

**Master of Science in Business Administration**  
**Macro and Microeconomic for Business**  
**Instructor: Paolo Paesani**

Precourse: Fundamentals of Macroeconomics  
Practice exam

Answer the following questions briefly:

1. Define aggregate investment and discuss how it is linked to interest rates.
2. How can employment and unemployment increase at the same time?
3. Describe the equilibrium in the labour market according to the classical model.
4. If Say's Law apply,  $S = I$  (where  $S$  is saving and  $I$  is investment). Why?
5. Define the principle of effective demand?
6. What is the multiplier and how can it be used as a policy instrument?