

**BERJAYA BUSINESS SCHOOL****FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **ECO1523 MACROECONOMICS**  
Trimester & Year : May- August 2018  
Lecturer/Examiner : Dr Smitha Geetha  
Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

- This question paper consists of 2 parts:**  
**PART A (20 marks) : Answer all TWO (2) short answer questions. Answers are to be written in the Answer Booklet provided.**  
**PART B (80 marks) : Answer all EIGHT (8) structured-type questions. Answers are to be written in the Answer Booklet provided.**
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
- 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.**
- 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.

**Total Number of pages = 4 (Including the cover page)**

**PART A : SHORT ANSWER QUESTIONS (20 MARKS)**  
**INSTRUCTION(S) : Answer ALL questions on the answer sheet provided.**

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**Question 1**

a. Describe the activities and objectives of macroeconomics. (5 marks)

b. Differentiate between the Classical and Keynesian approaches to macroeconomics. (5 marks)

**[Total: 10 marks]**

**Question 2**

a. Define inflation. (2 marks)

b. Explain the calculation of real Gross Domestic Product, price indexes and inflation. (8 marks)

**[Total: 10 marks]**

**END OF PART A**

**PART B : STRUCTURED TYPE QUESTIONS (80 MARKS)**  
**INSTRUCTION(S) : Answer all EIGHT (8) questions. Write your answers in the Answer Booklet(s) provided.**

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**Question 1**

- a. Identify the difference between frictional and structural unemployment. (4 marks)
- b. Discuss unemployment with the help of Okun's law. (6 marks)

**[Total: 10 marks]**

**Question 2**

- a. Describe the factors that affect consumption and saving decisions. (5 marks)
- b. Discuss goods market equilibrium. (5 marks)

**[Total: 10 marks]**

**Question 3**

- a. Briefly explain the macroeconomic variables that affect the demand for money. (5 marks)
- b. Discuss the fundamentals of asset market equilibrium. (5 marks)

**[Total: 10 marks]**

**Question 4**

Examine the policies government may use to influence the rate of growth. (10 marks)

**Question 5**

- a. Discuss the reasons why aggregate demand curve slopes downward. (4 marks)
- b. Identify the factors that cause a change in aggregate demand. (6 marks)

**[Total: 10 marks]**

**Question 6**

- a. Discuss the trade-off between inflation and unemployment. (6 marks)
- b. Evaluate the expectations-augmented Phillips curve. (4 marks)

**[Total: 10 marks]**

**Question 7**

- a. Define fiscal policy. (2 marks)
- b. Briefly explain how the tools of fiscal policy affect aggregate demand (8 marks)

**[Total: 10 marks]**

**Question 8**

- a. State the functions of central bank. (4 marks)
- b. Analyze the money creation process. (6 marks)

**[Total: 10 marks]**

**END OF EXAM PAPER**