

HOME STUDY PACKAGE
LABASA SANGAM (SKM) COLLEGE
WORKSHEET NUMBER 7

NAME: _____

YEAR: 13D

SUBJECT: ECONOMICS

DUE DATE: *6th September, 2021*

Week 7: August 16th – August 20th
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Activity 3.2.2

A. MULTIPLE CHOICE QUESTIONS

1. The slope of the savings function is known as the
 - A. marginal propensity to consume.
 - B. average propensity to consume.
 - C. marginal propensity to save.
 - D. average propensity to save.
2. If the government increases its fiscal deficit, which of the following is likely to occur?
 - A. aggregate supply will rise
 - B. aggregate supply will fall
 - C. aggregate demand will fall
 - D. aggregate demand will rise
3. Which of the following would shift the aggregate demand curve?
 - A. decreasing inflation
 - B. decreased real income
 - C. increased productivity
 - D. decreasing export receipts

B. SHORT ANSWER QUESTIONS

1. Use the information given below and your knowledge to answer the questions that follows. Consider an economy with the following characteristics. All variables are measured in millions of dollars.

$$\begin{aligned}
 C &= 1500 + 0.80YD \\
 YD &= Y - T \\
 T &= 200 + 0.25Y \\
 I &= 298 \\
 G &= 400 \\
 X &= 500 \\
 M &= 0.15Y
 \end{aligned}$$

- i. Calculate the value of the multiplier for this economy.

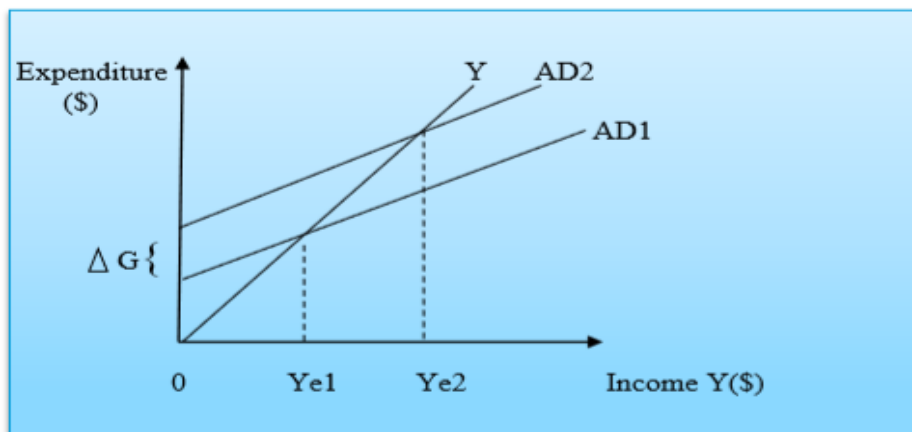
- ii. Calculate the value equilibrium level of real GDP.

- iii. What is the value of Net Exports?

- iv. Suppose the full potential GDP for the above economy is \$8000m, what Would be the market situation in the economy? Use graph to explain.

- v. State and explain one policy government can take to remedy the problem faced by the above economy.

2. Use the graph given below and your knowledge to answer the questions that follows.



The initial equilibrium level of income is \$400 billion. Given that the MPC is 0.75, calculate:

- i. The value of the multiplier for this economy.

- ii. The increase in equilibrium income if autonomous investment increases by \$20 billion.

iii. The new equilibrium level of income (Y_{e2})

3. Use the data given below of a particular economy and answer the question which follows.

- Equilibrium level of income, output and Employment $Y_e = \$500m$
- Full employment level of income, output and Employment $Y_f = \$900m$
- Aggregate supply which is $Y = 45^\circ$ degree line
- Aggregate demand at $Y_e = \$300m$

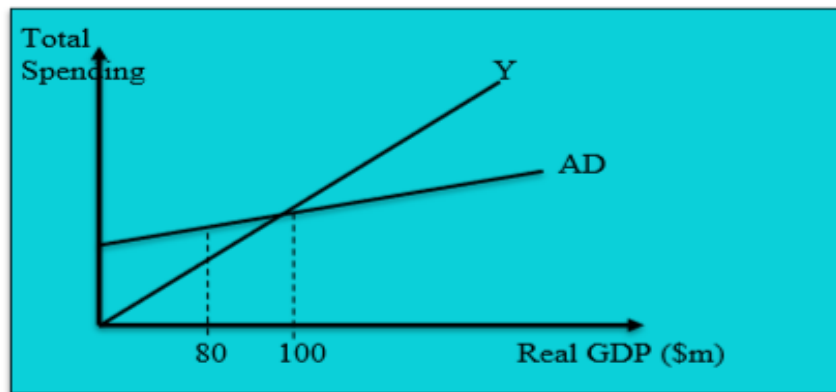
i. Draw the graphical representation of the above data.

ii. Describe the type of economic gap experienced by the economy.

iii. Calculate the value of this economic gap.

- iv. State the particular fiscal policy that would be used by the economy to eradicate such a gap.

4. Study the diagram given below and answer the questions which follow.



- i. Explain the situation given above.

- ii. Calculate the economic gap.

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- iii. Identify government policies to overcome the gap.

HOME STUDY PACKAGE
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WORKSHEET NUMBER 8

NAME: _____

YEAR: 13D

SUBJECT: ECONOMICS

DUE DATE: 6th September, 2021

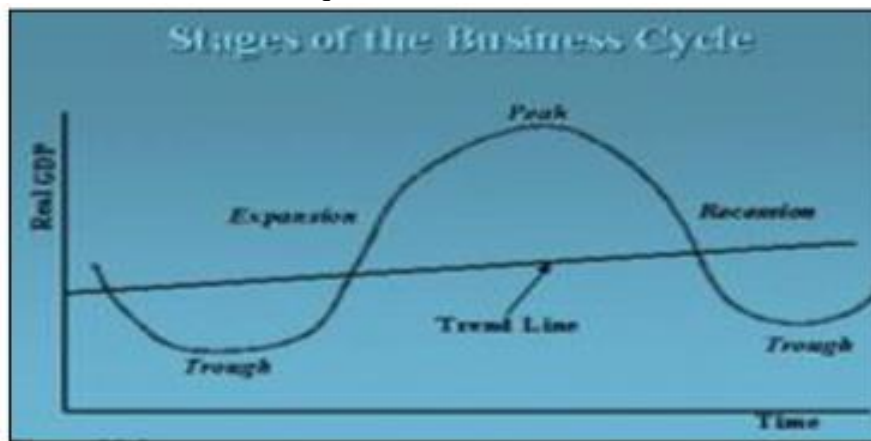
Week 8: August 23rd – August 27th



Activity 3.2.3

SHORT ANSWER QUESTIONS

A. Study the resource and answer the questions which follow.



Write a brief description on what you see in the chart of the following business cycle:

1. Trough

2. Expansion

3. Peak

4. Recession

B. Describe the conditions in the phase of the business cycle as shown in the table.

	Phase of Business Cycle			
Indicator	<i>Trough</i>	<i>Expansion</i>	<i>Peak</i>	<i>Recession</i>
1. Interest rate				
2. Consumer confidence				
3. Business profits				
4. Consumer spending				
5. Housing construction				

ESSAY WRITING QUESTION

In Keynesian analysis, internal balance usually does not exist and the equilibrium level of GDP is either below or above the full employment level.

Evaluate the above statement with reference to:

- The definition of both the inflationary and deflationary gaps and another name for the deflationary gap
- The type, direction and nature of the fiscal policy require to eliminate a deflationary gap
- The type, direction and nature of the fiscal policy needed to eradicate an inflationary gap.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's part of a bound notebook.

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HOME STUDY PACKAGE
LABASA SANGAM (SKM) COLLEGE
WORKSHEET NUMBER 9

NAME: _____

YEAR: 13D

SUBJECT: ECONOMICS

DUE DATE: 6th September, 2021

Week 9: August 30th – September 3rd



Activity 3.3.1

A. MULTIPLE CHOICE QUESTIONS

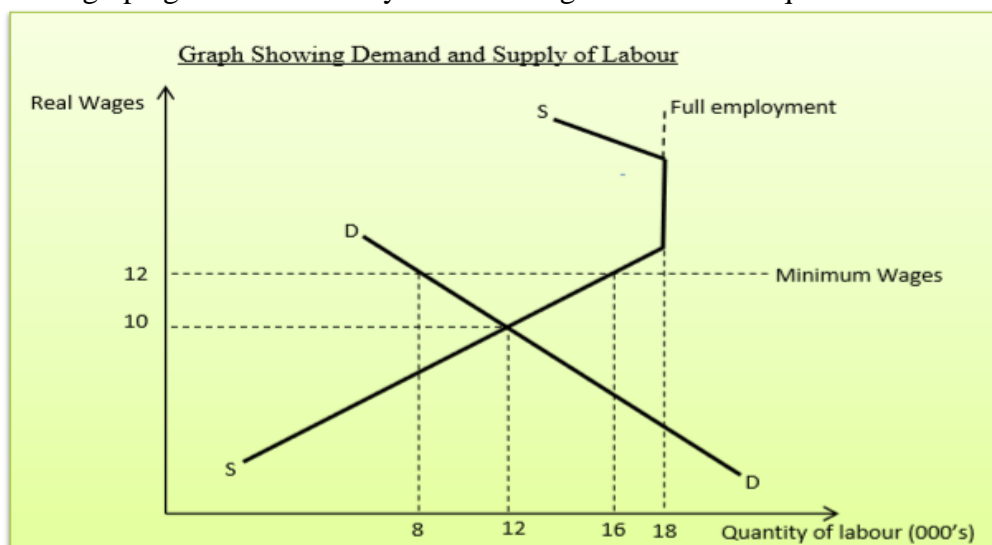
1. Labour as a factor of production is said to be
 - A. final demand
 - B. derived demand
 - C. composite demand
 - D. perfectly elastic demand curve

2. Voluntary unemployment is a situation where
 - A. workers do not volunteer for work because the wage rate is too low.
 - B. employers have no choice but to offer a redundancy package.
 - C. workers voluntarily exit the domestic labour market.
 - D. unemployment is linked to the business cycle.

3. If the price of a unit of specialized labour is held above the equilibrium, which of the following is not likely to be a consequence?
 - A. Few units of that labour resource can be hired.
 - B. Improved living standards for all members of this specialized labour force.
 - C. There will be involuntary unemployment of some of that specialized labour.
 - D. Members of this labour force still at work may suffer from stress and overwork.

B. SHORT ANSWER QUESTIONS

Use the graph given below and your knowledge to answer the questions that follow.



- i. State two factors influencing the demand for labour.

- ii. Explain the shape of supply curve of labour.

- iii. Explain the concept of Substitution Effect and Income Effect as illustrated by the labour supply curve.

- iv. Calculate the following (at Equilibrium and minimum wage rate)

- (a) Level of Voluntary Unemployment (in terms of quantity of labour)

- (b) Level of Involuntary Unemployment (in terms of quantity of labour)

ESSAY WRITING QUESTION

The business cycle illustrates so many things and it is an economic model on its own.

Discuss the above statement in light of:

- The purpose and two alternative names of business cycle.
- Any three phases of business cycle.
- Use of fiscal policy to solve the problem of unemployment in the economy.

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