LOGISTICS

- **Submit Problem Set 2 in front**
  - Solutions posted by tonight
  - Returned in office hours later this week
- **Practice Final Exam posted on web**
- **Course Evaluations online**
- **Final Exam: Saturday, May 16, 8:00am-10:00am**
  - This room
  - Cumulative, with emphasis (~65-75 percent) on topics since midterm
  - Two sheets (double-sided) of hand-written notes
  - Exam format similar to midterm
- **Office Hours This Week**
  - Sanjay: Thursday May 14, 9:00am-10:30am
  - Rong: Thursday May 14, 4:00pm-6:00pm
  - Elif: Friday May 15, 9:30am-11:30am

EXAM PREPARATION

- **Coverage**
  - In depth: Chapter 1, 2, 3, 4, 5, 6, 7, 8, 9, 14, 15
  - For main ideas: Chapter 11, 12, and 13
  - History of Macroeconomics – slides, class discussion, and essays by Mankiw, Prescott, and Akerlof (for ideas)
  - Financial Accelerator Framework (lecture slides)
- **Format**
  - Similar to midterm exam
  - Several: 4 problems with subparts
  - Emphasis on using analytical frameworks logically/consistently

EXAM PREPARATION

- Topics/basic results/concepts/analyses from first-half of course
  - Consumption-leisure model
  - Interpretation of real wages
  - Consumption-savings model (two-period model)
  - Savings (flows) vs. assets (stocks)
  - Fisher equation
  - Interpretation(s) of real interest rate
  - Analyzing the effects of a "credit crunch" on consumption and savings
  - Taxation, government spending, and government asset positions
  - Ricardian Equivalence
  - Reasons for failure of Ricardian Equivalence
  - Infinite-period economy
  - Macro-finance linkages: basic stock pricing equation
  - The long-run (aka "steady state")
  - Interest rates and impatience in the long run

EXAM PREPARATION

- Topics/basic results/concepts/analyses from second-half of course
  - Firms in the two-period model
  - Labor demand
  - Capital/Investment Demand
  - Interpretation(s) of real interest rate
  - Preference shocks
  - Total Factor Productivity (TFP) Shocks
  - Measuring TFP
  - Business cycles vs. long-run growth
  - "Old" Keynesian macroeconometric models
  - Lucas Critique
  - Real-business-cycle framework
  - Sticky prices vs. flexible prices
  - Monetary neutrality and the neutrality/non-neutrality debate
  - Infinite-period monetary (MIU) economy
  - Bond prices and the pricing kernel
  - Link between bond prices and stock prices

EXAM PREPARATION

- Topics / basic results / concepts / analyses from second-half of course continued
  - Monetary-fiscal interactions
  - Consolidated flow government budget constraint
  - Passive vs. active policy
  - Consolidated lifetime government budget constraint
  - Ricardian vs. non-Ricardian fiscal policy

  - Financial accelerator framework
  - Information asymmetries
  - Financing constraints
  - When financing constraints do or do not "matter"
    - i.e., do they affect the quantity of physical investment?
  - Feedback loops between financial market returns and macroeconomic activity
  - Government role in financial downturns
    - Loosen regulatory oversight
    - Buy financial assets to (try to) raise their price