Supplementary Assessment

Supplementary Assessment is available to eligible students who receive an Interim Fail (NF) grade, for a result between 45 and 49%. This additional assessment will be an opportunity to demonstrate that you are able to meet the learning outcomes for the unit.

Unit Code: ECON203: Macroeconomics 2 (Semester 2, 2019)

Problem Set

This is comprised of calculation questions to help students have basic quantitative skills and understand economic concepts in a better way. The students are expected to complete these questions by their own.

Topic:	ALL TOPICS covered in the lecture
Due date:	48 Hours after assessment is released
Format:	Problem Set
Length:	Students will answer questions in the problem set.
Purpose:	This additional assessment will be an opportunity to demonstrate that you are able to meet the learning outcomes for the unit.
Learning outcomes assessed:	1. Interpret economic concepts and their application contemporary issues (GA5, GA7, GA8);
	2. Think critically and reflectively (GA4, GA6, GA8)'
	3. Explain and evaluate the factors influencing the functioning of economies (GA4, GA5, GA6).
How to submit:	Drop your assessment in the Assignment Box at Bld 412 Ground Floor (Arts Precinct)

Assessment criteria: The mark for the problem set will be based on the quality of the answers including:

- the ability to apply economic tools to the analysis and solution of problems faced by consumers and firms
- the communication of economic principles to explain and analyse economic institutions and economic decisions
- the ability to synthesis theory and practice for selected microeconomic issues

For further information about the *Supplementary Assessment Guidelines and Information for Students* please see: http://www.acu.edu.au/policies/843743

Section A (TRUE/FASLE Questions) [Total = 40 marks]

Consider each of the following statements. Say whether you believe the statement is True, False or Uncertain. Briefly explain your answer in words. Note that most of the marks will be given for the explanation.

Question 1. [10 marks] Suppose that the government reduces its spending temporarily given the budget deficit prospect. This policy shifts the AD curve up and to the right.

Question 2. [10 marks] A contractionary monetary policy shifts the AD curve down and to the left.

Question 3. [10 marks] To raise tax revenue, the government raises the effective tax rate on capital. This policy shifts the AD curve down and to the left.

Question 4. [10 marks] A fall in the expected inflation shifts the AD curve up and to the right.

Section B (Problem Solving Questions) [Total = 60 marks]

Question 5. [60 marks] **Classifying Transactions.** Explain how each of the transactions generates two entries – a credit and a debit – in the Canadian balance of payments accounts, and describe how each entry would be classified:

a. [10 marks] A Canadian purchases BMW 5 in Munich and pays for it using euros. He obtained those euros in exchange for dollars at the German bank in Munich airport.

b. [10 marks] A Canadian buys a share of German stock, paying the seller with a check on a Canadian bank.

c. [10 marks] A Canadian buys a share of Japanese stock, paying by writing a check on an account with a Swiss bank.

d. [10 marks] The Korean government carries out an official foreign exchange intervention in which it uses dollars held in a Canadian bank to buy Korean currency from its citizens.

e. [10 marks] A tourist from Ottawa buys a meal at an expensive restaurant in Lyons, France, paying with a traveller's check.

f. [10 marks] A Canadian-owned factory in Mexico uses local earnings to buy additional machinery from a Mexican producer.