

Macroeconomics A; EI060

Quiz

Cédric Tille

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1 Autarky interest rate

Question: In an autarky economy with output being an endowment, how does patience and output growth affect the real interest rate?

2 Benefit of integration

Question: Does a move from autarky to financial integration always increase welfare?

3 Nature of shocks and current account

Question: If a country has a positive shock to its GDP, does it affect the current account?

4 Aging and the current account

Question: Consider that a society where people have a higher life expectancy saves more. In a two country world, what is the impact of aging?

5 Lower bound on debt

Question: If the world interest rate offsets the discount factor, what is the requirement for solvency in a country where consumption must be at least equal to a (small) minimum that grows at the same rate as GDP?

Does the analysis imply that a country can always run an external debt and current account deficit? Do you see a problem if we add up the situation of all countries then?