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Fall 2002, Intermediate Macroeconomics, section 3

ECON 219 Quiz IV

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 relationship to the growth of output per capita and over the last century, the growth of capital per capita was
    a) slower, b) about as fast, c) faster, d) much faster.

    (b) A change in government expenses induces a direct shift in which curve?
    a) N^s, b) N^d, c) Y^s, d) Y^d.

    (c) In the business cycle models we looked at so far, we assumed that prices (w and r) were:
    a) completely flexible, b) somewhat flexible, c) rigid, d) exogenous.

    (d) In the production function, variations in z can represent
    a) technological progress, b) the impact of deficit spending by the government, c) obsolescence of capital (capital becoming useless), d) oil price shocks.

2. Explain the concept of international convergence.

3. Why do we insist on analyzing the data before adressing the theory?

4. Assume that in the dynamic model with investment there is an unexpected improvement in contemporary technology. Draw the change in the general equilibrium.

5. Continuing on the previous question: describe the change in w, N, Y, r, I, C, G.