

Macroeconomics A; EI060

Quiz

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1 Transmission with bond markets

Question: If economies are financially integrated only through bond markets, how do temporary productivity shocks affect physical capital allocation?

2 Transmission with equity markets

Question: If economies are financially integrated only through equity markets, how do temporary productivity shocks affect physical capital allocation?

Contrast the situation where borrowing constraints are not binding and the situation where they are.

3 Co-existence of capital use by different sectors

Question: Financial constraints can lead to a reallocation of capital between savers and investors. As both use capital to produce goods, is this reallocation benign?

4 Trilemma

Question: Explain what the trilemma of international macroeconomics is.

5 How to get autonomy

Question: A flexible exchange rate or limited capital mobility can in theory restore policy autonomy. Empirically, are these tools effective? Is their impact linear in the extent capital controls and exchange rate flexibility?