SHIVAJI COLLEGE, UNIVERSITY OF DELHI
DEPARTMENT OF ECONOMICS
Test (Academic Year 2023 – 2024)

Name of the Course	: B.A. Program	Semester	: 4
Name of the Paper	: intermediate macroeconomics	Faculty Name	: Rahul
Maximum Marks	: 15	Date	: 29 April 2024

All questions carry 1 mark each. No negative marking.
All are important.
Each question has just one correct answer.

Ques 1) Dividing nominal wages (W) by labour productivity (Y/L) yields:

A) Real unit labour costs

B) Nominal unit labour costs

C) Total factor productivity

D) Labour share of total income

Ques 2) Which of the following relationships is illustrated by a short-run Phillips curve?

(A) A decrease in the rate of inflation is accompanied by an increase in the rate of economic growth.

(B) A decrease in the rate of inflation is accompanied by an increase in the rate of unemployment.

(C) An increase in the rate of inflation is accompanied by a decrease in the rate of economic growth.

(D) An increase in the rate of inflation is accompanied by an increase in the rate of unemployment.

(E) A decrease in the rate of economic growth is accompanied by a decrease in the rate of unemployment.

Ques 3) Which of the following could cause simultaneous increases in inflation & unemployment?

(A) A decrease in government spending.

(B) A decrease in the money supply.

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(C) A decrease in the velocity of money.

(D) An increase in inflationary expectations

(E) An increase in the overall level of productivity.5.

Ques 4) Suppose that, from 2002 to 2003, unemployment fell from 7.2 to 7.0% and inflation fell from 3.8 to1.1%. An explanation of these changes might be that the

(A) Aggregate demand curve shifted to the left

(B) Aggregate demand curve shifted to the right

(C) Aggregate supply curve shifted to the left

(D) Aggregate supply curve shifted to the right

(E) Short-run Phillips curve shifted to the right

Ques 5) The Phillips curve shows that

(A) High unemployment rates are associated with low inflation rates.

(B) High unemployment rates are associated with high inflation rate.

(C) High unemployment rates are associated with a large increase in the nominal wage.

(D) High inflation rates are associated with a small increase in the nominal wage.

(E) High inflation rates are associated with a low rate of economic growth.

Ques 6) The relationship between short-run aggregate supply curves and Phillips curves is that there

(A) is no relationship between short-run aggregate supply curves and Phillips curves.

(B) are several short-run aggregate supply curves for each Phillips curves.

(C) are several Phillips curves for each short-run aggregate supply curve.

(D) is exactly one Phillips curve corresponding to each short-run aggregate supply curve

(E) no true answer

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Ques 7) According to the Phillips curve, other things being equal, inflation depends positively on all of the following except:

(A) expected inflation

(B) the unemployment rate

(C) the natural unemployment rate

(D) a supply shock, if one occurs

(E) no true answer

Ques 8) If the short-run aggregate supply curve is steep, the Phillips curve will be

(A) flat

(B) steep

(C) backward-bending

(D) unrelated to the slope of the short-run aggregate supply curve

(E) horizonal

Ques 9) The Phillips curve depends on all of the following forces except:

(A) the current money supply

(B) expected inflation

(C) the deviation of unemployment from its natural rate

(D) supply shocks

(E) all are the determinants

Ques 10) The short-run Phillips curve:

(A) shifts upward if expected inflation increases

(B) shifts upward if expected inflation decreases

(C) remains the same

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(D) shifts downward if expected inflation increases

(E) is vertical

Ques 11) The existence of a natural rate of unemployment suggests that

(A) there is no inflation-unemployment trade-off in the long run

(B) nominal wage increases lag price increases in the long run

(C) nominal wage increases lead price increases in the long run

(D) the short-run Phillips curve is steeper than the long-run Phillips curve

(E) the short-run Phillips curve is flatter than the short-run aggregate supply curve

Ques 12) Fixed output level in the long run at full-employment output corresponds with which of the following shapes of the long-run Phillips curve?

(A) Horizontal.

(B) Convex to the origin.

(C) Concave to the origin.

(D) Vertical.

(E) Linear with a slope of 1

Ques 13) A leftward shift of the Phillips curve suggests that:

(A) the productivity of labour has decreased

(B) a lower rate of inflation is now associated with each rate of unemployment than previously

(C) cost-push inflationary pressure has increased

(D) a higher rate of inflation is now associated with each rate of unemployment than previously

(E) the natural rate of unemployment has become zero.

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Ques 14) When the actual rate of inflation is less than the expected rate:

(A) the unemployment rate will temporarily rise

(B) firms will increase their output to recoup their falling profits

(C) the unemployment rate will temporarily fall

(D) firms will experience rising profits and thus increase their employment

(E) no true answer

Ques 15) All else equal, the short-run aggregate supply curve shifts positions when:

(A) the price level changes

(B) the rate of inflation changes

(C) nominal wages and other input prices change

(D) aggregate demand changes

(E) no true answer

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