University of Connecticut
College of Arts and Sciences
Department of Economics
Christian Zimmermann

Fall 2009, Intermediate Macroeconomics, section 1

ECON 219 Quiz III

General recommendations:

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

Your name:

1. Circle the appropriate answer on each of the following items. Circle multiple items if necessary:

   (a) In a Malthusian economy: 1) population keeps increasing; 2) people just survive at the subsistence level; 3) advances in medecine improve people's lives; 4) education lengthens life expectancies.

   (b) What is true according to Kaldor? 1) the capital available to each worker is steady; 2) the capital/output ratio is increasing over time; 3) income inequalities are larger in rich countries; 4) long-term output growth rates differ a lot across countries.

   (c) What is true according to Paul Romer? 1) people migrate to rich countries; 2) large countries grow faster; 3) higher export growth leads to higher GDP growth; 4) Poor countries have higher population growth rates.

   (d) As an increase in capital and an increase in total factor productivity yield the same changes for endogenous variables in the static business cycle model, we need to 1) look also a deceases in those variables; 2) reject them both a valid origins of business cycles; 3) expand the model to include more endogenous variables; 4) add more exogenous variables to make a distinction between them.

2. What do we mean by *convergence* when looking at long-term growth data?

3. Malthus considered that increasing the age of marriage would be a good policy. Why?

4. What is the major drawback of our business cycle model so far? Explain.

5. What is the major drawback of the Malthusian model? Explain.

Bonus question: Explain why some of the stylized facts of Kaldor are redundant.