

Name _____

Feb 1, 2017

Quiz 4.

1. Set up and solve the baseline model (decentralized). Use back of this page and solve using parameter values for $T=24$, $A_G=1$, $\alpha=1$ and $\gamma=1/2$. Fix the capital stock at $k = 1$. Write equations for labor supply, labor demand, consumption supply and consumption demand.
2. What are the ways that the labor input can be measured?
3. What is the internal versus external margin of labor supply?
4. Is it likely that the business cycle is caused by changes in labor supply? Why or Why not?
5. What is the most significant aspect of the Keynesian macroeconomic model, both old and new versions.