ECON300, Spring 2012  
Intermediate Macroeconomics  
Professor: Hui He  
Midterm Review

Date:  March 9 (Friday) 11:30am-12:20pm  
Format: closed-book, closed-notes, but you can bring your calculator.  
15 multiple-choice questions. 3 essay questions.  
Content: Chapter 1-7 in the textbook.

Review Questions

1.  What is the economic model? What are the two distinct issues that macroeconomic focuses on? (page 3-5)
2.  How to measure growth rate? (page 6)
3.  Three methods to measure GDP. The difference b/w GDP and GNP. The components of GDP. (page 37-46, also see problem 2-3 on page 63 and problem 6 on page 64)
4.  Two methods to measure the price level: implicit GDP price deflator and CPI. (page 46-55, also see problem 4-5 on page 64)
5.  Relationships among private disposable income, private saving, government saving, government surplus and current account surplus. (page 56-58)
7.  Business cycle stylized facts. (Table 3.2 on page 88)
8.  Representative consumer’s problem: utility function, budget constraint and time constraint. The optimization condition of this problem. (page 99-115)
9.  Representative firm’s problem and the optimization condition. (page 121-133)
10.  The definition of competitive equilibrium. (page 140-146)
11.  First Welfare Theorem (FWT). When does it fail? (page 147-151)
12.  Working with the CE model: the effect of increases in G and z. (page 153-162, also see problems 2,3,6 on page 178)
14.  How the steady state quantity of output per worker is determined in Solow model? Why Solow model is an exogenous growth model? (page 200-214, also see problems 4,5,7on page 225-226)
15.  In the endogenous model of human capital accumulation, why can we have sustainable long-run economic growth? How does that hinge on the way human capital is accumulated? (page 236-240, problems 2,3,6 on page 247-248)