Midterm Review

Midterm Date: March 9 (Friday), 10:30am-11:20am, in class, close book

Format:
- 20 multiple choice questions (20*3=40 points)
- 1 short question (15 points)
- 1 long question (25 points)
- 1 extra credit question (20 points)

Material Covered
Chapter 1-9 in textbook

Key Concepts
1. GDP
2. Aggregation
3. Potential GDP
4. Inflation
5. Labor Productivity
6. Production Function
7. Human Capital
8. Convergence Hypothesis
9. Aggregate Demand
10. MPC
11. Recessionary Gap, Inflationary Gap
12. Multiplier

Key Points
1. What’s the meaning of aggregation? Why is it so important in macroeconomics? (pp. 84-85)
2. What’s the GDP? What’s the difference between the nominal GDP and real GDP? What are the limitations of GDP? (pp. 88-91) How to calculate GDP using expenditure approach?
3. What are the determinants of economic growth? (pp. 109-110)
4. Types of unemployment. What’s the meaning of “full employment”? (pp. 114-115)
5. The redistribution effect of inflation. What is the relationship between nominal interest rate and real interest rate? (pp. 120-121)
6. What is the production function? What does it say about the sources of productivity growth? (pp. 134-136)
7. What are the policies that can encourage capital formation? (pp. 138-140)
8. What is the productivity slowdown? What are the possible explanations? (pp. 143-144)
10. Consumption function and the meaning of MPC. (pp. 157-161)
11. The determination of national income and income-expenditure diagram. (pp. 178-180)
12. The meaning and the mechanism of multiplier. (pp. 185-189)