

Signature of Invigilator: .....

Name of the Student .....

Program Enrolled .....

Course **Macroeconomics**

Course Code **ECO211**

Level of study **Junior**

Type of Exam **MID TERM**

Date of Exam **18.03.2005**

Duration **One Hour**

Weightage **20%**

**I. FIND the following aggregate macroeconomic indicators. SHOW YOUR WORK (formulas, calculations, results):**

Info:		Find:	50%
a. Nominal GDP, \$ bil.	200	1. Consumption (Nominal), \$ billion	5%
b. Investment, \$ bil.	60	2. Real GDP	5%
c. Government Expenditures, \$ bil.	40	3. Rate of Unemployment, %	5%
d. Export, \$ bil.	50	4. Labor Productivity (Nominal), \$ thousand per person	5%
e. Import, \$ bil.	70	5. Nominal GDP per capita, \$ thousand per person	5%
f. Depreciation, \$ bil.	20	6. Real GDP per capita, \$ thousand per person	5%
g. Indirect Taxes, \$ bil.	20	7. Nominal National Income, \$ billion	5%
h. Direct Taxes, \$ bil.	50	8. Real National Income, \$ billion	5%
i. Net Business Saving, \$ bil.	20	9. Nominal Disposable Income, \$ billion	5%
j. Transfer Payments, \$ bil.	5	10. Real Disposable Income, \$ billion	5%
k. GDP deflator	2		
l. Population, million	20		
m. Labor Force, million	10		
n. Employed, million	8		

**II. Choose and answer ONE of the following TWO questions (including sub-questions) by giving brief definitions, graphs, formulas, and/or explanations:**

<b>1. Define and give formulas and/or numerical examples of measurements of changes in price levels:</b>	<b>50%</b>
<b>A.</b> Define inflation. What kinds of price changes exist ?	<b>10%</b>
<b>B.</b> Identify two ways to measure inflation. How each of them is computed ?	<b>20%</b>
<b>C.</b> GDP deflator vs. CPI and PPI	<b>20%</b>

<b>2. Review major points of the Business Cycles and related government policies:</b>	<b>50%</b>
<b>A.</b> What are Business Cycles and what is their structure ?	<b>10%</b>
<b>B.</b> Describe cyclical behavior of economic variables by direction	<b>10%</b>
<b>C.</b> Describe cyclical behavior of economic variables by timing	<b>10%</b>
<b>D.</b> Provide at least two theories explaining Business Cycles	<b>10%</b>
<b>E.</b> How monetary and fiscal variables shift aggregate demand in a Business Cycle ?	<b>10%</b>

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**I. FIND the following aggregate macroeconomic indicators. SHOW YOUR WORK (formulas, calculations, results):**

Info:		Find:	50%
a. Nominal GDP, \$ bil.	100	1. Consumption (Nominal), \$ billion	5%
b. Investment, \$ bil.	30	2. Real GDP	5%
c. Government Expenditures, \$ bil.	20	3. Rate of Unemployment, %	5%
d. Export, \$ bil.	25	4. Labor Productivity (Nominal), \$ thousand per person	5%
e. Import, \$ bil.	35	5. Nominal GDP per capita, \$ thousand per person	5%
f. Depreciation, \$ bil.	10	6. Real GDP per capita, \$ thousand per person	5%
g. Indirect Taxes, \$ bil.	10	7. Nominal National Income, \$ billion	5%
h. Direct Taxes, \$ bil.	25	8. Real National Income, \$ billion	5%
i. Net Business Saving, \$ bil.	10	9. Nominal Disposable Income, \$ billion	5%
j. Transfer Payments, \$ bil.	5	10. Real Disposable Income, \$ billion	5%
k. GDP deflator	1.5		
l. Population, million	10		
m. Labor Force, million	5		
n. Employed, million	4		

**II. Choose and answer ONE of the following TWO questions (including sub-questions) by giving brief definitions, graphs, formulas, and/or explanations:**

<b>1. Review (both in written, and in graphics) elements of Aggregate Supply (AS) / Aggregate Demand (AD) theory:</b>	<b>50%</b>
<b>A.</b> Define AS & AD, and their equilibrium	<b>10%</b>
<b>B.</b> Describe and illustrate positive and negative shocks of AS & AD	<b>15%</b>
<b>C.</b> List components of AD. What equation describes them?	<b>10%</b>
<b>D.</b> Explain variables and policies determining AS & AD	<b>15%</b>

<b>2. Provide main idea, model and definitions (both in written, and in graphics) of Consumption, Savings, and Investment Theory:</b>	<b>50%</b>
<b>A.</b> Consumption function	<b>10%</b>
<b>B.</b> Savings function	<b>10%</b>
<b>C.</b> Marginal Propensity to Consume and Marginal Propensity to Save	<b>10%</b>
<b>D.</b> Major determinants of Consumption	<b>10%</b>
<b>E.</b> Major determinants of Savings	<b>10%</b>

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**I. FIND the following aggregate macroeconomic indicators. SHOW YOUR WORK (formulas, calculations, results):**

Info:		Find:	50%
a. Nominal GDP, \$ bil.	400	1. Consumption (Nominal), \$ billion	5%
b. Investment, \$ bil.	120	2. Real GDP	5%
c. Government Expenditures, \$ bil.	80	3. Rate of Unemployment, %	5%
d. Export, \$ bil.	100	4. Labor Productivity (Nominal), \$ thousand per person	5%
e. Import, \$ bil.	140	5. Nominal GDP per capita, \$ thousand per person	5%
f. Depreciation, \$ bil.	40	6. Real GDP per capita, \$ thousand per person	5%
g. Indirect Taxes, \$ bil.	40	7. Nominal National Income, \$ billion	5%
h. Direct Taxes, \$ bil.	100	8. Real National Income, \$ billion	5%
i. Net Business Saving, \$ bil.	40	9. Nominal Disposable Income, \$ billion	5%
j. Transfer Payments, \$ bil.	10	10. Real Disposable Income, \$ billion	5%
k. GDP deflator	2		
l. Population, million	20		
m. Labor Force, million	10		
n. Employed, million	8		

**II. Choose and answer ONE of the following TWO questions (including sub-questions) by giving brief definitions, graphs, formulas, and/or explanations:**

<b>1. Explain basic concepts of macroeconomics:</b>	<b>50%</b>
<b>A.</b> Main macroeconomic questions	<b>10%</b>
<b>B.</b> Major instruments of macroeconomic measurement:	
– Actual GDP	<b>5%</b>
– Potential GDP	<b>5%</b>
– Average Labor Productivity	<b>5%</b>
– Employment / Unemployment	<b>5%</b>
<b>C.</b> Types of government macroeconomic policies	<b>10%</b>
<b>D.</b> Objectives of government macroeconomic policies	<b>10%</b>

<b>2. Review major points of the Business Cycles and related government policies:</b>	<b>50%</b>
<b>A.</b> What are Business Cycles and what is their structure ?	<b>10%</b>
<b>B.</b> Describe cyclical behavior of economic variables by direction	<b>10%</b>
<b>C.</b> Describe cyclical behavior of economic variables by timing	<b>10%</b>
<b>D.</b> Provide at least two theories explaining Business Cycles	<b>10%</b>
<b>E.</b> How monetary and fiscal variables shift aggregate demand in a Business Cycle ?	<b>10%</b>