

EXAMINATION AND EVALUATION DIVISION  
DEPARTMENT OF POLYTECHNIC EDUCATION  
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION

DECEMBER 2011 SESSION

**PB202: MACROECONOMIC**

**DATE: 24 APRIL 2012 (TUESDAY)**  
**DURATION: 2 HOURS (2.30 PM - 4.30 PM)**

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This paper consists of **NINE (9)** pages including the front page.

Section A: Objective (20 questions – answer **ALL**)

Section B: Structured (2 questions – answer **ALL**)

Section C: Essay (2 questions – answer **ALL**)

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**DO NOT OPEN THIS QUESTION PAPER UNTIL**  
**INSTRUCTED BY THE CHIEF INVIGILATOR**

(CLO stated at the end of each question is referred to the learning outcome of the topic assessed. The CLO stated is only for lectures reference. Student can ignore the CLO stated)



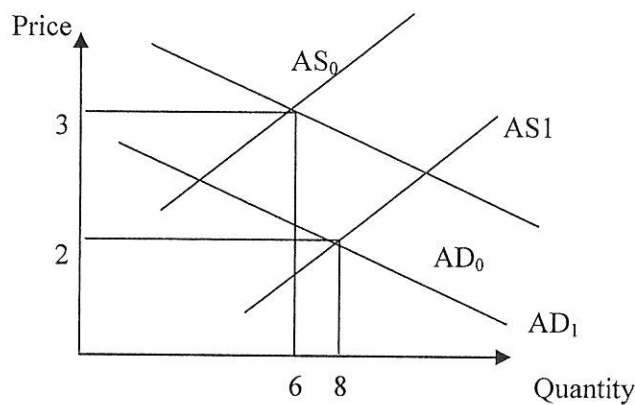
## SECTION A

## OBJECTIVES (20 marks)

Instruction: This section consists of **TWENTY (20)** objective questions. Answer **ALL** questions.

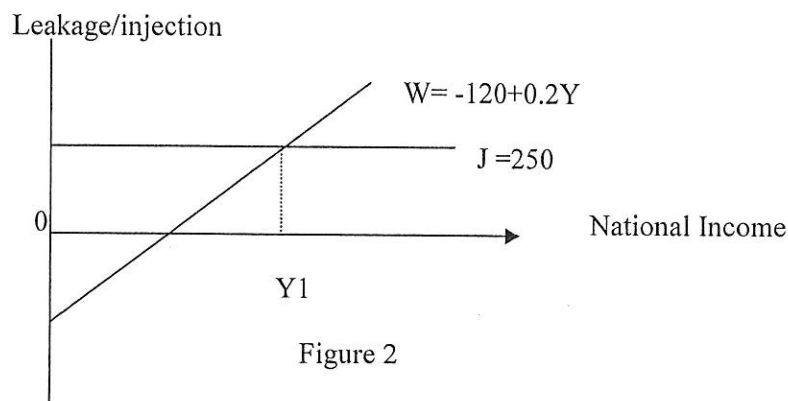
1. Fiscal policy attempts to achieve all of the following objectives **EXCEPT**
- Full employment
  - Economic growth
  - Price level stability
  - A stable money supply

Figure 1



2. Refer to Figure 1. When the magnitude shift to Aggregate Supply (AS) is greater than the shift of Aggregate Demand (AD),
- both equilibrium quantity and equilibrium price will rise.
  - equilibrium quantity will rise and equilibrium price will fall.
  - both equilibrium price and equilibrium quantity will fall.
  - equilibrium quantity will fall and equilibrium price will rise.
3. The total final value of goods and services created by factors of production available within nation in one year refers to
- Disposable Income
  - Per capita Income
  - Gross Domestic Product
  - Gross National Product

4. In a circular flow of income in a closed economy with government intervention, leakage consist of
- Investment and saving
  - Saving only
  - Saving and taxes
  - Saving, taxes and import
5. Figure 2 shows the national income equilibrium for a country A. The value of  $Y_1$  is.....



- RM 1550
  - RM 1650
  - RM 1750
  - RM 1850
6. The deficit budget occurs when
- the public debt decreases
  - the government's total expenditure equals revenue
  - tax collection is more than government expenditure
  - the government's total expenditure exceeds revenue
7. Petroleum income tax and stamp duties are two examples of the government revenues. The revenues fall under which category?
- Direct taxes
  - Indirect taxes
  - Non-tax revenue
  - Non-revenue receipts

8. Which of the following is the government operating expenditure?
- A. Defense and security
  - B. Pensions and gratuities
  - C. Economics services
  - D. Social services
9. Jasmin keeps a part of his earnings as cash in a safety deposit box, which means he is employing money as
- A. A store of value.
  - B. A medium of exchange.
  - C. A measure of value.
  - D. None of the above.
10. Money is demanded for speculative motives in order to
- A. Generate profit from the change in price of bonds and speculated.
  - B. Purchase goods and services that are difficult to obtain in the market.
  - C. Avoid the risk of a drop in the value of money.
  - D. Overcome any uncertainty in the price of goods and services.
11. Of the following, which is the component of M2 money?
- A. Paper currency + Coins + Current deposits + Fixed deposit
  - B. Paper currency + Coins + Current deposits
  - C. Paper currency + Coins + Savings deposit in commercial bank
  - D. Paper currency + Coins + Tradable Deposit Certificate + Treasury bills
12. The market demand curve for money is generated from
- A. The vertical sum of money for transaction, precautionary and speculative motives
  - B. The amount demanded by household to consume on goods and services
  - C. The vertical sum of money that are prepared for savings
  - D. The amount that provided by central bank to be used for a country

13. Bank Negara was established in
- A. 26 February 1959
  - B. 26 January 1959
  - C. 16 September 1963
  - D. 31 August 1957
14. The main purpose of Bank Negara Malaysia is to
- A. Invest in property
  - B. Print Money
  - C. Grant loans
  - D. Accept deposits from the public
15. The sequence of a typical business cycle is recognized as follows:
- A. Peak, trough, recession and recovery
  - B. Recovery, recession, trough and peak
  - C. Recession, trough, recovery and peak
  - D. Trough, recovery, recession and peak
16. The following is the type of unemployment **EXCEPT**
- A. Cyclical unemployment
  - B. Frictional unemployment
  - C. Structural unemployment
  - D. Demand-pull unemployment
17. Demand-pull inflation occurs when
- A. Aggregate demand exceeds the aggregate supply.
  - B. Aggregate demand equals to the aggregate supply.
  - C. Increasing in the costs or supply prices of goods.
  - D. The imported raw materials or finished goods increase.
18. Which of the following is International Trade?
- A. Exchange of export and import between the people of two countries
  - B. Exchange of goods and services between the people of two countries
  - C. Exchange of export and import within the political boundaries of a country
  - D. Exchange of goods and services within the political boundaries of a country

19. Deficits in the balance of payments can be solved by
- A. Raising indirect taxes
  - B. Decrease indirect tax
  - C. Discouraging import
  - D. Increasing government spending
20. If the Malaysia ringgit (RM) is said to be depreciated relative to the U.S dollar, then the dollar
- A. Will be less expensive to Malaysians
  - B. Will appreciate relative to Malaysian ringgit
  - C. Will depreciate relative to Malaysian ringgit
  - D. Either will appreciate or depreciate relative to Malaysian ringgit

## SECTION B

## STRUCTURE (30 marks)

Instruction: This section consists of **TWO (2)** structured questions. Answer **ALL** the questions.

## QUESTION 1

Identify the missing items and values from (a) to (j).

(10 marks)

ITEMS	RM (Million)
Personal consumption expenditure	750
Investment	85
Changes in stock	9
Government expenditure	500
Exports	(a)
Imports	11
Gross Domestic Product at market price	1356
Less: Indirect taxes	(b)
Add: (c)	35
(d)	1341
Add: Net Factor Income abroad	80
Gross National Product at factor cost	1421
Less: Depreciation	(e)
(f)	1378
Add: Transfer payment	40
Less: Social security contribution	(g)
Less: Corporate taxes	12
Less: Retained earnings	15
Personal income	1383
Less: (h)	(i)
(j)	1330



## QUESTION 2

The table below shows the national income data for country ALAM PUTRA.

ITEMS	RM (Million)
Depreciation	10
Corporate income taxes	40
Export	10
Government purchases goods and services	100
Import	20
Indirect business tax	20
Net factor income from abroad	25
Personal consumption expenditure	250
Personal taxes	40
Private investment	5
Social security contributions	15
Transfer payment	22

Based on the above table, compute the

- (a) Gross domestic product at market price (3 marks)
- (b) Gross domestic product at factor cost (3 marks)
- (c) Gross national product at factor cost (6 marks)
- (d) National income (3 marks)
- (e) Personal income (3 marks)
- (f) Disposable personal income (2 marks)

## SECTION C

## ESSAY (50 marks)

Instruction: This section consists of **TWO (2)** essay questions. Answer **ALL** questions.

## QUESTION 1

A government can obtain revenue from many sources. The major portion of other revenue is from taxes. From this statement,

- (i) States the type of taxes from which government can obtain revenue.  
(2 marks)
- (ii) Discuss **TWO (2)** sources of government revenue in Malaysia.  
(8 marks)
- (iii) Compare between proportional, regressive and progressive tax systems. Support your answer with appropriate diagrams.  
(15 marks)

## QUESTION 2

“Protectionism is practiced only in the international trade where many countries want to protect their local industries from foreign competition”.

- (i) Define of international trade?  
(3 marks)
- (ii) Describe any **THREE (3)** reasons for protectionism?  
(6 marks)
- (iii) Analyze any **FOUR (4)** tools of protectionism policy.  
(16 marks)