**TUTORIAL**

**CHAPTER 6: INFLATION AND UNEMPLOYMENT**

**QUESTION 1**

“When the price of a good or service rises, the inflation rate rises.” Discuss whether you agree or disagree with the above statement.

 **(10 marks)**

**QUESTION 2**

Explain how a person’s purchasing power can decline in a given year even though he or she received a salary increase.

 **(10 marks)**

**QUESTION 3**

Who wins from inflation? Explain.

 **(5 marks)**

**TUTORIAL**

**CHAPTER 5: MONEY AND MONETARY POLICY**

**QUESTION 1**

“M1 is more liquid than M2 or M3.” Explain.

 **(5 marks)**

**QUESTION 2**

Credit cards, such as Visa, MasterCard, and American Express are often called “plastic money”. But are these cards really money? Explain.

 **(10 marks)**

**QUESTION 3**

What stands behind the Malaysian Ringgit? Explain by using commodity money and fiat money in your answer.

 **(10 marks)**

**QUESTION 4**

Expansionary Monetary Policy is one of the types of monetary policies practiced by government. Describe how does the policy help to overcome the unemployment problem in economy? **(4 marks)**

**TUTORIAL**

**CHAPTER 7: INTERNATIONAL TRADE**

**QUESTION 1**

Would the Malaysian government gain any advantage from using tariffs or quotas to restrict imports? Discuss.

 **(10 marks)**

**QUESTION 2**

“International trade allows a country to consume a combination of goods that exceeds its production possibilities curve.” Explain this statement.

 **(10 marks)**

**QUESTION 3**

Protectionism is a government’s use of embargoes, tariffs or quotas as methods to impose barriers and protect domestic industries. Explain what embargo is with the example.

 **(10 marks)**