COMPRE-MACROECONOMICS-UNDERGRADUATE FEB UNDIP

Name

Class

Date

1. What is Gross Domestic Product (GDP) and how is it calculated in the context of Intermediate macroeconomics?

   a) GDP is the total value of all goods and services imported into a country. It is calculated by adding up consumption, investment, government spending, and net exports.

   b) GDP is the total value of all goods and services produced within a country's borders. It is calculated by adding up consumption, investment, government spending, and net exports.

   c) GDP is the total value of all goods and services consumed within a country's borders. It is calculated by multiplying consumption, investment, government spending, and net exports.

   d) GDP is the total value of all goods and services produced outside a country's borders. It is calculated by subtracting consumption, investment, government spending, and net exports.

2. Explain the difference between nominal GDP and real GDP in the context of Intermediate macroeconomics.

   a) Nominal GDP is calculated annually, while real GDP is calculated quarterly

   b) Nominal GDP measures the total output of a country, while real GDP measures only the output of the manufacturing sector

   c) The difference between nominal GDP and real GDP is that nominal GDP is not adjusted for inflation, while real GDP is adjusted for inflation.

   d) Nominal GDP includes government spending, while real GDP does not

3. What are the three types of unemployment and how are they measured?

a) The three types of unemployment are voluntary, involuntary, and educational. They are measured using the consumer price index.

b) The three types of unemployment are seasonal, geographical, and technological. They are measured using the GDP growth rate.

c) The three types of unemployment are full-time, part-time, and temporary. They are measured using the inflation rate.

d) The three types of unemployment are frictional, structural, and cyclical. They are measured using the unemployment rate, which is calculated by dividing the number of unemployed individuals by the total labor force and multiplying by 100 to get a percentage.

4. Discuss the concept of natural rate of unemployment in the context of Intermediate macroeconomics.

a) The natural rate of unemployment is the level of unemployment that exists in an economy when labor markets are in disequilibrium, with high cyclical unemployment.

b) The natural rate of unemployment is the level of unemployment that exists in an economy when labor markets are in equilibrium, with no structural unemployment.

c) The natural rate of unemployment is the level of unemployment that exists in an economy when labor markets are in equilibrium, with only frictional unemployment.

d) The natural rate of unemployment is the level of unemployment that exists in an economy when labor markets are in equilibrium, with no cyclical unemployment.

5. Define inflation and provide examples of its causes in the context of Intermediate macroeconomics.

a) Inflation caused by a decrease in production costs

b) Deflation caused by a decrease in the money supply

c) Inflation in Intermediate macroeconomics is caused by an increase in the money supply, demand-pull inflation, cost-push inflation, or built-in inflation.

d) Inflation caused by a decrease in demand

6. Explain the impact of inflation on consumers and businesses in the context of Intermediate macroeconomics.

   a) Inflation leads to lower production costs and increased profit margins
   b) The impact of inflation on consumers and businesses in Intermediate macroeconomics is that it erodes purchasing power and can lead to higher production costs and reduced profit margins.
   c) Inflation has no impact on consumers and businesses
   d) Inflation only affects businesses, not consumers

7. What is deflation and how does it affect the economy?

   a) Deflation is a term used to describe the rapid increase in the general price level of goods and services, leading to hyperinflation.
   b) Deflation is an increase in the general price level of goods and services, leading to a decrease in the real value of money. It can lead to higher consumer spending and higher business investment.
   c) Deflation has no impact on the economy and is a neutral economic phenomenon.
   d) Deflation is a decrease in the general price level of goods and services, leading to an increase in the real value of money. It can lead to lower consumer spending, lower business investment, and higher unemployment.

8. Discuss the tools and objectives of fiscal policy in the context of Intermediate macroeconomics.

   a) The tools of fiscal policy include interest rate manipulation, and its objectives are to increase unemployment and cause deflation.
   b) The tools of fiscal policy are government spending and taxation, and its objectives are to stabilize the economy, achieve full employment, control inflation, and promote economic growth.
   c) The tools of fiscal policy are tax cuts and subsidies, and its objectives are to create a budget deficit and increase inflation.
   d) The tools of fiscal policy are limited to government spending only, and its objectives are to create a budget surplus and reduce government debt.

9. Explain the difference between expansionary and contractionary fiscal policy in the context of Intermediate macroeconomics.

   a) Expansionary fiscal policy aims to reduce government spending, while contractionary fiscal policy aims to increase government spending.
   b) Expansionary fiscal policy aims to decrease taxes, while contractionary fiscal policy aims to decrease taxes.
   c) Expansionary fiscal policy aims to boost the economy, while contractionary fiscal policy aims to slow down the economy.
   d) Expansionary fiscal policy aims to slow down the economy, while contractionary fiscal policy aims to boost the economy.

10. What are the limitations of fiscal policy in addressing economic issues in Intermediate macroeconomics?

   a) Inability to control inflation
   b) Time lags, political constraints, and uncertainty in predicting future economic conditions.
   c) Unpredictable consumer behavior
   d) Lack of government intervention

11. Define monetary policy and its role in controlling the money supply in the context of Intermediate macroeconomics.

   a) Monetary policy is solely focused on regulating inflation
   b) Monetary policy only affects the stock market
   c) Monetary policy plays a crucial role in controlling the money supply by using tools such as open market operations, reserve requirements, and discount rates to influence interest rates and ultimately the amount of money in circulation.
   d) Monetary policy has no impact on the money supply

12. Discuss the tools used by central banks to implement monetary policy in the context of Intermediate macroeconomics.

   a) Open market operations, reserve requirements, and discount rates
   b) Fiscal policy, quantitative easing, and interest rate caps
   c) Government spending, inflation targeting, and trade agreements
   d) Foreign exchange interventions, stock market regulations, and tax policies

13. Explain the relationship between interest rates and monetary policy in the context of Intermediate macroeconomics.

a) Interest rates and monetary policy are closely related, as central banks use changes in interest rates as a tool to implement monetary policy and achieve economic objectives.

b) Monetary policy is determined by the stock market, not interest rates

c) Interest rates have no impact on monetary policy

d) Interest rates are only affected by fiscal policy, not monetary policy

14. What are the limitations of monetary policy in influencing the economy?

a) Lack of government support

b) Unpredictable consumer behavior

c) Inability to address structural unemployment

d) Time lags, zero lower bound on interest rates, and inability to control certain types of inflation.

15. Compare and contrast fiscal policy and monetary policy in addressing economic challenges in the context of Intermediate macroeconomics.

a) Fiscal policy uses foreign exchange rates, while monetary policy uses inflation rates.

b) Fiscal policy uses trade agreements, while monetary policy uses government regulations.

c) Fiscal policy uses public debt, while monetary policy uses stock market performance.

d) Fiscal policy uses government spending and taxation, while monetary policy uses the money supply and interest rates.

16. Discuss the concept of the Phillips curve and its implications for policymakers in the context of Intermediate Macroeconomics.

a) The Phillips curve suggests a trade-off between inflation and unemployment, which has implications for policymakers when making decisions about monetary and fiscal policies.

b) Policymakers should ignore the Phillips curve and focus solely on other economic indicators.

c) The Phillips curve is a graphical representation of the relationship between the rate of inflation and the unemployment rate, which has no implications for policymakers.

d) The Phillips curve only applies to certain countries and is not relevant for policymakers in other regions.

17. Explain how changes in government spending and taxation can impact aggregate demand in the context of Intermediate macroeconomics.

a) Changes in government spending and taxation have no impact on aggregate demand

b) An increase in government spending always leads to lower aggregate demand

c) A decrease in taxes always leads to higher aggregate demand

d) Changes in government spending and taxation can impact aggregate demand by affecting disposable income and consumer spending. An increase in government spending or a decrease in taxes can lead to higher disposable income, increased consumer spending, and higher aggregate demand. Conversely, a decrease in government spending or an increase in taxes can lead to lower disposable income, reduced consumer spending, and lower aggregate demand.

18. Discuss the role of the Federal Reserve in conducting monetary policy in the United States within the context of Intermediate macroeconomics.

a) The Federal Reserve only focuses on regulating the stock market

b) The Federal Reserve uses cryptocurrency to control the money supply

c) The Federal Reserve has no influence on interest rates

d) The Federal Reserve uses tools such as open market operations, discount rate changes, and reserve requirements to control the money supply and interest rates in the economy.

19. Explain the impact of an expansionary monetary policy on interest rates and investment in the context of Intermediate macroeconomics.

a) Expansionary monetary policy leads to higher interest rates and decreased investment.

b) Expansionary monetary policy leads to lower interest rates and increased investment.

c) Expansionary monetary policy has no impact on interest rates and investment.

d) Expansionary monetary policy leads to fluctuating interest rates and uncertain investment.

20. What are the potential risks associated with using expansionary fiscal or monetary policy in Intermediate macroeconomics?

a) economic stagnation
b) Potential risks include inflation, increased government debt, and asset bubbles.
c) decreased government debt
d) deflation

21. Explain the concept of fiscal policy and its role in influencing the economy in the context of Intermediate macroeconomics.

a) Fiscal policy refers to the government's use of taxation and spending to influence the economy. It can be expansionary, aimed at boosting economic growth, or contractionary, aimed at reducing inflation.
b) Fiscal policy is only concerned with controlling the money supply
c) Fiscal policy has no impact on the economy
d) Fiscal policy is solely focused on regulating interest rates

22. Discuss the impact of government budget deficits on the economy in the context of Intermediate macroeconomics.

a) Government budget deficits only affect the stock market
b) Government budget deficits always lead to lower interest rates
c) Government budget deficits can lead to increased government borrowing, higher interest rates, and crowding out of private investment.
d) Government budget deficits have no impact on the economy

23. Explain the relationship between the money market and monetary policy in the context of Intermediate macroeconomics.

a) The money market is where short-term funds are borrowed and lent. Central banks use monetary policy to influence interest rates in the money market, which in turn affects the overall economy.
b) The money market has no impact on monetary policy
c) Monetary policy is solely focused on regulating inflation
d) Monetary policy is determined by the stock market, not the money market

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d) Monetary policy is determined by the stock market, not the money market

31. What are the potential benefits of using expansionary fiscal or monetary policy in Intermediate macroeconomics?

a) decreased government debt

b) economic stagnation

c) Potential benefits include increased consumer spending, higher business investment, and economic growth.

d) deflation

32. Explain the difference between aggregate demand and aggregate supply in the context of Intermediate macroeconomics.

a) Aggregate demand is calculated monthly, while aggregate supply is calculated annually.

b) Aggregate demand represents the total demand for goods and services in an economy at a given price level, while aggregate supply represents the total supply of goods and services at a given price level.

c) Aggregate demand includes only consumer spending, while aggregate supply includes only government spending.

d) The difference between aggregate demand and aggregate supply is that aggregate demand is determined by the government, while aggregate supply is determined by the private sector.

33. Explain the impact of a contractionary monetary policy on interest rates and investment in the context of Intermediate macroeconomics.

a) Contractionary monetary policy leads to lower interest rates and increased investment.

b) Contractionary monetary policy leads to fluctuating interest rates and uncertain investment.

c) Contractionary monetary policy leads to higher interest rates and decreased investment.

d) Contractionary monetary policy has no impact on interest rates and investment.

34. Discuss the concept of aggregate supply and its implications for the economy in the context of Intermediate macroeconomics.

a) Aggregate supply is not relevant for policymakers

b) Aggregate supply represents the total amount of goods and services that producers are willing and able to supply at different price levels. It has implications for the economy as it influences the level of output, employment, and price levels. An increase in aggregate supply can lead to economic growth and lower price levels, while a decrease can result in stagflation and higher price levels.

c) Aggregate supply has no implications for the economy

d) Aggregate supply only affects the stock market

35. Explain the concept of the Laffer curve and its relevance to tax policy in the context of Intermediate macroeconomics.

a) The Laffer curve only applies to certain countries

b) The Laffer curve illustrates the relationship between tax rates and tax revenue. It suggests that at a certain point, increasing tax rates beyond a certain level can lead to a decrease in tax revenue due to disincentives for work, investment, and entrepreneurship. This concept is relevant to tax policy as it highlights the trade-off between tax rates and tax revenue, guiding policymakers in determining the optimal tax rate for maximizing revenue.

c) The Laffer curve is not a valid economic concept

d) The Laffer curve has no relevance to tax policy