

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 paribus

Identities [ $Y \equiv C+I+G$   $Y \equiv C+S+TX$ ] [ $Y \equiv C+S$   $Y \equiv C+I$ ]

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  $MV=py$   $p=f(M)$

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