


Course No: BUS1307  
 Course Title: Macroeconomics  
 Date: 22/03/2014  
 No. of Questions: ( 5 )  
 Time: 1 hour  
 Using Calculator (yes)

University of Palestine  
  
 Midterm exam  
 2d semester 2013/2014  
 Total Grade: 100

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 College Name: Finance & Admin.  
 Dep. / Specialist: business Admin.  
 Using Dictionary (No)

**Answer all the following questions:**

**I) True & false: (20 marks)**

1	Macroeconomics includes examining problems related to inflation, unemployment...etc.	
2	AD is the total planned spending for buyers in a certain economy.	
3	To illustrate the circular flow of income, we assume initially that we have a complex economy consists of two sectors.	
4	In most cases, it is hard to get the same value for domestic products.	
5	$I = S$ which means that planned investment is more than planned saving.	
6	The multiplier in two – sector economy is $1 \div (1-b)$	
7	A closed economy means that the economy consists of two sectors.	
8	The taxes could either be proportional or fixed.	
9	The economy that does not deal with the outside world is considered closed economy.	
10	If imports increases, national income will increase.	

**II) Translate into Arabic: (20 marks)**

**1- When the government spending an increase by eleven million \$ the income would increase by forty four million \$.**

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**III) Answer the following:**  
**1-What we mean by?**

**(20 marks)**

**A)Flow**

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**B) Stock**

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**2- If GNP is equal 1500 million \$ and NNP is equal 1100 million \$. Find out capital amortization.**

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**3- If personal income = 600 million \$, direct taxes on income = 33.3 million \$.**

**Then, calculate DPI**

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**4- If C = 1000 million \$ and APC = 0.7 .**

**Find Y.**

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**5- If  $MPC = 0.7$  and the government spending increased by 200 million \$ .**

**What the effect on income?**

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**IV) You have the following data:**

$$C = 25 + 0.8 Y$$

$$I = 100$$

**Then,**

**1- Find the Equilibrium Income level.**

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**2- Find the value of saving.**

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**3- Find the value of C**

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**4- If investment increased by 50 .  
Find new equilibrium level.**

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**v) Illustrate in a graph the equilibrium income level according the data of the last question.**

*Good Luck*