Review Questions

1. In a two-period model with consumption-savings choice, what is the consumer’s lifetime budget constraint? What is the optimal condition for consumer’s intertemporal choice? (page 253-266, also see problems 1, 5, 8 on page 306-307 for 3rd edition; page 263-287, problem 1, 5, 8 on page 310-311 for 4th edition)


5. Equilibrium effects of an increase in $G$ (page 341-343 in 3rd edition, page 372-377 in 4th edition), an increase in $G'$ (problem 7 on page 359 in 3rd edition), an increase in both $G$ and $G'$ (page 343-345 in 3rd edition, also see lecture note 9)


8. Money neutrality

9. Friedman-Lucas money surprise model (see lecture note 11).


Thank you for a wonderful semester! Good luck!