

Macroeconomics A; EI060

Quiz

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Class of May 7, 2025

1 Price premium

Question: In the closed economy model, what is the “price premium”?
How is it reflected if we take a linear approximation of the model?

2 Basket invoicing

Question: In the open economy, what is the measure of cost that policy wants to stabilize?

3 Replication of the flexible price allocation

Question: Can monetary policy replicate the equilibrium reached under flexible prices?

4 International cooperation

Question: When is international cooperation, i.e. aiming at the average utility across the two country rather than the domestic utility, warranted?

When it is warranted, do all countries benefit?