ch2. GDP. CPI / GDP deflator U

ch3. Euler's theorem. * equilibrium

$r \rightarrow$ loanable funds market

ch4. monetary system

$B = C + R$ B: 基础货币

$M = C + D \rightarrow$ 活期存款

M1 M2 * leverage ratio

ch5. inflation $\boxed{M}V = \boxed{P}Y$ 交易方程式

负相关

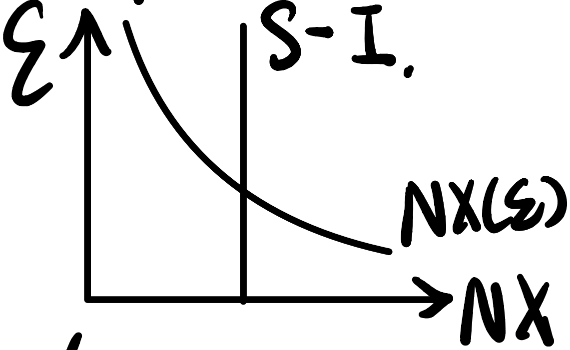
{ 货币数量论

流动性偏好理论 $\left(\frac{M}{P}\right)^d = \mathcal{L}(i, Y)$

Fisher effect. $i = r + E\pi$

i 与 $E\pi$ 一一对应

ch6 small open econ. $NX = S - I$



ch7. unemployment

ch8/9 solow model

chap 2-9
Q1. $15 \times 2 = 30$
Q2. $7 \times 4 = 28$
Q3. 42

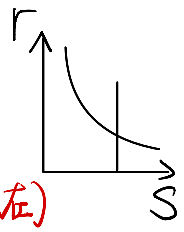
Mid-term Sample Questions for Macroeconomics

Part 1: Please select only ONE answer for each question that follows.

(B) 1. An increase in the price of goods bought by firms and the government will show up in:
A) the CPI but not in the GDP deflator.
B) the GDP deflator but not in the CPI.
C) both the CPI and the GDP deflator.
D) neither the CPI nor the GDP deflator.

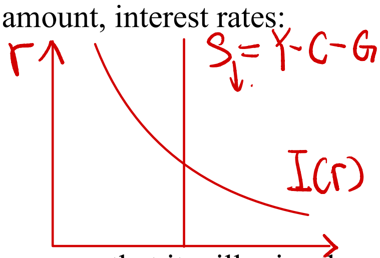
(D) 2. The property of diminishing marginal product means that, after a point, when additional quantities of:
A) a factor are added, output diminishes.
B) both labor and capital are added, output diminishes.
C) both labor and capital are added, the marginal product of labor diminishes.
D) a factor is added when another factor remains fixed, the marginal product of that factor diminishes.

$S = Y - C(Y-T) - G\uparrow$



(A) 3. In a closed economy, when government spending increases and taxes are increased by an equal amount, interest rates:
A) increase.
B) remain the same.
C) decrease.
D) can vary wildly.

T幅度比G小 (MPC存在)



$S\downarrow = Y - C - G\uparrow$

$MV = PY$

$\frac{M}{P\uparrow} = L(r + E\pi\uparrow, Y)$, i

(D) 4. If the Fed announces that it will raise the money supply in the future but does not change the money supply today,
$E\pi\uparrow$
~~A)~~ both the nominal interest rate and the current price level will decrease.
B) the nominal interest rate will increase and the current price level will decrease.
~~C)~~ the nominal interest rate will decrease and the current price level will increase.
D) both the nominal interest rate and the current price level will increase.
$i = r + E\pi$ P

(B) 5. Money market mutual fund shares are included in:
A) M1 only.
B) M2 only.
C) both M1 and M2.
D) neither M1 nor M2.

(A) 6. In a small open economy, if exports equal \$5 billion and imports equal \$7 billion, then there is a trade ______ and ______ net capital outflow.
A) deficit; negative
B) surplus; negative
~~C)~~ deficit; positive
~~D)~~ surplus; positive

$NX = S - I$

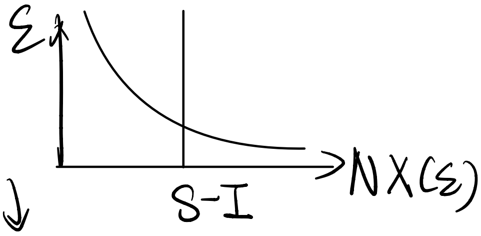
(D) 7. A depreciation of the real exchange rate in a small open economy could be the result of:

A) a domestic tax cut. S↓

B) an increase in government spending. S−I↓

C) a decrease in the world interest rate. I↑

D) the expiration of an investment tax-credit provision. I↓



(B) 8. All of the following are reasons for frictional unemployment except:

A) workers have different preferences and abilities.

B) unemployed workers accept the first job offer that they receive.

C) the flow of information is imperfect.

D) geographic mobility takes time.

A (~~B~~) 9. If an economy is in a steady state with a saving rate below the Golden Rule level, efforts to increase the saving rate result in:

A) both higher per-capita output and higher per-capita depreciation, but the increase in per-capita output would be greater. long run

B) both higher per-capita output and higher per-capita depreciation, but the increase in per-capita depreciation would be greater.

C) higher per-capita output and lower per-capita depreciation.

D) lower per-capita output and higher per-capita depreciation.

C (~~D~~) 10. In a Solow model with technological change, if population grows at a 2 percent rate and the efficiency of labor grows at a 3 percent rate, then in the steady state, output per actual worker grows at a _______ percent rate.

人均产出增速就是技术进步

A) 0

B) 2

C) 3

D) 5

Part 2: Please answer the following questions briefly

1. Why does the Central Bank of a country not have complete control over the size of the money supply? Give at least two reasons.

1. household can change cr

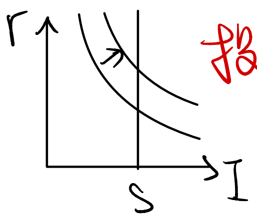
2. banks often host excess reserves

2. Although "inflation is always and everywhere a monetary phenomenon," explain why:

a. the start of a hyperinflation is typically related to the fiscal policy situation, and

b. the end of a hyperinflation is usually related to changes in fiscal policy.

3. Suppose a new technology is developed that increases investment demand in both a closed economy and in a small open economy that are in other ways identical. Holding other factors constant, will the quantity of investment spending increase more in the closed economy or in the small open economy? Explain. Assume prices are flexible and that factors of production are fully employed in both economies. Assume



投资=储蓄，只是利率上升

吸引外部资本。

there is perfect capital mobility for the small open economy.

$Y=F(K,L)$ Supply of Labor ↑.

4. A country has changed its labor laws and decreased the minimum age of working from 18 years to 16 years. What is the effect of this change on equilibrium wages? ↓

5. Based on the Solow growth model with population growth and labor-augmenting technological progress, explain how the policy of a reduction in the government's budget deficit would affect the steady-state level ↑ and steady-state growth rate of total output per person. ↑

$S\uparrow$ 不变.(由技术进步决定)

Part 3: Calculation

$NX=S-I$. $S=Y-C(Y-T)-G$

1. Assume that in a small open economy with full employment, consumption depends only on disposable income. National saving is 300, investment is given by I = 400-20r, where r is the real interest rate in percent, and the world interest rate is 10 percent.

a. If government spending rises by 100, does investment change? What is the level of investment after the change?
No

b. Does the trade balance change if G rises by 100? If it changes, does it increase or decrease, and by how much?

c. Does net capital outflow change if G rises by 100? If it changes, does it increase or decrease, and by how much?

d. Will the real exchange rate rise, fall, or remain constant as a result of the change in G?