



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) :

Course Code & Name : **ECO1523 MACROECONOMICS**
 Semester & Year : May-August 2021
 Lecturer/Examiner : Dr Smitha Geetha
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (20 marks) : TWO (2) short answer questions. Answers are to be written in the Answer Booklet provided.
PART B (80 marks) : FOUR (4) structure-type questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

PART A : SHORT ANSWER QUESTIONS (20 MARKS)

INSTRUCTION(S) : Answer ALL questions on the answer booklet(s) provided.

Question 1

Briefly describe the following tasks of macroeconomists.

- a. Forecasting
- b. Analysis
- c. Research
- d. Data development

[Total: 10 marks]

Question 2

Describe the **THREE (3)** different approaches to measuring the amount of economic activity that occurs during a period of time and explain why they all give identical measurements.

[Total: 10 marks]

END OF PART A

PART B : **STRUCTURE-TYPE QUESTIONS (80 MARKS)**
INSTRUCTION(S) : Answer ALL questions. Write your answers in the Answer Booklet(s) provided.

Question 1

- a. In each of the following scenarios, state whether the labor supply curve would shift to the left, to the right, not shift at all, or if the shift is ambiguous because there is more than one effect and they would move the curve in opposite directions.
- (i) The stock market rises sharply.
 - (ii) Fewer teenagers work while in school than before.
 - (iii) A large fraction of the population flees the country because of a bird flu epidemic.
 - (iv) The expected future wage declines and the stock market crashes.
 - (v) The current real wage rate rises.

(10 marks)

- b. Analyze the impact on the production function, the marginal products of labor and capital, labor demand, employment, and the real wage if oil prices fall temporarily, as oil becomes more plentiful.

(10 marks)

[Total: 20 marks]

Question 2

- a. Describe each component of M1 and M2.
- b. Discuss the major features of the business cycle.

(10 marks)

(10 marks)

[Total: 20 marks]

Question 3

- a. Analyze the types of rules for monetary policy may be sensible for policymakers to consider? Discuss the advantage of using rules over discretion? Evaluate the problems might there be with rules?

(10 marks)

- b. Describe the strategy of inflation targeting. Discuss why many countries begun to use this strategy instead of targeting money growth? Identify the advantages and disadvantages of inflation targeting?

(10 marks)

[Total: 20 marks]

Question 4

- a. Discuss who bears the burden of the government debt? Explain why. Under what circumstances is there no burden to be borne?

(10 marks)

- b. Describe the main ideas of endogenous growth theory. Evaluate the role of government in economic growth.

(10 marks)

[Total: 20 marks]

END OF EXAM PAPER