

Name

Points (Test + Presentation):

- 27-30: excellent (5)
- 23-26: good (4)
- 19-22: satisfactory (3)
- 15-18: pass (2)
- 14: fail (1)

Economic Policy

1. Assume that aliens from Sirius visit Earth and they offer to enhance the intelligence of 1 million people. There are at least 500 million people who would like to take part in the experiment. What methods could be used to select the 1 million? Which one do you consider to be the fairest, and which one the most efficient? (3)

2. Illustrate the deadweight loss caused by a negative externality (e.g. a factory polluting the environment)! (2)

3. What are the characteristics of a mixed economy? (2)

4. What is the magic quadrangle? Which factors are part of it? (2)

5. What is Friedman's matrix about? Give examples from higher education that fit into the different categories of the matrix! (2)

6. What are the characteristics of expansionary fiscal policy? Give a few examples of such instruments! (2)

7. How does monetary transmission work? What happens in the economy, when the central bank lowers the official interest rate? (2)