

NAT II Management Science Economy

Sr	Questions	Answers Choice
1	The real exchange rate is defined as the:	<p>A. Market exchange rate adjusted for prices</p> <p>B. Market exchange rate adjusted for interest rates</p> <p>C. Market exchange rate</p> <p>D. Exchange rate determined by the government</p>
2	Which of the following economists came up with a theory regarding the tradeoff between unemployment and inflation?	<p>A. A.W. Phillips</p> <p>B. John Maynard Keynes</p> <p>C. Joseph Schumpeter</p> <p>D. Milton Friedman</p>
3	What is the interest rate effect that explains why the aggregate demand curve slopes downward?	<p>A. It refers to the effect of changes in the price level on quantity of investment demanded which in turn affects interest rates</p> <p>B. <div>It refers to the effect of interest rates on borrowing which in turn affects consumption spending. </div></p> <p>C. It refers to the effect of changes in the price level on interest rates which in turn affects the quantity of investment demanded</p> <p>D. It refers to the shifts in aggregate demand when interest rates change</p>
4	In the short run, the equilibrium price level and the equilibrium level of total output are determined by the intersection of:	<p>A. The aggregate demand, the short-run aggregate supply and the long-run aggregate supply curves</p> <p>B. The short-run aggregate supply and the long-run aggregate supply curves</p> <p>C. The aggregate demand and the short-run aggregate supply curves</p> <p>D. The aggregate demand and the long-run aggregate supply curves</p>
5	For a study of the long term growth of the economy, we use:	<p>A. Real GNP</p> <p>B. Nominal GNP</p> <p>C. Personal income</p> <p>D. Disposable personal income</p>