



Beijing-Dublin International College



SEMESTER II FINAL EXAMINATION - 2022/2023

School of Economics

ECON1046J: Economics and Society

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Time Allowed: 120 minutes

Instructions for Candidates

Candidates should attempt all questions. Read the questions carefully and check they do not continue over the following page. The use of calculators is **NOT** permitted. Write all your answers in the answer sheet 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 are allowed to perform rough work on it. They should hand it to the examination supervisor at the end of the examination, together with their answer sheet and any rough work. The use of calculators is **NOT** permitted.

MCQ (40 points) for each question, choose the single best answer. There is no negative marking.

1. Which of the following is an example of contractionary fiscal policy?
 - A. Implementing tax cuts to stimulate consumer spending
 - B. Increasing government spending on infrastructure projects
 - C. Raising taxes to reduce aggregate demand and control inflation
 - D. None of these
2. When the central bank reduces reserve requirements, it is likely implementing:
 - A. Expansionary monetary policy
 - B. Contractionary monetary policy
 - C. Neutral monetary policy
 - D. Fiscal policy
3. Who is the President of the European Central Bank as of 2023?
 - A. Christine Lagarde
 - B. Mario Draghi
 - C. Jens Weidmann
 - D. Jean-Claude Trichet
4. Who were the founding members of the European Union?
 - A. Belgium, France, Germany, Italy, Luxembourg, the Netherlands and Spain
 - B. Belgium, France, Germany, Italy, Luxembourg, Ireland and Portugal
 - C. Belgium, France, Germany, Italy, Luxembourg and the Netherlands
 - D. Belgium, France, Italy, Luxembourg and the Netherlands
 - E. France, Italy, Luxembourg, the Netherlands and the United Kingdom
5. Which of the following countries is not a member of the European Union?
 - A. Germany
 - B. Switzerland
 - C. France
 - D. Italy
6. In the Eurozone, the Stability and Growth Pact is an agreement aimed at:
 - A. Promoting economic integration
 - B. Regulating immigration policies
 - C. Ensuring fiscal discipline
 - D. Facilitating trade agreements
7. A tax for which high-income taxpayers pay a smaller fraction of their income than do low-income taxpayers is known as
 - A. A proportional tax
 - B. An equitable tax
 - C. A regressive tax
 - D. A progressive tax
 - E. A flat tax
8. What does the term "marginal tax rate" refer to?
 - A. The total amount of tax paid by an individual or business in a given year
 - B. The percentage of income that is subject to taxation
 - C. The tax rate applied to the last dollar earned within a specific income bracket
 - D. The tax rate applied to the first dollar earned

9. If the demand for a product increases while the supply remains unchanged, what would you expect to happen to the equilibrium price and quantity?
- A. Price and quantity will both increase
 - B. Price will increase, and quantity will decrease
 - C. Price will decrease, and quantity will increase
 - D. Price and quantity will both decrease
10. The Kuznets curve is a graphical representation that depicts the relationship between:
- A. Income inequality and economic growth
 - B. Unemployment rate and inflation
 - C. Interest rates and investment
 - D. Government spending and fiscal deficit
11. Which of the following statements about the Gini coefficient is correct?
- A. It ranges from -1 to 1.
 - B. A Gini coefficient of 1 indicates perfect income equality.
 - C. A Gini coefficient of 0 indicates high income inequality.
 - D. None of these
12. In a barter transaction, what is the role of money?
- A. Money is not involved in barter transactions
 - B. Money serves as a common unit of account
 - C. Money is used as a medium of exchange
 - D. Money functions as a store of value
13. A tariff is best defined as:
- A. A tax imposed on imports or exports
 - B. A restriction on the quantity of goods traded
 - C. A subsidy provided to domestic producers
 - D. An international trade agreement
14. How is GDP typically measured?
- A. By calculating the average income of a country's population
 - B. By adding up the total value of all goods and services produced in a country
 - C. By surveying a sample of households to estimate spending patterns
 - D. By analyzing the total value of a country's exports
15. Which of the following is a negative unintended consequence of the automobile?
- A. It transports people to see family and friends
 - B. It causes traffic congestion
 - C. It gives people an alternative way to get to work
 - D. Repair and maintenance of automobiles create jobs for people
 - E. All of these
16. What is a key assumption of traditional economics that behavioral economics challenges?
- A. Humans are perfectly rational and always make optimal decisions
 - B. Humans are purely driven by self-interest
 - C. Humans have unlimited access to information and always act in their own best interest
 - D. None of these

17. Which of the following is an example of a heuristic?
- Conducting a comprehensive cost-benefit analysis before making a purchase
 - Making a decision based on the first piece of information that comes to mind
 - Engaging in extensive research and data collection to make a decision
 - None of these.
18. Why do people use heuristics in decision-making?
- To ensure optimal and rational decision outcomes
 - To minimize effort and simplify decision processes
 - Because heuristics guarantee accurate and precise decision-making
 - None of these
19. Anchoring can influence decision-making by:
- Leading individuals to conform to social norms and group opinions
 - Causing individuals to rely heavily on initial information, even if it's irrelevant or misleading
 - Prompting individuals to consider multiple options and weigh the pros and cons
 - None of these
20. Which of the following is an example of a public good?
- Cable television service
 - Private healthcare
 - Street lighting
 - Movie tickets

Part II (60 marks) – Answer all questions clearly and concisely.

Question 1 (15 marks)

Consider a Ricardian world in which Germany and France produce A and B. Unit labor requirements are given by:

	Germany	France
A	2	5
B	1	4

- Which country has absolute advantage in A? How do you know? Which country has absolute advantage in B? How do you know?
- Which country has comparative advantage in A? How do you know? Which country has comparative advantage in B? How do you know?
- If trade occurs which country will export A? How do you know? Which country will export B? How do you know?

Question 2 (5 marks)

If GDP grows at 2% a year, approximately how many years will it take for GDP to double? Explain your answer.

Question 3 (10 marks)

Suppose that the equilibrium price for Coca-Cola is ¥3 per bottle. What would happen if supermarkets offered the non-equilibrium price of ¥4 per bottle? Illustrate your answer using a fully-labelled graph.

Question 4 (10 marks)

Explain what monetary policy is and provide an example of how it can be used to stimulate economic growth or control inflation.

Question 5 (10 marks)

In Freakonomics, the authors discuss the concept of "incentives" and how they influence human behavior. Can you provide an example from the book that illustrates the power of incentives and how they can shape decision-making?

Question 6 (10 marks)

Name at least four stages of economic integration and describe what do they involve.

Bonus question: (3 marks)

Draw the flag of the European Union.

***** END *****

ROUGH WORK: