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Fall 2007, Intermediate Macroeconomics, section 2

ECON 219 Quiz III

General recommendations:

- Read questions thoroughly.
- Please respond on this copy.
- You have 20 minutes.
- Work individually.
- There are two pages.
- Good luck!

Your name:

1. Circle the appropriate answer on each of the following items. Circle multiple items if necessary:
 - (a) With the static model using the PPF, we can study: 1) long term growth; 2) the impact of public expenditure changes; 3) the impact of technology improvement; 4) changes in investment.
 - (b) What did Malthus assume in his theory? 1) richer people have more children; 2) capital is essential for production; 3) richer people live shorter lives; 4) the Industrial Revolution improved productivity.
 - (c) In the Malthusian model, the standard of living is measured as: 1) total output; 2) output per capita; 3) output per worker; 4) marginal product of labor.
 - (d) An increase in productivity on the Malthusian model would, in the long run: 1) increase population; 2) increase the standard of living; 3) increase longevity; 4) increase the population growth rate.
2. What stylized fact did Malthus try to explain? Give an example of how this fact manifested itself at Malthus' time.

3. Give an example of a policy that would improve the standard of living in a Malthusian economy. Explain why it would work without using a graph.
4. Explain why we insist on the use of stylized facts.
5. According to the model inspired by Malthus, is lowering the mortality rate good or bad? Why?

Bonus question: The years following the Great Plague are considered a period of prosperity. Explain how this could be.