



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_

Course Code & Name : **ECO1523 MACROECONOMICS**  
Semester & Year : SEPTEMBER-DECEMBER 2022  
Lecturer/Examiner : DR. ABD HADI MUSTAFFA  
Duration : 3 Hours

**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of:  
PART A (20 Marks) : FOUR (4) questions, answer ALL questions in the Answer Booklet  
PART B (80 Marks) : FOUR (4) questions, answer ALL questions in the Answer Booklet.
2. Candidates are not allowed to bring any unauthorised 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.

**Total Number of pages = 5 (Including the cover page)**

**PART A : SHORT QUESTIONS (20 MARKS)**

**INSTRUCTION (S) :** **FOUR (4)** short questions in this section. Answer ALL questions in the answer booklet.

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**QUESTION 1**

List **FOUR (4)** components of Macroeconomics.

(5 Marks)

**QUESTION 2**

Define the following:

- a) Inflation
- b) Deflation
- c) Stagnation
- d) Disinflation

(5 Marks)

**QUESTION 3**

Identify **FIVE (5)** functions of Central Bank.

(5 Marks)

**QUESTION 4**

List **FIVE (5)** tools of trade protectionisms.

(5 Marks)

**[Total: 20 Marks]**

**PART B : STRUCTURED QUESTIONS (80 MARKS)**

**INSTRUCTION (S) : FOUR (4) structured questions in this section. Answer ALL questions in the answer booklet.**

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**QUESTION 1**

The following table shows the national income data for an economy in year 2021.

ITEMS	RM (Million)
Private consumption	46,579
Public expenditure	23,284
Public investment	10,214
Export	17,687
Import	21,367
Net factor income from abroad	5,697
Net factor paid abroad	3,422
Indirect taxes	2,496
Subsidies	1,588
Depreciation	994

Prepare the National Income Accounting for this economy, and calculate:

- a) Gross Domestic Product at market place ( $GDP_{mp}$ ) (8 Marks)
- b) Gross National Product at market place ( $GNP_{mp}$ ) (4 Marks)
- c) Gross National Product at factor cost ( $GNP_{fc}$ ) (4 Marks)
- d) National Income (4 Marks)

**[Total: 20 marks]**

## QUESTION 2

a) The following table shows the money supply for XYZ country.

Item	RM (million)
Paper money	300
Coins	120
Demand deposits in commercial banks	2,100
Negotiable certificates in commercial banks	2,500
Central Bank of XYZ's certificates	1,750
Marketable securities in Central Bank of XYZ's	1,000
Fixed and saving deposits in other financial institutions	2,250
Fixed and saving deposits in commercial banks	1,250
Repurchase agreement in commercial banks	550

Calculate the following:

- i. The value of money supply M1 (2 Marks)
- ii. The value of money supply M2 (3 Marks)
- iii. The value of money supply M3 (5 Marks)

b) The following is the information of spending in a developed country. All of the values are in RM million:

$$\begin{aligned}\text{Consumption function, } C &= 150 + 0.6 Y_d \\ \text{Investment expenditure, } I &= 300 \\ \text{Government expenditure, } G &= 100 \\ \text{Tax} &= 10\end{aligned}$$

- i. Derive the saving functions after tax (2 Marks)
- ii. Calculate the national income equilibrium (4 Marks)
- iii. Estimate the new national income equilibrium if government expenditure increase by RM 50 million. (4 Marks)

**[Total: 20 marks]**

### QUESTION 3

- a) Explain **FOUR (4)** macroeconomic objectives. (8 Marks)
- b) Describe **THREE (3)** factors lead towards high unemployment in any countries. (6 Marks)
- c) Discuss **THREE (3)** direct measures to control inflation (6 Marks)

**[Total: 20 marks]**

### QUESTION 4

- a) The following table shows the production possibilities of Poland and Ukraine before international trade. It is assumed that there are only two goods produced.

Country	Ship	Helicopter
Poland	20	25
Ukraine	30	15

- i. Choose the country that has an absolute advantage in the production of both products. (2 Marks)
- ii. Calculate the opportunity cost of producing a unit of ship. Which country has the best opportunity cost? (4 Marks)
- iii. Calculate the opportunity cost of producing a unit of helicopter. Which country has the best opportunity cost? (4 Marks)
- iv. Based on (b) and (c), express the term of trade between both countries. (2 Marks)
- b) List **FOUR (4)** objectives of government impose taxation. (4 Marks)
- c) Provide **TWO (2)** internal sources of government's public debt. (2 Marks)
- d) Provide **TWO (2)** external sources of government's public debt. (2 Marks)

**[Total: 20 marks]**

**END OF QUESTION PAPER**