

1. Which of the following methodology is commonly used to measure income inequality?
 - (A) Kolmogorov-Smirnov
 - (B) Big Mac Index
 - (C) Gini coefficient
 - (D) Chi-squared

2. Which of the following methodology is used to measure purchase power parity?
 - (A) Big Mac Index
 - (B) Gini coefficient
 - (C) Chi-squared
 - (D) Durbin-Watson

3. In the Prisoner's Dilemma, what is the outcome if players act selfishly?
 - (A) Nash Equilibrium
 - (B) Suboptimal outcome
 - (C) Maximization of total payoffs
 - (D) None of the above

4. What does the wage-setting curve represent?
 - (A) Wages set by a particular company
 - (B) Optimal wage to optimize unemployment
 - (C) Minimum wage as required by the law
 - (D) Real wages necessary for worker at different levels

5. In a monopoly, the deadweight loss occurs because _____.
 - (A) The firm produces where price equals marginal cost
 - (B) The firm produces less than the socially efficient quantity
 - (C) The firm charges a price equal to marginal cost
 - (D) Consumers have perfect information

6. In the Labour Discipline Model, firms pay efficiency wages to _____.
- (A) Minimize their wage bill
 - (B) Maximize worker effort by increasing the cost of job loss
 - (C) Comply with minimum wage laws
 - (D) Reduce employment rents
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7. What is the effect of increasing tax on price-inelastic goods?
- (A) Consumers bear more of the tax burden
 - (B) Demand significantly reduces
 - (C) Demand significantly increases
 - (D) Producers disincentivize to produce the goods
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8. When is demand considered elastic?
- (A) When demand changes minimally with price
 - (B) When demand changes significantly with price
 - (C) When supply equals demand
 - (D) When demand is unaffected by substitutes
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9. ESG is a concept to encourage investors and companies to be more responsible in their investments, what does “G” stands for?
- (A) Government
 - (B) Governance
 - (C) Goals
 - (D) Gratitude
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10. Which of the following can be used to measure income inequality?
- (A) Gini Coefficient
 - (B) Kolmogorov-Smirnov
 - (C) Hypothesis testing
 - (D) Linear regression

11. Which of the following economist is the pioneer of the Mechanism Design?
- (A) Adam Smith
 - (B) Eric Maskin
 - (C) Thomas Malthus
 - (D) James Robinson
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12. Consider a perfectly competitive market where all firms have constant and equal average cost. How will the increase in the supply affect the long run equilibrium price in the market?
- (A) Insufficient information to determine
 - (B) The price will increase
 - (C) The price will decrease
 - (D) The price remain constant
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13. Which of the following situations reflect the concept of liquidity trap?
- (A) It refers to a situation where there is insufficient liquidity in the market
 - (B) It refers to a situation where the interest rate is too high that firms can hardly obtain credit from financial institutions
 - (C) It refers to a situation where the interest rate is too low that firms and individuals prefer to hold cash
 - (D) None of the above
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14. Which of the following financial instruments has the highest level of volatility?
- (A) Derivatives
 - (B) Bonds
 - (C) Fixed Deposit
 - (D) Savings Account
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15. Which of the following explains the “demand-deficient unemployment”?
- (A) Voluntary unemployment
 - (B) Unemployment due to falling aggregate demand
 - (C) Unemployment due that occurs when a person is between jobs
 - (D) None of the above

16. Which of the following concepts describe the effects of aggregate demand to the Gross Domestic Product?
- (A) Multiplier effect
 - (B) Quantitative easing
 - (C) Efficient frontier
 - (D) None of the above
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17. Which of the following policy tool that is used primarily to manage the inflation?
- (A) Trade tariffs
 - (B) Government spending
 - (C) Interest rate
 - (D) Income tax
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18. The use of Artificial Intelligence has to some extent leads to a phenomenon called “creative destruction”. What does “creative destruction” refers to?
- (A) A process where most of the labour intensive activities are replaced by robots
 - (B) A scenario where job losses in certain sectors are offset by a creation of job in other sectors
 - (C) Unemployment surge caused by automation
 - (D) None of the above
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19. Fiscal policy involves the use of government spendings and taxation to influence the economy. What causes the multiplier effect in fiscal policy?
- (A) Changes in the aggregate demand that affects the overall income and consumption
 - (B) Decrease of tax revenues arising from lower tax imposed during recession
 - (C) Increase of the credit supply
 - (D) Provides incentive to foreign investors to invest in the local economy
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20. According to the Phillips Curve, what is the relationship between inflation and unemployment?
- (A) Regardless of the unemployment rate, the inflation remains the same
 - (B) As the inflation increases, unemployment rate decreases
 - (C) As the inflation rate increases, unemployment increases
 - (D) Insufficient information to determine

21. As part of the initiatives to ensure a more responsible activities by the corporates, ESG concept is introduced. What is the intention of having “carbon pricing”?
- (A) To provide tax incentives to corporates
 - (B) To measure the impact of carbon emissions and how it affects investment decisions
 - (C) To allow for better credit pricing in loan/financing origination
 - (D) To encourage more investments in economic activities related to fossil fuel
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22. Consider the following tax mechanisms.

- I. The government set the tax rate at the marginal external cost at the Pareto-Efficient output level
- II. The tax changes the marginal costs faced by producers
- III. Producer adjust their output so that their marginal private cost is equal to the after tax price

What is the type of taxation are we referring here?

- (A) Progressive taxation
 - (B) Regressive taxation
 - (C) Pigouvian tax
 - (D) Excise duty
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23. There are different types of money. Which of the following reflects the “Broad Money”?
- (A) M1 and M2
 - (B) M2 and M3
 - (C) M3 and M4
 - (D) M2, M3 and M4
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24. Which of the following is normally not considered in the pricing of a credit/financing?
- (A) Expected credit loss
 - (B) Funding cost
 - (C) Overhead cost
 - (D) Cost of taxation

25. During the 1997 Asian Financial Crisis, it was observed that there was a rapid devaluation of currencies, which sector was most affected in the early stages of the crisis?

- (A) Tourism
 - (B) Manufacturing
 - (C) Technology
 - (D) Banking
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26. What was the primary cause of the Argentina Debt crisis back in 2001?

- (A) Rapid currency devaluation
 - (B) Geo-political risk
 - (C) Over reliance on short term foreign loans and fixed exchange rate
 - (D) Forex speculation
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27. Which of the following is generally not the main function of a central bank?

- (A) Lender of last resort
 - (B) Setting the interest rate
 - (C) Increase the financial literacy of the public
 - (D) Ensure smooth payment system
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28. Which of the following statement best describes the efficient market hypothesis?

- (A) Zero unemployment
 - (B) Zero inflation rate
 - (C) Share price reflects all available information
 - (D) Zero poverty level
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29. Which of the following taxation approach that may reduce the income inequality?

- (A) Regressive income tax
- (B) Fixed rate income tax
- (C) Progressive income tax
- (D) Import tax

30. One of the issues that an economist need to be aware of in coming out with an economic outlook or analysis is the “confirmation bias”. Which of the following reflects such situation?
- (A) The tendency to search or interpret information that confirm or support the hypothesis
 - (B) The idea of one person’s or one group’s prediction would come true
 - (C) Logical error of concentrating on entities that passed a selection process while overlooking those that did not
 - (D) Finding that people are more likely to retain an object they own than acquire that same object when they do not own it

END OF QUESTION PAPER