Introduction to Macroeconomics · M4

1. Taylor's rule
(a) relates changes in the unemployment rate with changes in the inflation rate.
(b) relates changes in the GDP growth rate with changes in the exchange rate.
(c) does not relate changes in nominal GDP with changes in the real interest rate.
(d) None of the above

2. Goodhart's law
(a) is an example of supply-side policy.
(b) is an example of demand-side policy.
(c) is not a particular case of Okun's law.
(d) None of the above

3. Which option includes exactly one monetary policy instrument and exactly one fiscal policy instrument?
(a) Phillips curve, savings identity, public expenditure, open market operation, government transfers
(b) Fisher equation, real interest rate, real exchange rate, money multiplier, standing facilities
(c) Fisher effect, net exports, tax rate, $\mathsf{M1}$, central bank, government deficit
(d) None of the above

4. Austerity economics is a set of economic policy recommendations that ascribe an eventual
(a) expansionary effect to contractionary fiscal policies.
(b) contractionary effect to supply-side policies.
(c) nul effect to expansionary monetary policies.
(d) None of the above

5. Which sentence is not false?
(a) Neoliberalism is the doctrine according to which the real interest rate must be kept constant.
(b) The exchange rate transmission channel of monetary policy affects aggregate demand through net exports.
(c) If the government deficit rises and net exports fall, then, according to the savings identity, investment equals savings.
(d) When net private savings are zero and the foreign sector runs neither a surplus nor a deficit, then the government deficit can be positiu but not negative or zero.

6. If the nominal interest rate is 50%,
(a) the discount factor is larger than 1.
(b) the real interest rate is positive when the inflation rate is smaller than 25%.
(c) the price of T-bills with face value 1000 is higher than 750.
(d) None of the above

7. According to the quantity equation, when the velocity of circulation of money is 1,
(a) the money stock M equals real GDP.
(b) the money stock M is equal to the GDP deflator.
(c) nominal GDP is not smaller than the money stock M.
(d) None of the above

8. Okun's law, the Phillips curve and the Fisher equation have in common that
(a) they are all particular cases of Goodhart's law.
(b) they all make reference to the unemployment rate.
(c) they all make reference to the inflation rate.
(d) no one of them involves the nominal exchange rate.

9. The change that typically experiences the inflation rate during the expansionary phase of the business cycle can be neutralized by
(a) an expansionary monetary policy.
(b) a supply-side policy.
(c) a not-too-expansionary fiscal policy.
(d) None of the above

10. Cost-push deflation, demand-pull deflation and stagflation have all in common that
(a) all of them are the result of having, at the same time, a private sector deficit (negative net private savings), a public sector deficit and foreign sector surplus (in the sense that domestic net exports are positive).
(b) all three involve a fall in the inflation rate.
(c) all three involve a fall in GDP.
(d) None of the above

No answer: $+0$ · Right answer: $+1$ · Wrong answer: $-1/3$

1	2	3	4	5	6	7	8	9	10

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