



FINAL EXAMINATION

COURSE : MACROECONOMICS

COURSE CODE : PEC2143

DURATION : 02 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** parts : PART A (20 questions)
PART B (10 questions)
PART C (03 questions)
2. Answer ALL questions from PART A, PART B and PART C.
 - i. Answer PART A in the Objective Answer Sheet
 - ii. Answer PART B in the True/False Answer Sheet
 - iii. Answer PART C in the Answer Booklet provided
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. An Objective Answer Sheet
 - iv. A True/False Answer Sheet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 11 printed pages

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PART A: MULTIPLE CHOICE QUESTIONS

Choose the best answer.

1. **(1 point)**
The main sources of government revenue in public finance best describes _____.
 - A. levying taxes
 - B. attracting international aid
 - C. increasing corporate donations
 - D. implementing investment strategies

2. **(1 point)**
Development expenditure is used by the government to _____.
 - A. invest in the foreign sector
 - B. generate profit for the government
 - C. improve facilities and social services
 - D. pay emolument, pension and gratuities

3. **(1 point)**
A proportional tax implies _____.
 - A. the rate of tax rises with a rise in income
 - B. the rate of tax decreases with a rise in income
 - C. the amount of tax decreases as income decreases
 - D. the rate of tax remains constant with a change in income

4. **(1 point)**
How could an economic recession can be overcome by the government using a budget deficit?
 - A. Raising the rate of taxation
 - B. Reducing inflationary pressures
 - C. Increasing government expenditure
 - D. Encouraging private sector investments

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5. **(1 point)**
When the economy has reached full employment, the type of budget the government will typically adopt is _____.
- A. budget deficit
 - B. budget surplus
 - C. balanced budget
 - D. proportional budget
6. **(1 point)**
The government reduced taxes to encourage household spending. This situation refers the policy of _____.
- A. contractionary fiscal policy
 - B. expansionary fiscal policy
 - C. contractionary monetary policy
 - D. expansionary monetary policy
7. **(1 point)**
The donation of a building for the use of orphans can be considered as _____ in the revenue of the Islamic government.
- A. jizyah
 - B. waqaf
 - C. kharaj
 - D. sadaaqah
8. **(1 point)**
National Fourth Industrial Revolution (4IR) refers to the _____.
- A. the phase of workforce development
 - B. the latest industrial with machinery and safety standards
 - C. the use of industrial machinery and computers in the production
 - D. the integration of digital technologies into the manufacturing process

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9. **(1 point)**
Which of the following phase of the Industrial Revolution used steam power and the mechanized weaving loom to automate production?
- A. 1st Industrial revolution
 - B. 2nd Industrial revolution
 - C. 3rd Industrial revolution
 - D. 4th Industrial revolution
10. **(1 point)**
Which technological innovation was involved in the National Fourth Industrial Revolution (4IR)?
- A. Steam engine and water power
 - B. Internet of things and artificial intelligence
 - C. Telegraph and telephone communication
 - D. Electronic billing machine and teller machine
11. **(1 point)**
Which of the year for Industrial Revolution 2.0?
- A. 1700 - 1840
 - B. 1870 - 1914
 - C. 1969 - 2010
 - D. 2010 - present
12. **(1 point)**
Which of the following profession is related to National Fourth Industrial Revolution (4IR)?
- A. Housekeeper
 - B. Apps developer
 - C. Customer service
 - D. Telephone operator

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13. (1 point)

Which of the following is the benefit of National Fourth Industrial Revolution (4IR)?

- A. Reduced connectivity
- B. Increased environmental impact
- C. Increased in operational efficiency
- D. Minimal technology and innovation

14. (1 point)

Based on the table below, which of the following statement is **TRUE**?

Table 1

Country	Banana	Paddy
India	30	8
China	40	20

- A. India should export paddy.
- B. China should import banana.
- C. China has an absolute advantage in producing of paddy.
- D. India has an absolute advantage in producing of banana.

15. (1 point)

The followings are advantages of international trade **EXCEPT** _____.

- A. enjoy the economies of scale.
- B. production in the country is experiencing efficiency.
- C. country can enjoys a variety of goods.
- D. the political links between countries are to be restricted.

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16. **(1 point)**

When a country imposes a quota to restrict the quantity of imported goods, it can lead to the price _____.

- A. decreases of imported goods
- B. increase of imported goods
- C. increase of local goods
- D. decreases of local goods

17. **(1 point)**

Which of the following is the effect when Malaysians buy more electronics product from China?

- A. Supplying Yuan increase in money market
- B. Supplying Yuan decrease in money market
- C. Demanded Yuan increase in money market
- D. Demanded Yuan decrease in money market

18. **(1 point)**

When the government fixes the external value of its currency in relation to other currencies, it is known as _____.

- A. exchange rate
- B. fixed exchange rate
- C. floating exchange rate
- D. manage floating exchange rate

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19. **(1 point)**

Which of the following factors can influence the exchange rate of a country's currency?

- A. Inflation rate
- B. Interest rate
- C. Government budget
- D. Unemployment rate

20. **(1 point)**

If the Malaysian ringgit exchange rate changes from 1 Swiss Franc = RM3.80 to 1 Swiss Franc = RM4.50, this will cause the Malaysia Ringgit _____.

- A. depreciated
- B. appreciated
- C. fixed exchange rate
- D. floating exchange rate

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PART B: TRUE AND FALSE QUESTIONS

Indicate whether the statement is true or false.

- 1. (1 point)**
The government raised the rate of tax to overcome inflation.
- 2. (1 point)**
Al Ijarah is one of the Islamic government's revenue sources.
- 3. (1 point)**
A budget deficit will be used to overcome the economy during inflation.
- 4. (1 point)**
Regressive tax is a tax where the rate of tax decreases as income increases.
- 5. (1 point)**
Absolute advantage theory refers to the ability of a country to produce more products compared to another country.
- 6. (1 point)**
The country that produces products at a lower opportunity cost has comparative advantages.
- 7. (1 point)**
A law that bars trade between countries is known as a tariff.
- 8. (1 point)**
The trade balance is the difference between merchandise imports and exports.
- 9. (1 point)**
The capital and financial account is not included in the current account balance.
- 10. (1 point)**
Financial aid from Malaysia to Palestine is one example of a current transfer.

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PART C: STRUCTURED QUESTIONS

Answer ALL Questions

1. (10 points)

Table 2 shows the production possibilities data of two countries produce two goods before the international trade. Assume that, resources are divided equally between these two products.

Table 2

Country	Fuel (units)	Machinery (units)
Finland	1 500	4 000
Malaysia	4 200	2 400

- Which country has an absolute advantage in the production of Fuel and Machinery? (2 points)
- Calculate the opportunity cost of producing each product for each country. (4 points)
- Assume the terms of trade is 1 Fuel: 1.5 Machinery and Finland will import 2000 unit of Fuel from Malaysia. By using a table, show the amount of goods for both countries after trade. (4 points)

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2. (10 points)

The following data shows the balance of payment for Malaysia in year 2023.

Table 3

Items	RM (Millions)
Exports	450,000
Imports	275,000
Transportation	4,550
Errors and omissions	2,800
Official long-term capital	25,350
Direct investment	54,540
Other services	7,570
Travel	-9,530
Investment income	20,340
Compensation of employees	-7,200
Nett freight and insurance	13,300

Based on the given information, compute:

- Balance on the trade account (2 points)
- Balance on the service account (2 points)
- Balance on the current account (2 points)
- Balance on the capital and financial account (2 points)
- Overall balance (2 points)

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3. (10 points)

Table 4 shows the data of exchange rate for Ringgit Malaysia (RM) against the major currency for the year 2023.

Table 4

Currency	Exchange Rate in term of RM
1 US Dollar	RM4.63
100 Saudi Arabian Riyal	RM123.57
1 Euro dollar	RM5.07
100 Thai baht	RM13.53
100 Philippine Peso	RM 8.32

- a. Define appreciation of currency. (2 points)
- b. Convert the following currencies into a unit of Malaysian Ringgit (RM1). (5 points)
- c. Based on the Table 4, answer the following question.
 - i. A Malaysian company is looking to import commodities from the United States. The import good's value is USD 38 500. (2 points)

Determine how much the Malaysian company will be paid in Malaysian Ringgit.
 - ii. If the exchange rate for Thai baht to Malaysian Ringgit changes from 100 Thai bath = RM 9.40. (1 point)

Determine the effect of tourism industry in Thailand. Justify your answer.

END OF QUESTION PAPER