

1. The student body president of CSU, Stanislaus is _____.
2. We are in the Pacific standard time zone. How many times zones are there? _____
3. The circumference of the earth is _____?

Answer four (4) of the following six (6) questions:

1. How are interest rates determined in the classical model? How are interest rates determined in the Keynesian model? What are the implications of this difference? Is this difference important?
2. Define/explain/illustrate the following terms that are important to macroeconomics: real/nominal, exogenous/endogenous, wealth/income, final good/intermediate good, and transfer payment.
3. How would the following be illustrated and explained within the classical model: What is the fundamental conclusion of classical employment theory? What assumptions lead to this conclusion? In the classical model, *ceteris paribus*, why would technological advance tend to produce falling prices and rising money wages? How could a downward pressure on prices be offset?
4. What do identities such as
 $Y \equiv C+I+G$ $Y \equiv C+S+TX$ $Y \equiv C+S$ $Y \equiv C+I$
 $Y \equiv C+I+G+X$ $Y \equiv C+S+TX+M$
show us about the economy? What can they be used to explain about the economy? Are they ex ante or ex post?
5. What is the IS curve? What is the LM curve? What do they show? What kind of adjustments do they reflect?
6. Where $Y = C + I$
 $C = 20 + .6Y$
 $I = 100 - 10r$
 $D = .25Y + 50 - 5r$
 $M = 80$
What is the equation for the IS curve?
What is the equation for the LM curve?
What is the equilibrium level of income and interest?