Concepts for the test

1. Real and nominal variables, price indexes, and adjusting for inflation.

--suppose you have two of these three: nominal GDP, real GDP, the GDP deflator

--how can you find the third?

2. What shifts the Lorenz curve (changes income dist)? In what direction? What doesn’t shift it?

--give people the same € amount

--take away from people the same € amount

--give people an equal %

--take away from people an equal %

3. What do the possible shocks to the Solow-Swan growth model look like?

--s rate

--rate of depreciation

--population growth

--technology

What are consequences for Y/L, C/L, K/L?

4. How is the labor market measured? What are the types of unemployment?

How do you solve a K-cross problem?

What are the different views of saving and investment? Solow, Keynes, Classicals.

How do shocks result in different outcomes in these models? Find diagrams that show S in the three approaches.

5. Monetary (interest rates) and fiscal (G, T, TR) policy: shifting different elements of E to move Y (and inflation)

6. Aggregate demand and aggregate supply: GDP and prices responding to demand or cost shocks

7. What are the two major influences in foreign exchange markets?

How do exchange rates affect the macroeconomy?