TH860.01 April 24, 1980   2.30-4.15 pm

1.   How is disposable income divided between consumption and saving?

How is change in autonomous expenditure related to change in real income?

What is the multiplier effect?

How is change in autonomous expenditure related to change in (a) autonomous consumption, (b) autonomous tax revenues, (c) planned investment, and (d) government spending.

Explain or define the underlined terms.

2.   When the rate of interest (r) is represented graphically on the vertical axis and real income (y) on the horizontal axis, how can changes in the rate of interest be correlated with changes in real income? How can this relationship determine where equilibrium is attained in the commodity market? Does this determination hold in the short run? in the long run?

3.   Describe the functional relationship between (a) the production of consumer goods and (b) the production of produced means of production.

4.   When an exchange economy is also an industrial economy, classify the significant types of aggregate payments and transfers that occur.

When these classes of payments are conceived as rates, draw a diagram representing the relations between the rates.

Distinguish successive phases in the ideal unfolding of an economic expansion, and list the various types of aberration that have occurred historically.

5.   What is meant by "the longer cycle of decline"?