BERJAYA UNIVERSITY COLLEGE OF HOSPITALITY

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures)   :

Student ID (in Words)   :

Subject Code & Name   :   **DBM1303 MACROECONOMICS**
Semester & Year   :   May - August 2016
Lecturer/Examiner   :   Ms. Tey Sheik Kyin
Duration   :   2 Hours

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INSTRUCTIONS TO CANDIDATES

1. **This question paper consists of 2 parts:**
    PART A (20 marks)   :   TWENTY (20) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.
    PART B (80 marks)   :   Answer ALL 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 objective questions, where 2B pencils are to be used.**

WARNING: The University Examination Board (UEB) of BERJAYA University College of Hospitality 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 of Hospitality.

Total Number of pages = 8 (Including the cover page)

PART B   : **STRUCTURE-TYPE QUESTIONS (80 MARKS)**

INSTRUCTION(S)   : **FOUR (4)** structure-type questions. Answer **ALL** questions in the Answer Booklet(s) provided.

Question 1

a. You are given the following information about an economy for the year 2015:

Items	RM(million)
Consumption on durable goods and nondurable goods	1680
Investment	1330
Income earned by the rest of the world	250
Consumption of capital goods	80
Consumption on services	60
Income earned from the rest of the world	330
Interest payment on the national debt	190
Export	160
Government Purchases of goods and services	580
Statistical Discrepancy	2
Import	110
Government transfer payment	30

Calculate the following terms:
i. Gross Domestic Product (GDP)

(4 marks)

ii. Gross National Product (GNP)

(4 marks)

iii. National Income

(4 marks)

b. Assume that country ABC only produces computers and painkillers and the base year is 2014.

YEAR	COMPUTERS		PAINKILLERS	
	Quantity	Price ($)	Quantity	Price ($)
2014	20	500	100	20
2015	25	700	110	25

i. Calculate the nominal GDP and real GDP for year 2015.

(6 marks)

ii. Calculate the GDP deflator / price indexes for year 2015.

(2 marks)
[Total: 20 marks]

Question 2

Table below show the output and number of workers employed at the ABC Company, which builds and sells computers.

Number of workers	Computers produced per year	Marginal Product of labor (MPN)	Marginal Revenue Product of Labor (MRPN)
0	0	-	-
1	25		
2	48		
3	69		
4	88		
5	105		
6	120		

a. Calculate the MPN and MRPN if the computers sell for $2000 each.

(6 marks)

b. Suppose the wage for workers is $ 40000 per year. How many workers will ABC hire?

(2 marks)

c. Suppose the wage for workers decrease from $40000 to $35000. How many workers will ABC hire?

(2 marks)

d. Suppose the wage for workers increase from $40,000 to $48000. How many workers will ABC hire?

(2 marks)

e. What conclusion you can reach from part (b) to (d)?

(4 marks)

f. Describe any **TWO (2)** factors that will shift the demand of labour curve.

(4 marks)

[Total: 20marks]

Question 3

a. Using aggregate demand and aggregate supply diagram, explain what will happen to the equilibrium price level and real GDP when each of the following events occurs:

  i.   Decrease in labour productivity.

(5 marks)

  ii.   The Bank Negara Malaysia cuts interest rates to boost market sentiment.

(5 marks)

  iii. Government decreases the tax.

(5 marks)

b. Briefly explain the following terms

  i.   Barter system.

(2.5 marks)

  ii.   Velocity in circulation.

(2.5 marks)
[Total: 20 marks]

Question 4

a. Briefly explain the following terms

  i.   Fiscal policy

(4 marks)

  ii.   Monetary policy

(4 marks)

b. Using an appropriate diagram, illustrate how government uses fiscal policy to eliminate the recessionary gap.

(12 marks)
[Total: 20 marks]

END OF QUESTION PAPER