

1. The possibility of having a temporally inconsistent policy is the same thing as
 - (a) the action lag in policy-making.
 - (b) Taylor's rule.
 - (c) the basic rule of economic policy.
 - (d) None of the above
2. Which sentence is not false?
 - (a) Goodhart's law is a particular case of Okun's law.
 - (b) The Laffer curve consists of the part of the Phillips curve that is immune to the effectiveness lag.
 - (c) Taylor's rule relates changes in the inflation rate with changes in both the nominal and the real interest rate.
 - (d) The debate "rules vs discretion" is the debate on whether supply-side policies are preferable to demand-side policies.
3. Which combination of policies alter the inflation rate in the same direction?
 - (a) Expansionary fiscal policy and contractionary monetary policy.
 - (b) Expansionary monetary policy and supply-side policy.
 - (c) Supply-side policy and contractionary fiscal policy.
 - (d) None of the above
4. Which sentence is not true?
 - (a) Monetarism is the view that the money stock is the chief determinant of the short-run aggregate demand.
 - (b) There is empirical evidence suggesting that lower inflation rates tend to be associated with more independent (with respect to the government) central banks.
 - (c) Referring to inflation as a tax means that, inevitably, a rising inflation causes a rise in the government deficit.
 - (d) The ECB interest rate on the marginal lending facility is higher than the ECB interest rate on the deposit facility.

5. According to the crowding-out effect
 - (a) the exchange rate channel of monetary policy is more effective than the interest rate channel.
 - (b) the classical dichotomy invalidates the Ricardian equivalence proposition.
 - (c) the monetization of the government deficit reduces the inflation rate.
 - (d) None of the above
6. Using the quantity equation (with absolute or relative values), in which case is the inflation rate higher?
 - (a) With a constant velocity of circulation of money, the money stock increases by 10% and real GDP decreases by 5%.
 - (b) With a constant velocity of circulation of money, the money stock increases by 10% and real GDP increases by 5%.
 - (c) Nominal GDP increases by 5%, real GDP remains constant, and the velocity of money increases by 2%.
 - (d) Both the money stock and the velocity of money remain constant, whereas real GDP falls by 12%.
7. In which case at least one of the terms is not directly related to the European Central Bank?
 - (a) Eurosystem and marginal interest rate of a variable interest rate tender main refinancing operation.
 - (b) Governing Council and marginal lending facility.
 - (c) Interest rate on the main refinancing operations and primary government budget deficit.
 - (d) Deposit facility and European System of Central Banks.
8. In the AS-AD model, real GDP necessarily grows if
 - (a) taxes (paid by consumers) on sales rise and reserve requirements are brought down.
 - (b) transfers are increased and a contractionary open market operation is conducted.
 - (c) supply-side policies are adopted at the same time as government purchases fall.
 - (d) None of the above



Write your answers in **minuscule** letters in only **one** of the following tables

No answer: +0 · Correct answer: +1 · Incorrect answer: -1/3

1

1	2	3	4	5	6	7	8

No answer: +0 · Only one answer: if correct, +1; if incorrect, -1/3.

Two answers: if one correct, +1/2; if none correct, -1/2.

2

1	2	3	4	5	6	7	8

T6

DNI Number _____ 1st Surname _____ Name _____