



Beijing-Dublin International College



SEMESTER II MIDTERM- 2025/2026

School of Economics

ECON1046J: Economics and Society

Dr. Dan Xie

Time Allowed: 60 minutes

Instructions for Candidates

Candidates should attempt all questions. Read the questions carefully and check they do not continue over the following page. Write all your answers in the space provided.

Good luck!

BJUT Student ID: _____

UCD Student ID: _____

I have read and clearly understand the Examination Rules of both Beijing University of Technology and University College Dublin. I am aware of the Punishment for Violating the Rules of Beijing University of Technology and/or University College Dublin. I hereby promise to abide by the relevant rules and regulations by not giving or receiving any help during the exam. If caught violating the rules, I accept the punishment thereof.

Honesty Pledge : _____ **(Signature)**

Instructions for Invigilators

This examination paper is not to be removed from the examination. Candidates should hand it to the examination supervisor at the end of the examination, together with their answer sheet and any rough work.

Part I. (30 marks) Multiple choice questions: For each question, choose the single best answer.

1. The two main tools of macroeconomic policy include monetary policy, and fiscal policy, which involves _____ spending.

- A. business
- B. government**
- C. household
- D. capital market

2. The basic difference between macroeconomics and microeconomics is:

- A. microeconomics concentrates on individual markets while macroeconomics focuses primarily on international trade.
- B. microeconomics concentrates on the behaviour of individual consumers while macroeconomics focuses on the behaviour of firms.
- C. microeconomics concentrates on the behaviour of individual consumers and firms while macroeconomics focuses on the performance of the entire economy.**
- D. microeconomics explores the causes of inflation while macroeconomics focuses on the causes of unemployment.

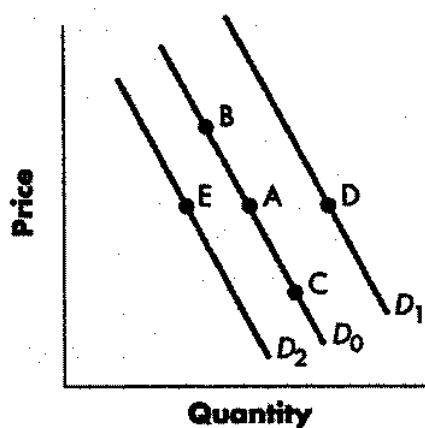
3. In a market-oriented economy, the amount of a good that is produced is primarily decided by the interaction of:

- A. all consumers.
- B. buyers and sellers.**
- C. producers and input suppliers.
- D. producers and government planning committees.

4. The _____ is the only price where quantity demanded is equal to quantity supplied.

- A. equilibrium price**
- B. horizontal axis intercept
- C. vertical axis intercept
- D. market price

5. Refer to the figure below. A change from Point A to Point B represents a(n):

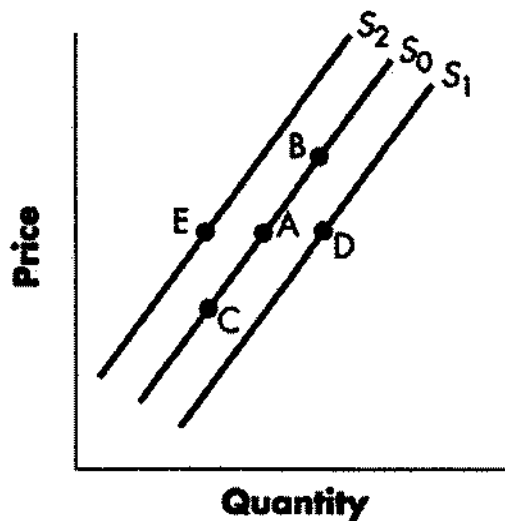


- A. increase in demand.
- B. decrease in demand.

C. decrease in quantity demanded.

D. increase in quantity demanded.

6. Refer to the figure below. A change from Point A to Point E represents a(n):



A. increase in supply.

B. decrease in supply.

C. increase in quantity supplied.

D. decrease in quantity supplied.

7. Interpret the following statement: "An increase in the price of wheat will encourage farmers to increase the quantity of wheat supplied to the market."

A. The statement is correct.

B. The statement would be correct if "quantity of wheat supplied" were substituted for "quantity of wheat demanded".

C. The statement is incorrect because it confuses a change in quantity supplied with a change in supply.

D. The statement would be correct if it read that a "decrease in the price of wheat will encourage farmers to increase the quantity of wheat supplied to the market."

8. If an increase in the price of Good X causes a decrease in the demand for Good Y, we can conclude that:

A. the price of Good Y will increase.

B. Goods X and Y are normal goods.

C. Goods X and Y are substitute goods.

D. Goods X and Y are complement goods.

9. Poverty is measured by the number of people who fall below

A. a certain level of income.

B. the income needed for a basic standard of living.

C. the nation's economic poverty line.

D. all the above are correct.

10. During the last two centuries, the average rate of growth of GDP per capita in the leading industrialized countries has averaged about _____ per year.

- A. 2%**
- B. 12%
- C. 22%
- D. 32%

11. Country Able and Country Baker initially have the same real GDP per capita. Country Able experiences no economic growth, while Country Baker grows at a sustained rate of 7 percent. In 12 years, Country Baker's GDP will be approximately _____ that of Country Able.

- A. triple
- B. double**
- C. one-half
- D. one-fourth

12. A _____ policy will cause a greater share of income to be collected from those with high incomes than from those with lower incomes.

- A. proportional tax
- B. regressive tax
- C. progressive tax**
- D. excise tax

13. Colombia produces coffee with less labor and land than any other country; it therefore necessarily has:

- A. a comparative advantage in coffee production.
- B. both a comparative and absolute advantage in coffee production.
- C. an absolute advantage and comparative disadvantage in coffee production.
- D. an absolute advantage in coffee production**

14. In India one person can produce 330 pounds of rice or 110 shirts in one year. In China one person can produce 400 pounds of rice or 200 shirts in one year. Which of the following statements is true?

- A. India has a comparative advantage in the production of rice.**
- B. China has a comparative advantage in the production of rice.
- C. China has both an absolute and comparative advantage in the production of rice.
- D. India has an absolute advantage in the production of rice.

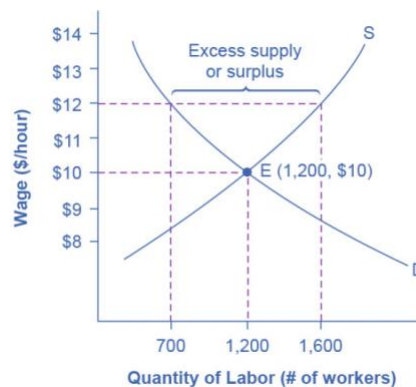
15. Which of the following is true?

- A. A nation can have a comparative advantage in the production of a good only if it also has an absolute advantage.
- B. A nation can have a comparative advantage in the production of every good, but not an absolute advantage.
- C. A nation cannot have an absolute advantage in the production of every good.
- D. A nation cannot have a comparative advantage in the production of every good.**

PART II. Short answer questions (10 marks)

1. Price floors and price ceilings often lead to unintended consequences. Illustrate with the case of minimum wage law. (4 marks)

Answer: At the price floor, the quantity supplied exceeds the quantity demanded, and a surplus of labor exists in this market. For workers who continue to have a job at a higher salary, life has improved. For those who were willing to work at the old wage rate but lost their jobs with the wage increase, life has not improved.



2. Steve and Craig have been shipwrecked on a deserted island in the South Pacific. Their economic activity consists of either gathering pineapples or fishing. We know Steve can catch four fish in one hour or harvest two baskets of pineapples. In the same time Craig can reel in two fish or harvest two baskets of pineapples.

a) If they each spend four hours a day fishing and four hours a day harvesting pineapples, how many of each will Steve produce? How many will Craig produce? What will their total production be? (2 marks)

Answer:

Steve produces 16 fish per day (4 hours x 4 fish per hour) and 8 baskets of pineapples (4 hours x 2 baskets per hour). Craig produces 8 fish per day (4 hours x 2 fish per hour) and 8 baskets of pineapples (4 hours x 2 baskets per hour). Total production is 24 fish per day and 16 baskets of pineapples.

b) If Steve and Craig don't trade with each other, and assume Craig and Steve both operate on straight-line production possibilities curves. What is Steve's opportunity cost of producing a basket of pineapples? Of a producing a fish? What is Craig's opportunity cost of producing a basket of pineapples? Of a producing a fish? (2 marks)

Answer:

Steve's opportunity cost of a basket of pineapples is 2 fish; his opportunity cost of a fish is 1/2 baskets of pineapples. Craig's opportunity cost of a basket of pineapples is 1 fish; his opportunity cost of a fish is 1 basket of pineapples.

c) If Steve and Craig specialise in production and trade with each other, what would they produce and trade? What will their total production be? Compare to your answer in a). (2 marks)

Answer:

Steve would produce and sell fish and Craig would produce and sell pineapples. Total production is 32 fish per day and 16 baskets of pineapples.

With specialisation, Steve and Craig can produce and consume 8 more fish per day with the same number of pineapples.