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 Using Calculator (yes)

University of Palestine

 Final Exam
 2nd semester 2013/2014
 Total Grade: 60

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 Dep. / Specialist: business Admin.
 Using Dictionary (No)

Answer all the following questions:

I) True & false: (10 marks)

1	There are different types of investments represented in financial securities such as stocks and bonds.	
2	Spending investment I is characterized by many fluctuations and being easy to predict for long period of time	
3	The relation between interest rate and the size of investment is direct one.	
4	The high cost is usually a good quality and it has a bigger money value.	
5	The reason behind accepting bank in transactions is the legal obligation of the state to use them.	
6	Normally money increase and GDP decrease.	
7	Fisher's equation looks as a tool for exchange and its effect on prices.	
8	The money theory assumes having a strong relation between the general prices and the money quantity.	
9	Demand on money for reserve purposes: to meet unexpected spending.	
10	The government has placed regulations and rules to keep the individuals and banks from bankruptcy.	
11	The ratio of the legal reserve is one of the most important factors that help banks in generating money.	
12	Economic Growth is achieving an increase in income or the real national product.	
13	Advances in technology is very important in raising the economic growth.	
14	Economic development is the simple change that happens in the state in its different dimensions.	
15	Time deposits, it is for a short period of time.	
16	The reasons behind the imported inflation are due internal factors.	
17	International trade is subject to little restrictions which affects its size.	
18	Producing different goods need many resources with different proportions.	
19	The recent theories explain the practice of international trade based on the production cost among countries.	
20	Resident could not be an individual or a company.	

II) Translate into Arabic:

1. The important factors behind the organization deciding whether it should invest or not and the relation between interest rate "i" and investment size "I" is inverse relation.

2. In the old goods exchange approach, it was hard to store goods for a long time such as meat and fish because they expire soon.

3. The money quantity theory for Cambridge deals with money from its demand perspective.

4. As time went by, the goldsmith found out that people don't ask for their money except for few.

5. The bank budget consists of liabilities and assets, assets represents the resources which the bank uses to utilizes its resources.

6. Human capital is the most crucial factors pushing the economic growth and includes training of personnel.

7. Scarcity or abundance of natural resources is one of the main determinants in raising the economic growth.

8. The inflation includes the prices for all different goods and services and not only in a limited number of goods and services.

9. This theory ignored the demand side on price determination and focused only on the supply side.

10. When there is a surplus in the balance of payments for a certain state, this surplus is invested abroad and would also increase its reserve from foreign currencies.

III) Answer the following:

1. Somebody deposited 10000 \$ US in the bank for 10 years, with interest rate 5%. What is the amount money that he would get by the end of the period.

2. Calculate the value of money, if $V = 7$ and $GDP = 5600000$ \$ US.

3. Calculate the legal reserve ration if the deposit multiplier was 4.

4. Calculate the percentage of economic growth if GDP increased from 30000 million \$ US to 40000 million \$ US between the years (2012-2013).

5. Draw the Production Possibilities curve according to the following data:

Level	Wheat (tons)	Fish (ton)
A	120	-
B	100	20
C	70	40
D	30	60
E	-	80

VI) Additional question: (only for students non entering midterm exam):

If you have the following model:

$$C = 200 + 0.75 (Y - T)$$

$$I = 100 \quad , \quad G = 50 \quad , \quad T = 40$$

Then find,

1- The equilibrium income level.

2- The equilibrium consumption level

3- The equilibrium saving level.

4- Validate the equilibrium conditions.

5- Draw a graph showing the two equilibrium conditions.

Good luck