

Name	
Date	

MACROECONOMICS II

Final exam (45 min)

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Multiply choice – please, select if the statement is correct or NOT (1 point each).

- | | | |
|---|-----|----|
| 1. The key price indicator is the real Gross Domestic Output. | YES | NO |
| 2. The... | YES | NO |
| 3. Ch... | YES | NO |
| 4. B... | YES | NO |
| 5. A... | YES | NO |

Please, depict, describe or draw the graph (3 points).

1. Depict the demand-pull inflation in our AS-AD model and explain when it can happen.
2. Draw the graph showing 'deflationary gap' in an economy.
3. Describe the exchange rate transmission mechanism of monetary policy.

Please, briefly answer the following questions (2 points each).

1. Define the potential output.

2. Make....

3. Define the unemployed person per the ILO definition.

CASE STUDY (5 points):

The economy runs a high public deficit. At the same time, the current account (trade balance) is in a deficit, as well. Inflation is below the inflation target and the economy suffers from cyclical unemployment. The exchange rate is free floating. What measures of monetary and fiscal policy do you recommend to address this imbalance? Display a default situation and solutions in our AS-AD model.

Score (max 25 points, minimum pass rate 60%)

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