

Review questions for Chapters 13, 7 and 8

Chapter 13:

- Make sure you are familiar with the free models of aggregate supply:
 - Sticky wage model
 - Sticky price model
 - Imperfect information

(You may be required to describe the short-run AS relationship using any model from above)

- What is a Philips curve? How does it relate to AS?
- What is the difference between adaptive and rational expectations?

Chapter 7:

- Make sure you *understand* the Solow growth model
- Practice some problems where you solve for steady state (hw's and practice quiz)
- Define a steady state for the Solow growth model
- Define k_G . How does Golden rule level of capital relate to steady state?
- Practice some problems where you solve for k_G
- Show that in the basic Solow model, economy is not growing. What would be the growth of economy, if we incorporate population growth into the model?

Chapter 8:

- How could we introduce technological growth into the Solow model?
 - Efficiency of labor (exogenous growth)
 - AK technology (endogenous growth)
- Make sure you are able to *find* the steady state growth rates of different specifications of the Solow growth model.
- What are the major implications of the two-sector growth model? (review your HW)