NAME)	:	MACROECONOMICS
KOD KURSUS (COURSE CODE)	:	MXE023
PROGRAM (PROGRAMME)	:	FOUNDATION IN MANAGEMENT
TEMPOH (DURATION)	:	3 HOURS
PENSYARAH (LECTURER)	:	NUR FARHANA BINTI MAT DALI

ARAHAN (INSTRUCTIONS) :

1. Kertas soalan ini mengandungi **12** helaian bercetak termasuk muka hadapan.
*This question paper consists of **12** printed pages including the cover page.*
2. Calon dikehendaki menjawab **SEMUA** soalan Bahagian A di **borang OMR** dan Bahagian B dan C di dalam **BUKU JAWAPAN** yang disediakan.
*Candidates are required to answer **ALL** questions for Part A at **OMR form** and Part B and C in the **ANSWER BOOKLET** provided.*
3. Pada akhir peperiksaan, serahkan buku jawapan.
At the end of the examination, please submit the answer booklet.
4. Pastikan anda menulis nama, ID pelajar, nombor kad pengenalan dan kumpulan pada kertas soalan.
Please write down your name, student ID, IC number, and group on the question paper.

NO. MATRIK :
MATRIC NUMBER

KUMPULAN: _____
GROUP

(Dengan angka/ In numeric)

NO. KAD PENGENALAN :
I/C @ PASSPORT NUMBER

NAMA PELAJAR: _____
STUDENT'S NAME

**JANGAN BUKA BUKU SOALAN INI SEHINGGA DIBERITAHU
DO NOT OPEN THIS BOOKLET UNTIL INSTRUCTED**

SECTION A: MULTIPLE CHOICE QUESTIONS (50 MARKS)

INSTRUCTION: There are **FIFTY (50)** questions in this section. Answer **ALL** questions in the **OMR** sheet provided.

1. Macroeconomics is a study of _____.
 - A. the behavior of individual firms
 - B. the entire economy
 - C. general price levels
 - D. government units

2. Which of the following issues will a macroeconomist focus on?
 - A. The price of pizza.
 - B. The profits of AirAsia Bhd.
 - C. The market for Proton Saga.
 - D. The unemployment rate in Malaysia.

3. The equilibrium price and level of real domestic output occur when _____.
 - A. the aggregate demand and supply curves intersect
 - B. real domestic output is at its maximum level
 - C. there is full employment
 - D. exports equal imports

4. A two-sector economy is called a(an) _____.
 - A. injection
 - B. open economy
 - C. simple economy
 - D. closed economy

5. The following are macroeconomics objectives, **except**;
 - A. Price stability
 - B. Full employment
 - C. High economic growth
 - D. Unjust distribution of income

6. Macroeconomics theory studies all of the following, except how to determine _____.
- A. international trade activities
 - B. the equilibrium income in an economy
 - C. the unemployment and inflation rates
 - D. the types and quantities of goods to produce
7. Government policies regarding taxes and expenditures are called _____.
- A. fiscal policies
 - B. growth policies
 - C. monetary policies
 - D. supply side policies
8. Which of the following is the formula to calculate GNP, based on the expenditure approach?
- A. $GNP = C + I + G + x + M$
 - B. $GNP = C + I + G + M - x$
 - C. $GNP = C + I + G + (X + M)$
 - D. $GNP = C + I + G - (M - X)$
9. All of the following are related to an economic investment, **except**;
- A. The purchase of computers by Adie's internet café.
 - B. The purchase of buses by a transport company.
 - C. The piling up of inventories on a grocer's shelf.
 - D. The purchase of Astro shares by an investor.
10. Each of the following items is a component of the expenditure approach, **except**;
- A. Personal consumption expenditure.
 - B. Government expenditure.
 - C. Net interest.
 - D. Imports.

Answer Questions 11 – 13 based on the following table.

Years	Nominal GDP	Price Index	Real GDP
2010	1,100	100	(i)
2011	(ii)	110	1,250
2012	1,560	120	1,300

11. The value of (i) is _____.
- A. RM1,100
 - B. RM1,250
 - C. RM1, 500
 - D. None of the above.
12. The value of (ii) is _____.
- A. RM1,250
 - B. RM1,375
 - C. RM1,500
 - D. None of the above.
13. The growth rate from year 2010 to year 2011 is _____.
- A. 10%
 - B. 15%
 - C. 20%
 - D. 25%
14. Which of the following is a transfer payment?
- A. A firm pays the moving expenses for a transferred employee.
 - B. A student receives a scholarship from the federal government.
 - C. A student transfers to another university and receives a tuition rebate.
 - D. A student working as a tutor receives wages from the university budget.
15. If $(I + G + X)$ exceeds $(S + T + M)$, then the national income will _____ towards the equilibrium.
- A. increase
 - B. decrease
 - C. remain constant
 - D. rise above potential income
16. According to the definition, autonomous expenditure will not be affected by change in _____.
- A. exchange rate
 - B. interest rate
 - C. price level
 - D. real GDP

17. In the circular flow of income, government spending and exports are _____.
- injection and leakage, respectively
 - leakage and injection, respectively
 - components of aggregate supply
 - injections
18. If an increase of RM100 million in investments generates an increase of RM500 million in real GDP, the multiplier is _____.
- 20
 - 50
 - 1.5
 - 5.0
19. Which of the following statements is the best definition of a multiplier?
- The equilibrium national income divided by change in taxes.
 - The equilibrium national income divided by aggregate expenditure.
 - Change in aggregate expenditure divided by change in equilibrium national income.
 - Change in equilibrium national income divided by change in aggregate expenditure.
20. Given the change in equilibrium national income is RM2,000 and initial change in investment expenditure is RM400. The MPS and MPC are _____ and _____, respectively.
- 0.2; 0.8
 - 0.8; 0.2
 - 0.5; 0.5
 - Cannot be determined due to limited information.
21. If real GDP exceeds full employment GDP, this is known as _____.
- stagflation
 - employment
 - a recessionary gap
 - an inflationary gap
22. In Malaysia, the highest contributor to a government is _____.
- direct taxes
 - indirect taxes
 - non-tax revenue
 - non-revenue receipts

23. A surplus budget occurs when _____.
- A. the government's total expenditure exceeds revenue
 - B. the government's revenue exceeds equals total expenditure
 - C. tax collection exceeds government expenditure
 - D. the public debt decreases
24. Which of the following refers to a regressive tax?
- A. Tax rate varies positively with income.
 - B. Tax rate varies inversely with income.
 - C. Tax rate is not dependent on income.
 - D. None of the above.
25. All of the following are examples of direct tax, **except**;
- A. Personal income tax
 - B. Company tax
 - C. Stamp duties
 - D. Goods and services tax
26. External sources of public borrowing are _____.
- A. loans from the international money market
 - B. borrowing from financial institutions
 - C. loans from commercial banks
 - D. loans from the central bank
27. All of the following are monetary policy instruments, **except**;
- A. Legal cash reserve requirements
 - B. Government expenditure
 - C. Open market operations
 - D. Funding
28. All of the following are the objectives of monetary policy, **except**;
- A. To achieve the balance of payment equilibrium.
 - B. To achieve full employment of resources.
 - C. To maintain domestic price instability.
 - D. To achieve higher economic growth.

29. The phase of a business cycle in which real output is at the minimum is a _____.
- A. peak
 - B. trough
 - C. recovery
 - D. recession
30. A peak is indicated by _____ unemployment and _____ output.
- A. higher; lower
 - B. lower; higher
 - C. declining; increasing
 - D. increasing; decreasing
31. Which of the following would be classified as unemployment?
- A. A person who has given up looking for a job, after job hunting for a long time.
 - B. A person who quits his/her job and attends college.
 - C. A student who is looking for a job.
 - D. All of the above.
32. As hypermarkets open up more self-service counters, many cashiers are no longer needed and laid off. These unemployed cashiers are categorized under _____.
- A. structural unemployment
 - B. frictional unemployment
 - C. cyclical unemployment
 - D. under-employment
33. An increase in the overall price index is known as a(n) _____.
- A. inflation
 - B. recession
 - C. disinflation
 - D. depression
34. A deep and prolonged recession is called a(n) _____.
- A. inflation
 - B. disinflation
 - C. depression
 - D. None of the above.

35. Which of the following statements is **untrue**?
- A. Debtors gain during inflation.
 - B. Pensioners gain during inflation.
 - C. Creditors incur losses during inflation.
 - D. Bond owners receiving fixed interest suffer losses during inflation.
36. Money functions as a _____.
- A. medium of exchange
 - B. measure of value
 - C. store of value
 - D. All of the above.
37. The price tag of a toy bear is RM95. This is an example of the function of money as a _____.
- A. store of value
 - B. unit of account
 - C. medium of exchange
 - D. None of the above
38. Which of the following can reduce money supply?
- A. Buying government securities in the open market.
 - B. Decreasing the discount rate.
 - C. Decreasing the reserve ratio.
 - D. Increasing the reserve ratio.
39. M2 can be defined as _____.
- A. M1 + narrow quasi money
 - B. M1 + all types of deposits
 - C. M1 + broad quasi money
 - D. M1 + savings account
40. When both the demand for money and supply of money increases, the equilibrium quantity of money _____ and equilibrium interest rate _____.
- A. cannot be determined; increases
 - B. increases; cannot be determined
 - C. decreases; cannot be determined
 - D. cannot be determined; decreases

41. Which of the following determines the amount a bank can lend to its customers?
- Non-performing loans.
 - Required reserve.
 - Excess reserve.
 - None of the above.
42. The basic function of _____ include accepting deposits from individuals and firms and providing loans to the public.
- a commercial bank
 - Bank Negara Malaysia
 - an insurance company
 - All of the above
43. International trade differs from domestic trade due to _____.
- bigger size of market for international trade
 - different units of currency used in international trade
 - resources being more mobile domestically than they are internationally
 - All of the above
44. The comparative advantage theory states that _____.
- benefits can be gained through specialization in the product with the highest productivity
 - benefits can be gained from importing cheap goods in the international market
 - international trade can exist when prices in two countries change
 - international trade will always benefit two countries equally
45. The rate at which goods are exchanged for one another in the international market is called _____.
- terms of trade
 - the exchange rate
 - an absolute advantage
 - a comparative advantage
46. Which of the following statements is **incorrect**?
- A country is running a balance of trade deficit, if it imports more than it exports.
 - A quota is a physical limit on the quantity of goods allowed to enter a country.
 - A tariff will reduce the prices of local goods.
 - An embargo is a tax on an imported good.

47. Deficits in the balance of payments can be solved by _____.
- A. increasing government spending
 - B. lowering interest rates
 - C. discouraging imports
 - D. raising indirect taxes
48. The definition of the different between investment income flows into and out of a country refers to;
- A. Official reserve account
 - B. Service balance
 - C. Net income
 - D. Current transfers
49. The price of one country's currency in terms of another country's currency is called the _____.
- A. inflation rate
 - B. terms of trade
 - C. exchange rate
 - D. currency valuation
50. If the value of the Malaysian ringgit depreciates greatly against the currency of its trading partners, Malaysians would expect _____.
- A. imported goods to increase in the Malaysian market
 - B. a decrease in the quantity of goods exported from Malaysia
 - C. a decrease in costs of travelling for Malaysians going abroad
 - D. an increase in imported inflation in Malaysia

SECTION B: STRUCTURED QUESTIONS (20 MARKS)

Answer **ALL** questions in the **answer booklet** provided.

1. The following table shows the national income data for an economy in year 2012.

ITEMS	RM (million)
Wholesale and retail	11,250
Mining and gas	6,650
Construction	18,750
Manufacturing	12,555
Agriculture and forestry	12,500
Banking and insurance	12,750
Factor payment from abroad	6,520
Other services	2,750
Taxes on expenditure	750
Factor payment to abroad	6,750
Capital consumption	575

Calculate:

- a. GDPmp (4 marks)
- b. GDPfc (2 marks)
- c. GNPmp (2 marks)
- d. NI (2 marks)

[Total : 10 marks]

2. Given is the information of an economy.

$$\begin{aligned}
 \text{Consumption (C)} &= 700 + 0.7 Y_d \\
 \text{Investment (I)} &= 450 \\
 \text{Government expenditure (G)} &= 500 \\
 \text{Tax (T)} &= 350 \\
 \text{Exports (X)} &= 400 \\
 \text{Imports (M)} &= 300 \\
 \text{(All values are in RM million)}
 \end{aligned}$$

Based on the information, answer the following questions.

- a. Calculate the equilibrium level of national income. (4 marks)
- b. If the full employment level of income is RM4,000 million, is there an inflationary or a deflationary gap? Draw a graph to show the situation. (6 marks)

SECTION C: SHORT ESSAY QUESTIONS (30 MARKS)

Answer **ALL** questions in the **answer booklet** provided.

1. Differentiate between microeconomics and macroeconomics. (6 marks)
2. List the FOUR (4) of macroeconomic goals. (4 marks)
3. Differentiate between fiscal policy and monetary policy in terms of definition and the ways its practices during macroeconomics problems (unemployment and inflation). (10 marks)
4. Briefly explain TWO (2) functions of money in an economy. (4 marks)
5. Briefly discuss THREE (3) tools of the protectionism policy. (6 marks)

END OF QUESTION BOOKLET