**UNEC-ISE**

**Macroeconomics**

**Final Exam**

**Dr. Muslum Ibrahimov**

**Textbook: MACROECONOMICS 8th EDITION**

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1. Discuss importance of macroeconomics.
2. Explain circular flow of money through the economy. Circular flow model.
3. How the nations income is distributed to the factors of Production.
4. Explain factor prices and demand of firms for factors. Talk about marginal productivities of factors.
5. Explain differences of Real and Nominal GDP. What is GDP deflator? Provide an example.
6. Why economists build models? Explain endogenous and exogenous variables.
7. How we measure cost of living? What is CPI and talk about differences with GDP deflator? Provide an example. What are problems of calculating inflation with CPI?
8. What determines the demand for goods and services? Explain determinants of Consumption, Investment, Government purchases. What is crowding out?
9. Discuss main macroeconomic data such as GDP, inflation, unemployment. Explain why these indicators are important and what they measure. Provide examples.
10. What brings supply and demand into equilibrium in a close economy? What is the adjusting component of GDP in a close economy model?
11. Provide rules for computing GDP. What is included and what is not. Provide different ways of GDP calculation.
12. What determines the total production of goods and services? Talk about factors of production and production function.
13. Discuss natural rate of unemployment, what is steady state level of unemployment?
14. Explain sensitiveness of GDP components to business cycle. Which components are most cyclical?
15. Explain market clearing role of prices. Flexible vs Sticky prices.
16. Explain the difference between macroeconomics and microeconomics. How are these two fields related?
17. Explain how a competitive, profit-maximizing firm decides how much of each factor of production to demand.
18. Write a Cobb Douglas production function for which capital earns one-fourth of total income.
19. Explain what happens to consumption, investment, and the interest rate when the government increases taxes.
20. What Brings the Supply and Demand for Goods and Services Into Equilibrium?
21. How Is National Income Distributed to the Factors of Production?
22. Chain-Weighted Measures of Real GDP?
23. How the short run and the long run differ?
24. Explain job search and frictional unemployment, and provide reasons behind.
25. How the Macroeconomic Thinking complements the Macroeconomic Models
26. What is money? Discuss functions and types of money
27. How the quantity of money is controlled and measured?
28. How Central Banks Influence the Money Supply
29. Explain the quantity theory of money and discuss how increasing money causes inflation
30. What brings supply and demand into equilibrium in a close economy? What is the adjusting component of GDP in a close economy model?
31. What is Seigniorage? How Government raises revenue from printing money. What are implications of printing money?
32. How inflation and interest rates are related? Discuss the Fisher Effect.
33. Discuss rules for monetary policy
34. Discuss natural rate of unemployment, what is steady state level of unemployment?
35. How is a shape of aggregate supply in the long and short run? Provide reasons
36. The theory of Liquidity Preference. How interest rate is determined at money market?
37. Show graphically importance of interaction of monetary and fiscal policy.
38. Explain job search and frictional unemployment, and provide reasons behind.
39. Income, Money Demand and LM curve: provide graphic and algebraic analysis.
40. A goods market and IS curve: provide graphic and algebraic analysis.
41. Talk about real wage rigidity and structural unemployment. Provide all reasons behind.
42. Discuss Keynesian Cross, show graphically. Actual and planned spending.
43. How monetary policy shifts LM curve.
44. What is efficiency wage? Why firms intend to pay it?
45. Explain fluctuations with IS-LM model: How fiscal policy shifts IS curve and changes short - run equilibrium.
46. The interest rate, investment and IS curve: Show graphically.
47. How Fiscal policy shifts the IS curve?
48. Explain fluctuations with IS-LM model: How monetary policy shifts LM curve and changes short - run equilibrium
49. What are social costs of inflation? Talk about cost of expected and unexpected inflation. What causes hyperinflation?
50. What Is the Fed and its Policy Instrument—The Money Supply or the Interest Rate?
51. Discuss small open economy under fixed exchange rates. What policy is effective for stabilization (Fiscal or monetar)?
52. Discuss small open economy under floating exchange rates. What policy is effective for stabilization (Fiscal or monetar)?
53. Discuss Balanced Budget vs Optimal Fiscal Policy.
54. Four most important lessons of macroeconomics.
55. Mundell-Fleming model: A key assumption, Goods market and IS curve
56. Discuss importance of economic forecasting.
57. Ignorance, expectations, and Lucas Critiques.
58. How policies such as fiscal policy at home and abroad effect trade balance?
59. Mundell-Fleming model: A key assumption, Goods market and IS curve
60. Unemployment and Okun’s Law
61. Shocks to Aggregate Demand
62. Pros and cons of different exchange rate systems.
63. Discuss Balanced Budget vs Optimal Fiscal Policy.
64. The Golden Rule Level of Capital
65. Technological Progress in the Solow Model
66. Beyond the Solow Model: Endogenous Growth Theory
67. Talk about government debt and budget deficit.
68. What leading economic indicators you know? Why they may be useful?
69. Problems with measurement of government debt.
70. How the international capital flows and trade balance related? Explain the role of Net export.
71. Explain the rule of Purchasing power parity for an exchange rate determination.
72. Explain Saving and investment in a small open economy. Talk about capital mobility and world interest rate.
73. Explain two causes of rising and falling of inflation.
74. Lags in the implementation and effects of policies.
75. How policies such as fiscal policy at home and abroad effect trade balance?