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Question 1

Macroeconomics distinguishes between the real economy and the...

- **a)** ...**monetary economy.**
- **b)** ...virtual economy.
- **c)** ...normative economy.
- **d)** ...underground economy.

Question 2

During business cycles the opposite of a trough is ...

- **a)** ...an inflation
- **b)** ...a hyperinflation.
- **c)** ...a trend.
- **d)** ...**a peak.**

Question 3

According to the analysis of the British economist John Maynard Keynes,...

- **a)** ...markets coordinate supply and demand so that a policy of laissez-faire would prevent recessions.
- **b)** ...economic fluctuations were the cumulative result of mistakes made by businesses and households in an uncertain world.
- **c)** ...**government demand could be used to smooth fluctuations in aggregate output and income.**
- **d)** ...supply creates its own demand through the circular flow of economic activity.

Question 4

In order to influence spending on goods and services in the short-run, monetary policy is directed at **directly** influencing...

- **a)** ...unemployment rates.
- **b)** ...inflation rates.
- **c)** ...**interest rates.**

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d) ...economic growth rates.

Question 5

"Inflation is generally procyclical" means...

a) ..."higher rates of inflation tend to precede periods of high economic growth."

b) ..."**the rate of inflation tends to rise in periods of high economic growth and fall in periods of low economic growth".**

c) ..."prices on average rise in an economic expansion but fall after a business cycle peak."

d) ..."more inflation results in less capacity utilization."