Econ 4000
Exam I Review

Macro-Micro
Nominal-Real
Index Number, base year
Ec. Goals
Final goods, intermediate goods, value added
GDP as a measure of welfare
Limitations of ec. statistics Ec. vs. social costs, leisure, composition of nat. output
Employment-unemployment
Causation vs. correlation
Ceteris parbus
Identities $[Y = C + I + G \quad Y = C + S + TX] \quad [Y = C + S \quad Y = C + I]$
Exogenous – endogenous
Contemporary macro
1. Monetarism
2. New Classical and Rational expectations
3. Supply-side
4. Post Keynesian
Income vs. wealth
Transfer payments
Expost–exante
Comparisons over time
Classical model and policy implication
   Say’s Law
   Labor Mkt
   Prod. f.
   Sav. and I
   P. Level $MV = py \quad p = f(M)$
Identities
Keynesian AS/AD Equilibrium
Income Expenditure models
Goods vs. monetary sphere
IS – LM: determinates & derivation
Equilibrium and shifts of curves
Functions of money
Role of i rates in economy
Money illusion
Money and demand for money
Liquidity pref theory of i
   Loanable funds
   Liquidity pref
Foreign exchange
Keynes effect (shift of LM)
Pigou effect (shift of IS) open real balance