



STAMFORD COLLEGE

SCHOOL OF BUSINESS

DIPLOMA IN CORPORATE ADMINISTRATION (SEMESTER 3)

DCA 111: MACROECONOMICS

Date : 10 October 2006 (Tuesday)

Time : 9.30 am – 11.30 am

Duration: 2 hours

Instructions to Candidates

Question 1 from Section A is compulsory. Answer THREE out of FOUR questions from Section B.

Please ensure that this examination paper contains FIVE questions on TWO printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Candidates may use calculators provided the calculators give no printout, have no work display facilities, are silent and cordless.

Write your Examination Index Number on each page of your answer booklet.

SECTION A

Question 1 (Compulsory)

- (a) What is leakage/withdrawal from the circular flow? Give examples. (2 marks)
- (b) Define frictional unemployment. (2 marks)
- (c) Define marginal propensity to consume and give the formula for its computation. (2 marks)
- (d) Give two reasons why people demand for money. (2 marks)
- (e) Define comparative advantage and absolute advantage (2 marks)
- (f) Give two problems encountered in the calculation of national income. (2 marks)
- (g) Define inflation. (2 marks)
- (h) What are the three items in the balance of payments account? (2 marks)
- (i) Name two macroeconomic objectives. (2 marks)
- (j) Name the institution responsible for carrying out the government's monetary policy in Malaysia. (2 marks)

(Total = 20 marks)

SECTION B

Answer THREE out of FOUR questions.

Question 2

- (a) Explain demand-pull and cost-push inflation. (6 marks)
 - (b) Give four measures used by the government to counter inflation. (4 marks)
- (Total = 10 marks)

Question 3

Define fiscal policy. Explain the tools used by the government in situations of surplus budget and deficit budget.

(Total = 10 marks)

Question 4

- (a) Name FOUR methods of protectionism. (4 marks)
- (b) Justify the arguments put forward by policy makers in protecting their home industries. (6 marks)
- (Total = 10 marks)

Question 5

- (a) What are the approaches used to measure national income? (3 marks)
- (b) What are the uses of national income data? (7 marks)
- (Total = 10 marks)

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