


Course No:BSNE1306
Course Title: Macroeconomics
Date: 20 / 05 /2015
No. of Questions: (5)
Time: 2 hours
Using Calculator (yes)

University of Palestine

Final Exam
2014-2015
Total Grade: 60

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

Answer the following :

1) True or false:

1. () Imports (M) is the sum of the goods and services that a certain country imports from the outside world.
2. () The best scenario is to have the balance of trade in a state of equilibrium.
3. () If income increases, imports would increase
4. () The increase in income through spending leads to the increase in consumption
5. () exports are impacted by increase in income
6. () There are different types of investments represented in financial securities such as stocks and bonds.
7. () Spending investment I is characterized by some fluctuation, and being hard to predict for long period of time
8. () when the “i” is higher in the bank than making an investment decision “r”, the investor then chooses to invest his money in the bank and avoid any risk.
9. () If the interest rate is high, that would be a catalyst for lowering the investment size I
- 10.() When population number decrease, that would lead to increase the investment size
- 11.() In the past the purchase was not done through goods
- 12.() money turnover is the frequency the money movement from one person to another during one year.
- 13.() The exchange theory is used to illustrate what happens to P or GDP when M or V changes.
- 14.() Fischer’s equation looks at money as a tool for exchange and its effect on income.
- 15.() The money theory assumes having a strong relation between the general prices and the money
- 16.() The concept of banks started through the jeweler who kept people’s money in his safes.
- 17.() The change in the size of the income from a decrease in producing the product results military products.
- 18.() Limited income people suffer from inflation especially if the incremental increase in their income is less than the increase in inflation
- 19.() International trade is subject to few restrictions which affects its size.
- 20.() The balance of payment is called balance because it should always balance the debit and the credit sides.

2) Translate to Arabic:

1. Balance of trade: It illustrates the relations between the imports and exports of a certain economy and it has the following three scenarios

2. Investment is a current of continuing spending on the production assets such as buying equipment and machinery and it is the capital assets.

3. it was hard to store goods for a long time such as meat and fish because they expire soon but money can function easily as a value maintenance in case of saving without any money storage problems

4. Demand on money for reserve purposes: to meet unexpected spending and this type of money demand is based on the function of money as a medium of exchange

5. the central bank manages the clearing house in order to clear all accounts between different banks on one hand and the general treasury on the other hand.

3) Fill in the space:

**Consideration – Individual – Limited – The imported –
Stable – restrictions – movement – different – a negative –
Stability**

- 1. Most economists incline to prefer the average change in the real ----- income per capita rather than the gross national income because the real individual income takes into -- ----- the change in population.**
- 2. The inflation includes the prices for all ----- goods and services and not only in ----- number of goods and services.**
- 3. In summary, the reasons behind ----- inflation are due to external factors, specially caused by the industrialized nations, and it has ----- impact on the developed nations.**
- 4. Achieving an economical ----- means achieving a high level of economic growth while having ----- prices or the prices could be fairly high.**
- 5. The impossibility of ----- for economic resources such as land, whereas mobile resources such as labour does face many -----, and governmental policies and language difference.**

4) Answer each of:

1. Explain and draw the relation between inflation rate and Unemployment.

2. Explain and draw the relation between total spending (C,I,G) and full employment level.

3. Mention the central bank functions.

5) If you have the following data:

$$C = 100 + .75 (Y - T)$$

$$I_o = 200 \quad G_o = 100 \quad X_o = 100 \quad T_o = 100 \quad M = 25 + .15 Y$$

Find out:

1- The equilibrium level for the national income

2- The equilibrium level for consumption

3- The equilibrium level for saving

4- The equilibrium level for imports

5- Validate the equilibrium conditions

6- The trade balance status

6) Answer only one of the following (A or B):

A- Give the meaning of:

1. The straight line production possible curve. Using a graph

2. Flow and stock

3. The circular flow of income

Savings

4. Monetary National Product

5. Family consumption

6. The two equilibrium conditions a three-sector economy

B- What we mean by:

1. Exports

2. Investment

3. Quasi money

4. Deposits Multiplier

5. Economic Development

6. Economic Growth

7. Inflation

