

HOCHSCHULE PFORZHEIM	
– Faculty of Economics and Law –	
- Written Examination -	
Department: Economics	
Subject: Macroeconomics (Bachelor)	Semester:
	Date:
Examinant:	Prof. Dr. Rainer Maurer
Time:	60 Minutes
Auxiliary Means:	Dictionary, Non-Programmable Calculator

Notes:

(1) Please check the number of sheets and questions for completeness. You should find 7 questions and 6 sheets (inclusive the front page).

(2) Please use these sheets to answer the questions. **If you need more space, use the back of the preceding page!** Should these not be sufficient, use additional sheets and staple them at the end. Please take care for a correct numbering of all additional sheets.

(3) A correct answer yields the number of points noticed in the side column of each question. To pass the examination 50% of all available points have to be reached (= 30 Points).

(4) Please give complete and comprehensible answers. Illegible answers cannot be accepted.

(5) If you use charts, please take care for a complete labeling.

Name: _____

Matriculation-Number: _____

Result: _____

1. (a) What is the difference between real and nominal GDP?
- (b) How does agricultural subsistence production affect the level of GDP?
- (c) How do legal environmental protection constraints, which make the usage of water clarification plants, air cleaner etc. necessary, affect the level of GDP?

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For the sample solution refer to the German version of this examination example available on my homepage.

<p>2. What consequences has an increase of consumption demand under the assumptions of the neoclassical Model? Explicate the complete causal chain.</p>	5	
<p>3. Assume a general market equilibrium in a neoclassical model of a closed economy and explain the adjustment process, which follows a <i>decrease</i> of money supply by the central bank. How does this policy finally affect the level of GDP, the interest rate, the price of goods and the nominal wage?</p>	10	

4. (a) What are the basic differences between the Keynesian and the neoclassical model and what consequences do these differences have in the Keynesian model?
- (b) Assume that the economy of a country faces a period of economic boom (= actual GDP is larger than full-employment GDP). Explain the adjustment process that occurs in this situation in the long-run version of the Keynesian model, when firms start to adjust their prices.

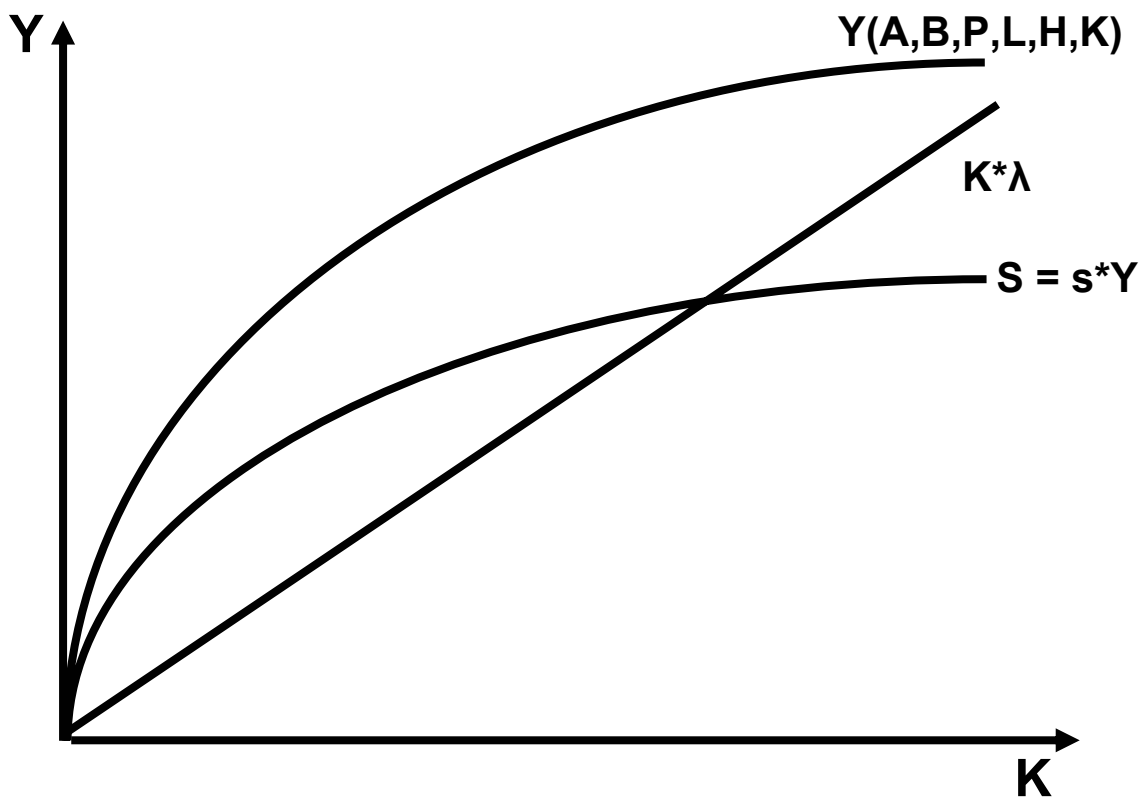
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5. Explain how frictional unemployment evolves.

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6. Explain with the help of the following diagram of the Solow-Swan model, how the introduction of a tax T on household income Y affects the steady state level of GDP. Give a short comment on your result.

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7. (a) Explain the standard procedure used by the European Central Bank to inject money into the economy (main refinancing operation).
(b) Explain *two* reasons, which speak in favour of an inflation target larger than zero.

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