

I. Choose ONE answer only for each question

_____ YoY growth measures growth _____ while **annualized** QoQ growth measures growth _____.

- a. over the past year, extrapolating for the next year.
- b. extrapolating for the next year, over the past year.
- c. extrapolating year on year, extrapolating quarter on quarter
- d. from current quarter to last year's quarter, from last year to the current year

_____ Which of the following would be considered as **most costly** for society?

- a. a rise in inflation by 10%
- b. a fall in GDP of 10%
- c. a rise in unemployment of 10%
- d. a rise in the USD of 10%

_____ The zero lower bound (ZLB) refers to the incorrect notion that _____ can never go below zero.

- a. output gaps
- b. real interest rates
- c. economic growth
- d. nominal interest rates

_____ Nonconventional monetary policy refers to central banks buying _____ and/or establishing _____ interest rates.

- a. short term securities, low
- b. goods and services, positive
- c. long term government bonds, negative
- d. real estate and corporate stocks, fixed

_____ Which is NOT a country that has used (or is currently using) a negative interest rate policy to battle its economic doldrums.

- a. Sweden
- b. Switzerland
- c. Japan
- d. the US

_____ Which of the following is the **highest rate** in the Euro Area

- a. overall unemployment
- b. youth unemployment
- c. long term unemployment
- d. labor force participation

_____ One reason why that Japan has a low total fertility rate (TFR) is that

- a. houses are very expensive
- b. there are too many divorces
- c. there is too much economic uncertainty
- d. the government is not concerned enough

_____ Which of the following is a cause for concern in many advanced economies?

- a. the ineffectiveness of education
- b. the absence of high quality health care
- c. not enough demand for saving
- d. the worsening of income and wealth distribution

_____ China has a debt problem especially the explosion of loans to

- a. the military
- b. the educational system
- c. the SMEs
- d. local governments

_____ Which of the following would be a good guess for **global economic growth** for 2017?

- a. 1.8 %
- b. 2.8 %
- c. 3.5 %
- d. 4.2 %

II. Answer BOTH questions below on your exam paper

#1. What is secular stagnation and how can we deal with it?