

1. OPEC stands for \_\_\_\_\_
2. GDP stands for \_\_\_\_\_
3. Ceteris paribus means \_\_\_\_\_
4. The unit of account for Europe is the \_\_\_\_\_

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

1. Compare and contrast the role of money in the classical vs. Keynesian model?
2. What makes economic comparison of countries so hard? How does this limit the conclusions we draw?
3. How is the labor market explained in the classical model? What conclusions are drawn from this model? What are the policy implications of this model?
4. What is Keynes liquidity preference theory of interest? What is the significance of the Keynesian theory of interest? How does this compare with the classical theory of interest?
5. What are the basic categories of economic activity? How do assumptions become important in measuring economic activity? Why are each of these assumptions made and what do they imply? What is the stock of capital? What is a final good vs. an intermediate good?
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?