Review for Final

Students are responsible for all material that has been covered in the course; this of course includes materials listed on the midterm 2 and 3 reviews. Among the recent topics it is important to understand are

- Expectations-based aggregate supply schedule
- Economic Growth theories beyond the Solow growth model
- Labor augmenting technical change
- Long run Phillips curve
- Misperceptions theory of the business cycle
- Okun’s Law
- Short run Phillips curve
- Solow growth model
- Solow growth model with increasing returns to scale
- Solow growth model with population growth
- Solow growth model with technical change
- Unemployment: definition and methods of measurement by the Bureau of Labor Statistics

These are covered in the posted lecture notes. I will assume you have read Mankiw as well.
Some hints:

1. It is important to understand the difference between statistical regularities and macro theories. Okun’s law and the Phillips curve are examples of statistical regularities, but they are not macro theories. Rather, certain macro theories generate these regularities as implications.

2. While all course material is covered, there will be a relative emphasis on the later models of aggregate economic activity over earlier models. The AD/AS model, for example is more important than the income expenditure model. The reason for this is that the latter models in the course are more general and hence more useful in understanding macroeconomics than the earlier ones, which to some extent were stepping stones to the later models.

3. There will be a reasonable amount of coverage of open economy macro and financial market models; the midterm 2 review should be especially useful in this regard.

4. Do not neglect to review material that was part of the first midterm, for example, the definitions of the GDP deflator and the consumer price index. (There is no review sheet for midterm 1).