
QUESTION 1

The history of macroeconomic trends in the US shows that during recessions, as share of GDP,

- ☐ a. private consumption and total investment tend to rise.
- ☐ b. total consumption and total investment tend to decline.
- ☒ c. total consumption tends to rise and total investment tends to decline.
- ☐ d. total consumption tends to decline and total investment tends to rise.
- ☐ e. total consumption tends to remain unchanged and total investment tends to decline.

QUESTION 2

US imports as share of GDP

- ☐ a. have hovered in the 3-5 percent range since the 1930s.
- ☐ b. have hovered in the 15-17 percent range since the 1930s.
- ☒ c. had remained unchanged between 1929 and 1970s, but started to increase afterwards.
- ☐ d. had dropped from over 5 percent to around 3 percent during the great depression, experienced a jump after WWII, and remained around 5 percent until the 1970s when the share started to grow.
- ☐ e. had dropped from over 5 percent to around 3 percent during the great depression, gradually rose back to 5 percent by the late 1960s, and then grew more rapidly to over 15 percent in the 2000s.

QUESTION 3

US trade balance (net exports)

- ☐ a. has always been negative.
- ☐ b. had always been positive until the last decade.
- ☒ c. had been mostly positive until the late 1970s when it became consistently negative.
- ☐ d. had been mostly negative until the late 1970s when it became consistently positive.

QUESTION 4

If the government budget deficit and investment rise in the US economy this year and at the same time private savings remain unchanged, the US trade deficit

- ☐ a. may go up, may go down.
- ☐ b. will remain unchanged.
- ☐ c. will decline.
- ☒ d. will rise.

QUESTION 5

Egypt has been running a trade deficit. Recently, the Egyptian government's budget deficit increased while private savings and trade deficit were unchanged. This means that investment in Egypt must have

- ☐ a. increased.
- ☐ b. decreased.
- ☐ c. remained unchanged.
- ☐ d. may have gone up or down, depending on the situation.

QUESTION 6

In 2017, India's trade deficit as share of GDP widened. In that year, government deficit as share of GDP declined and investment as share of GDP remained constant. What must have happened to private savings as share of GDP?

- ☐ a. Private savings as share of GDP must have declined.
- ☐ b. Private savings as share of GDP must have increased.
- ☐ c. Private savings as share of GDP must have remained constant.
- ☐ d. Private savings as share of GDP may have risen or declined, depending on the situation.

QUESTION 7

Suppose between 2016 and 2017, Australia's trade balance (net exports) did not change, but its current account balance increased. Which one of the following can explain this outcome?

- ☐ a. An decrease in the net inflow of unilateral transfers (donations by Australians to people outside their country less the donations Australians received from the rest of the world).
- ☐ b. An increase in the net inflow of factor incomes (Remittances to Australia of incomes earned in other countries less remittances of incomes earned in Australia to other countries).
- ☐ c. A decrease in Australia's imports from the rest of the world.
- ☐ d. An increase in Australia's exports to the rest of the world.
- ☐ e. An increase in Australia's capital account balance.