

- 3 In France the marginal propensity to consume was estimated to be 0.21 in January 2023.

Based on this estimate, which **one** of the following was the value of the multiplier for France?

- ☐ A 0.04
☐ B 0.79
☐ C 1.27
☐ D 4.76

(Total for Question 3 = 1 mark)

- 6 In Denmark the marginal propensity to consume is estimated to be 0.49.

Based on this estimate, which **one** of the following is the value of the multiplier for Denmark?

- ☐ A 0.51
☐ B 1.96
☐ C 2.04
☐ D 4.90

(Total for Question 6 = 1 mark)

- 3 In China, government expenditure was CN¥24.64 trillion in 2021 and CN¥20.37 trillion in 2022.

Which **one** of the following is the percentage decrease in China's government expenditure between 2021 and 2022?

- ☐ A 4.27
☐ B 17.33
☐ C 20.96
☐ D 82.67

(Total for Question 3 = 1 mark)

- 1 It is estimated that the marginal propensity to consume in Germany is 0.4.

Which **one** of the following represents the value of the multiplier in Germany?

- ☐ A 0.5
☐ B 0.6
☐ C 1.7
☐ D 2.5

(Total for Question 1 = 1 mark)

- 1 It is estimated that the marginal propensity to consume in China is 0.5. Assume that the Chinese Government increased its spending on infrastructure by ¥1.5 billion.

Ceteris paribus, what would be the final increase in GDP following this injection?

- ☐ A ¥0.50 bn
- ☐ B ¥0.75 bn
- ☐ C ¥2 bn
- ☐ D ¥3 bn

(Total for Question 1 = 1 mark)

- 3 In Indonesia it is estimated that approximately 27% of part-time workers are employed for fewer hours than they would be willing to work.

Which **one** of the following may be deduced from this information?

- ☐ A There is a high level of underemployment in Indonesia
- ☐ B There is a high level of economic inactivity in Indonesia
- ☐ C There is a high rate of unemployment in Indonesia
- ☐ D There is a high rate of inflation in Indonesia

(Total for Question 3 = 1 mark)

- 2 In Chad unemployment is higher in the winter months than in the summer months. This is because the demand for agricultural labour is lower in the winter months.

Which **one** of the following best describes the cause of this unemployment in Chad?

- ☐ A Frictional unemployment
- ☐ B Real wage inflexibility
- ☐ C Seasonal unemployment
- ☐ D Structural unemployment

(Total for Question 2 = 1 mark)

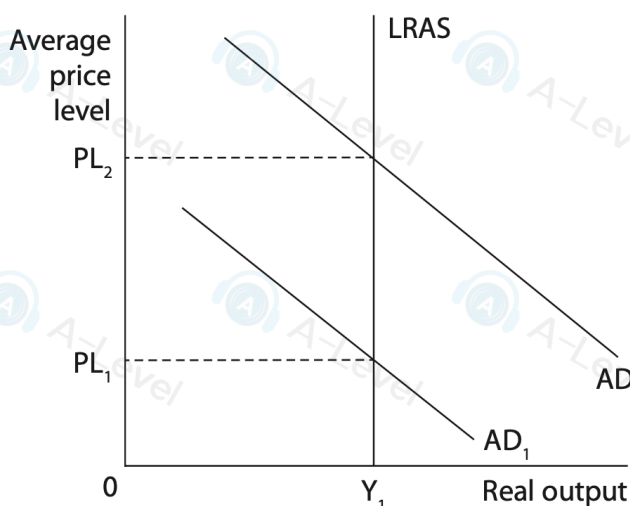
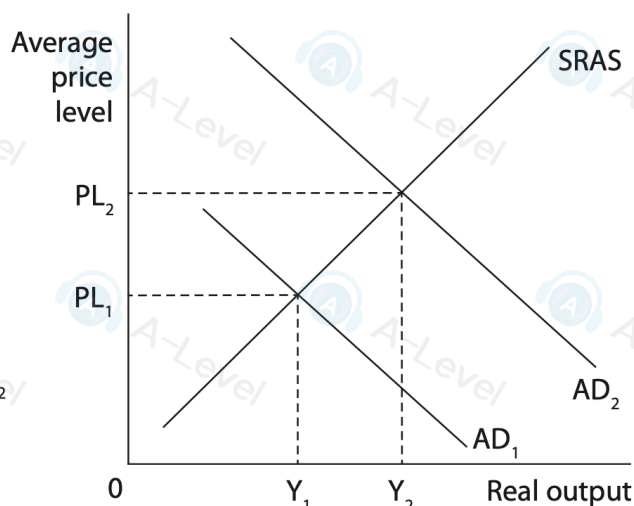
- 3 South Africa's annual government expenditure as a proportion of GDP increased from 31.4% to 34.6% between 2012 and 2019.

Which **one** of the following is most likely to have contributed to this increase in government expenditure as a proportion of GDP?

- ☐ A Lower welfare payments
- ☐ B A lower exchange rate
- ☐ C Less economic activity
- ☐ D Increased business confidence

(Total for Question 3 = 1 mark)

- 1 Which **one** of the following aggregate demand and aggregate supply diagrams below illustrates an economy experiencing **potential** economic growth?

☒ A

☒ B


- 3 The value of Burundi's multiplier is estimated to be approximately 0.1.

Ceteris paribus, which **one** of the following would cause an increase in the value of a country's multiplier?

- ☒ A An increase in the marginal propensity to save
- ☒ B An increase in the marginal propensity to import
- ☒ C A decrease in the marginal propensity to tax
- ☒ D A decrease in the marginal propensity to consume

(Total for Question 3 = 1 mark)

- 3 From Quarter 1 2020 to Quarter 2 2020, government expenditure in Russia increased by 25 billion roubles.

Ceteris paribus, what was the most likely effect of this increase?

- ☒ A Aggregate demand decreased
- ☒ B Withdrawals from the circular flow increased
- ☒ C Aggregate supply decreased
- ☒ D Injections into the circular flow increased

(Total for Question 3 = 1 mark)

- 3 Between January 2020 and April 2020 the rate of unemployment in the USA increased from 3.5% to 14.8%. This was as a result of the recession caused by the global health crisis.

Which **one** of the following best describes the cause of unemployment experienced in the USA?

- ☐ A Seasonal
- ☐ B Structural
- ☐ C Demand deficient
- ☐ D Frictional

(Total for Question 3 = 1 mark)

- 1 Mongolia experiences higher unemployment in the winter when the demand for agricultural labour is lower than in the summer months.

Which **one** of the following best describes the cause of unemployment experienced in Mongolia?

- ☐ A Seasonal unemployment
- ☐ B Real wage inflexibility
- ☐ C Structural unemployment
- ☐ D Demand deficiency

(Total for Question 1 = 1 mark)

- 4 It is estimated that the marginal propensity to consume in Greece is 0.6. Assume that the Government of Greece increased its spending on education by €2.5 billion.

Ceteris paribus, what would be the final increase in GDP following this injection?

- A €1.00 billion
- B €1.50 billion
- C €4.20 billion
- D €6.25 billion

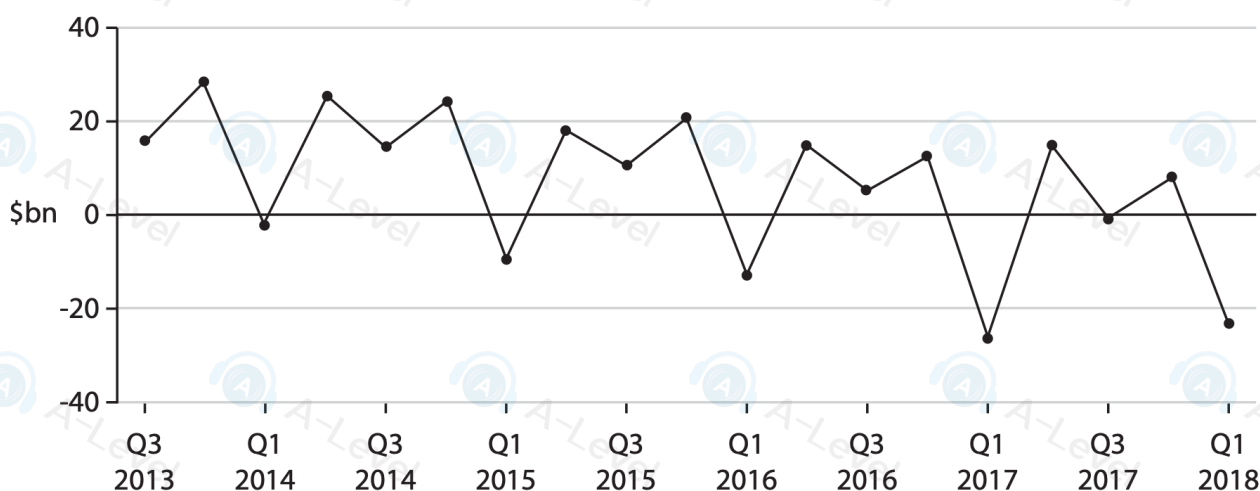
(Total for Question 4 = 1 mark)

- 3 Which **one** of the following is likely to cause a decrease in the value of a country's multiplier?

- ☐ A A decrease in the marginal propensity to tax
- ☐ B A decrease in the marginal propensity to save
- ☐ C An increase in the marginal propensity to import
- ☐ D An increase in the marginal propensity to consume

(Total for Question 3 = 1 mark)

- 6 The chart shows a government budget between quarter 3 2013 and quarter 1 2018 (\$ billion).



What can be deduced from this chart?

- ☐ A There was a budget surplus in quarter 3 2015
- ☐ B There was a budget deficit in quarter 3 2013
- ☐ C Tax receipts exceeded government expenditure in quarter 1 2017
- ☐ D Government expenditure exceeded tax receipts in quarter 3 2015

(Total for Question 6 = 1 mark)

- 13 In 2022 the Government of China decided to invest 1.48 trillion yuan in many new transportation, energy and telecommunication infrastructure projects.

Evaluate the likely benefits of an increase in government expenditure on infrastructure.

Refer to a country of your choice in your answer.

(Total for Question 13 = 20 marks)