1. What Is Macroeconomics?

Choose the correct answer amongst the alternatives presented. Some of the questions may require checking the statistical information available in the appendix at the end of this chapter.

Problem 1.1.

Which of the following topics cannot be considered an essentially macroeconomic issue?

    a) economic growth;

    b) productivity;

    c) unemployment;

    d) oil prices;

    e) inflation.

Problem 1.2.

Which of the following is not a type of macroeconomic policy?

a) monetary policy;
b) fiscal policy;
c) frictional policy;
d) structural policy;
e) all of the above are macroeconomic policies.

Problem 1.3.

Analysis that determines the economic consequences of a particular policy, disregarding whether they are desirable or not, is

a) positive;
b) normative;
c) neither positive nor normative;
d) both positive and normative;
e) either positive or normative.

Problem 1.4.

Which of the following topics is most likely to be discussed in macroeconomics?

a) aggregate expenditure;
b) a household;
c) a firm;
d) the rising price of wheat;
e) teacher salaries.

Problem 1.5.

Over the twentieth century, real output per capita of the Portuguese economy:

a) fell;
b) rose and then fell;
c) fell and then rose;
d) has increased in almost every year;
e) fluctuated erratically.

Problem 1.6.

During the first decade of this century, the real product per capita of the Portuguese economy:

a) practically has stagnated;

b) has increased almost always;

c) decreased significantly between 2007 and 2011;

d) began a sustained recovery in 2009;

e) none of the previous answers.

Problem 1.7.

Output per employed worker is also named as:

    a) marginal labor productivity;
    b) gross domestic product;
    c) average labor productivity.
    d) the labor force participation rate.
    e) the standard of living.

Problem 1.8.

During a recession, the unemployment rate:

a) tends to increase;

b) tends to decrease;

c) tends to fluctuate rapidly;

d) reaches the value zero;

e) approaches 100%.

Problem 1.9.

During inflation:

    a) all prices rise;
    b) the unemployment rate falls;
    c) the cost of living increases;
    d) GDP increases;
    e) prices in general increase.

Problem 1.10.

Over the 1900s, the Portuguese inflation rate:

    a) was always positive;
    b) was always negative;
    c) was relatively constant;
    d) fluctuated, and sometimes was negative;
    e) fell consistently.

Problem 1.11.

In the first decade of this century, the inflation rate in Portugal:

a) never increased;

b) was sometimes negative;

c) never fell below 1%;

d) always decreases;

e) was high in relation to the years of 1975-1985.

Problem 1.12.

During the second half of the XX century, the unemployment rate in Portugal :

a) became negative in some years;

b) was almost constant;

c) reached 25% several times;

d) was never zero;

e) never exceeded 8%.

Problem 1.13.

Over the first eleven years of the XXI century, the unemployment rate in Portugal:

a) decreased almost always;

b) almost always increased since 2003;

c) never exceeded the values of the 2nd half of the XX century;

d) had behaved erratically;

e) shows signs of slowing down since 2009.

Economics II   Problem Sets   9

Statistical Appendix for Chapter 1

FIGURE 1.1. – Real Annual GDP per Capita in Portugal: 1850-2011
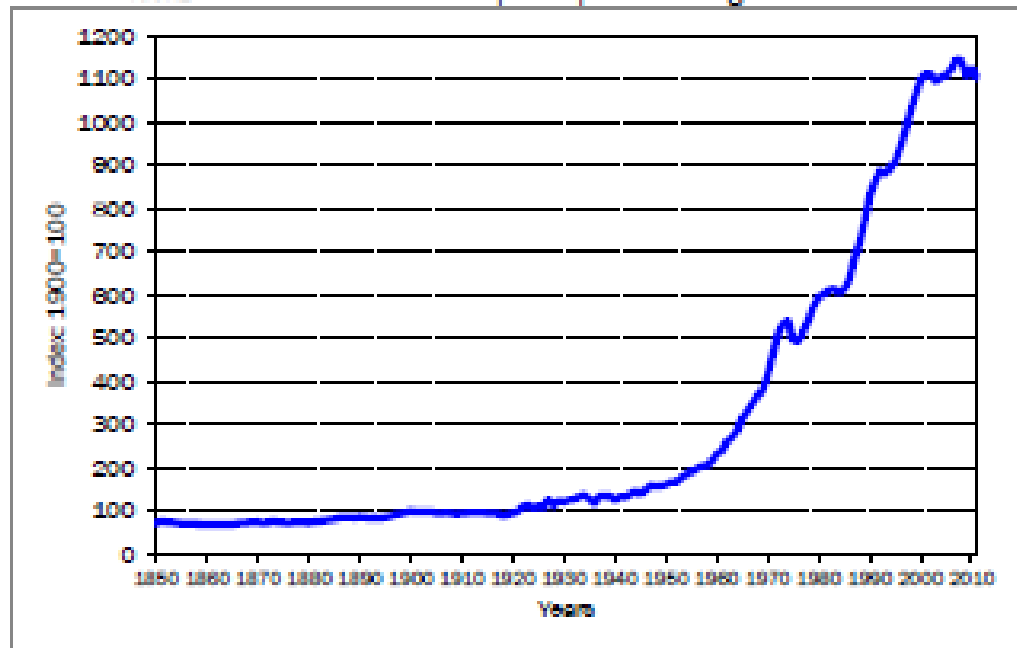
SOURCES: European Commission (2012) and GGDC (2012).

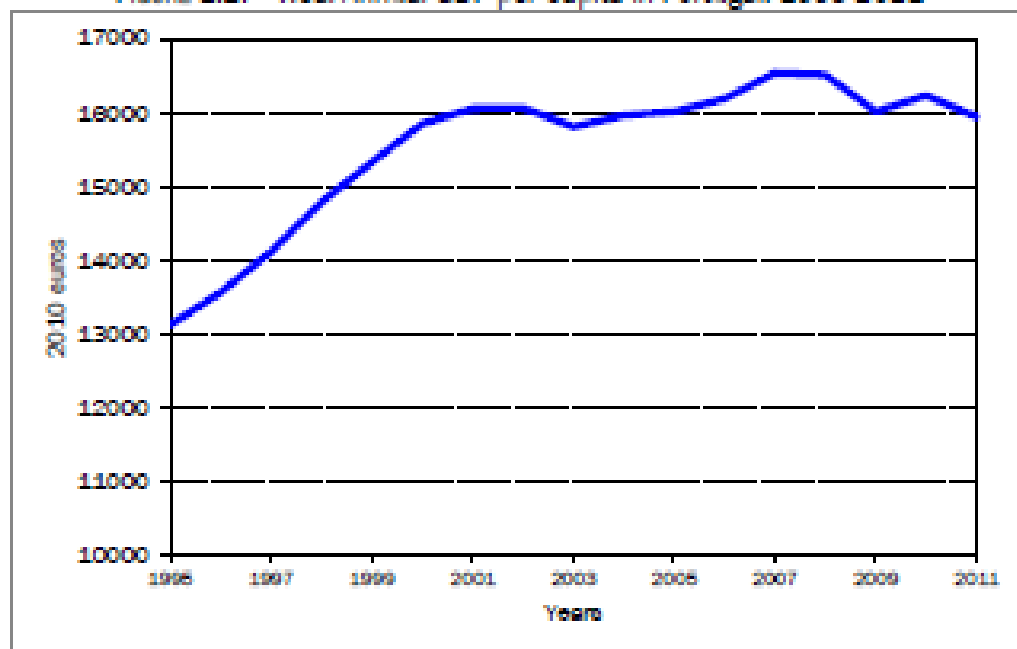### FIGURE 1.2. – Real Annual GDP per Capita in Portugal: 1995-2011

SOURCE: European Commission (2014).

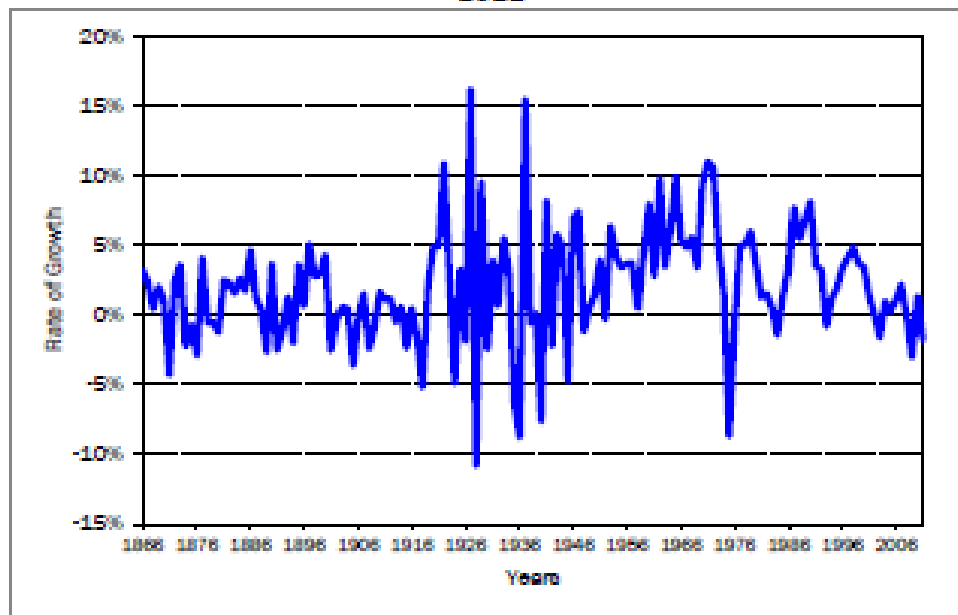FIGURE 1.3. – Change in Real Annual GDP per Capita in Portugal: 1866-
2011

SOURCES: European Commission (2012) and GGDC (2012).

FIGURE 1.4. – CPI Inflation Rate in Portugal: 1900-2011
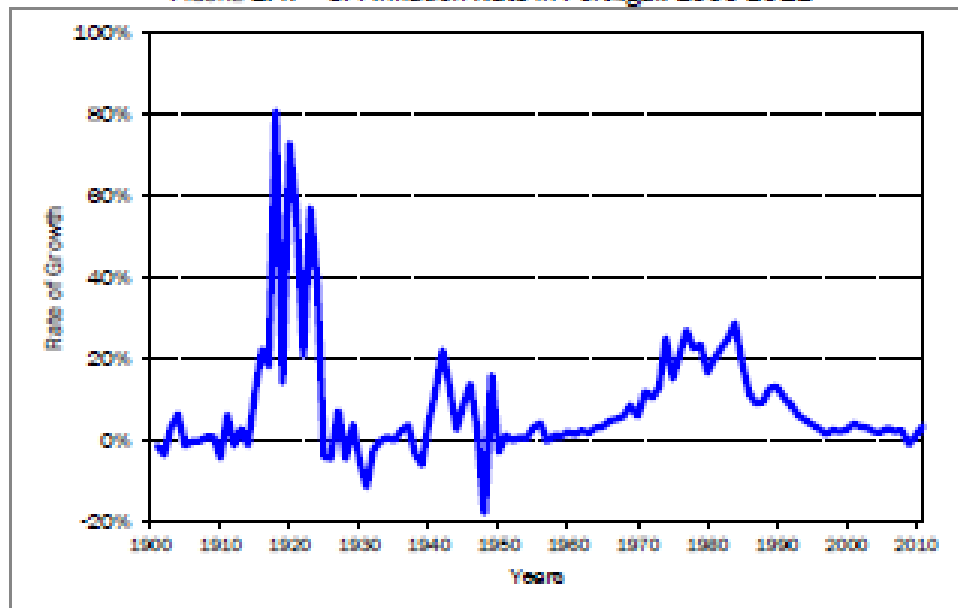

SOURCES: European Commission (2012) and Valério (2001).

FIGURE 1.5. – CPI Inflation Rate in Portugal: 1995-2011

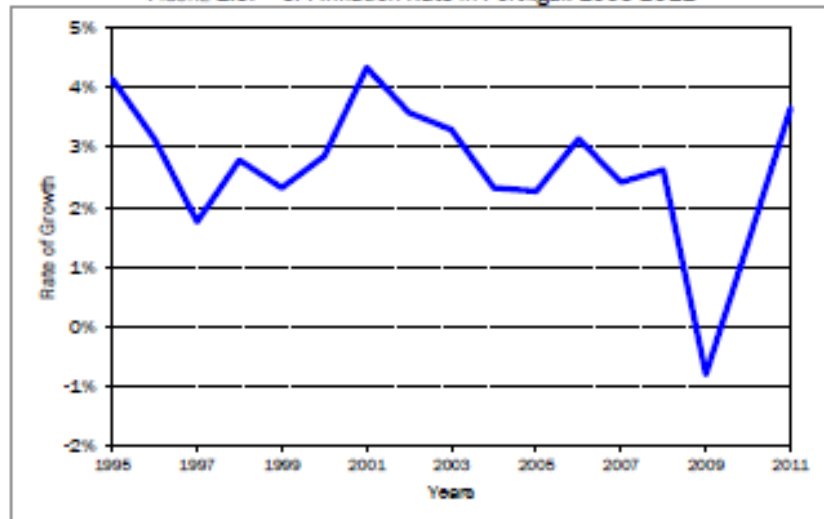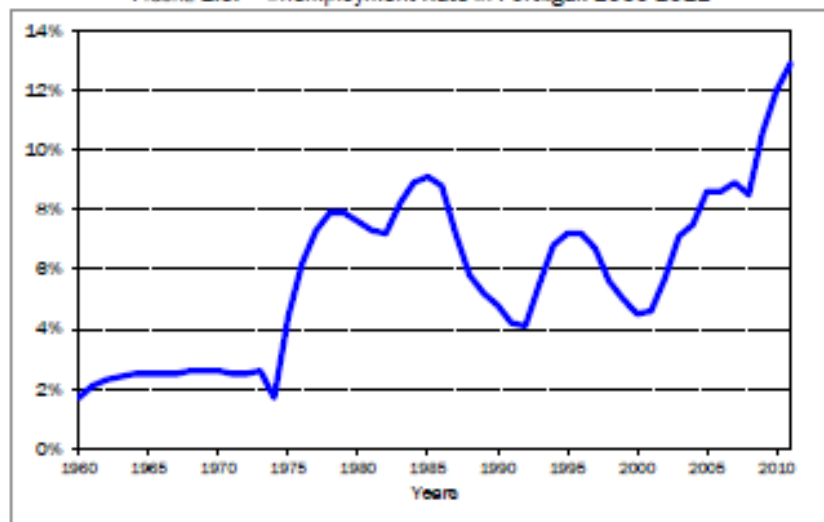SOURCE: European Commission (2012).

FIGURE 1.6. – Unemployment Rate in Portugal: 1960-2011

SOURCE: European Commission (2012).