

ECON 100B Midterm 1 Review Sheet

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The following are some concepts that I think are important to master. They may or may not be important for the exam. In addition, there are many important concepts that I have left off of this list. Thus, this list should only serve as a primitive outline. You should use the Chapter section headers as a more comprehensive outline and should also consult your section and lecture notes. Additionally, reading the text and supplemental articles may be important. You should be able to find solutions mathematically when appropriate. Good luck!

Chapter 1

What is a model?

Endogenous vs. Exogenous

Price Flexibility vs. Stickiness

Chapter 2

GDP National Incoming Accounting Identity and Components of GDP

Nominal vs. Real vs. Chain-Weighted

Consumer Price Index vs. GDP Deflator

Okun's Law

Chapter 3

Deriving the Marginal Product of Labor and Capital

Disposable Income

Transfers

Marginal Propensity to Consume

National Savings

Shocks to Savings and Investment

Derivatives of Cobb-Douglas Production Functions

Increasing / Decreasing / Constant Returns to Scale

Chapter 4

The Quantity Theory of Money Assumptions

Applying Percent Change Rules to QTOM

The Fisher Equation

Nominal vs. Real Interest Rates

The Costs of Inflation

Causes of Hyperinflation

Classical Dichotomy

Chapter 5

Equations for Net Exports and Capital Outflows

Trade Surplus vs. Trade Deficit

World Interest Rate vs. Domestic Interest Rate

Small Open Economy vs. Large Open economy

Shocking the Open Economy Model Graphically and Mathematically

Nominal vs. Real exchange Rate
The Big Mac Index
Loanable Funds Market

Chapter 6

Labor Force

Natural Rate of Unemployment

Minimum Wage Laws and Unions

To study, I recommend the following. Given a limited amount of time, you should only proceed to the lower numbers if you have mastered the previous items.

1. First, review your notes from lecture and section with an emphasis on graphical and mathematical models. Also, review economic logic explaining the models.
2. Then, review the supplemental articles from Blackboard and make sure you can summarize all their arguments.
3. Then review the solutions to the two homework problem sets. Perhaps try solving some of them again.
4. If you have not already done so, it is probably too late to read the textbook. Thus, read the notes I posted on my website if you have time.
5. Do some practice problems from the workbook if you have time.