

Review for the Mid-term Exam

The first exam will cover Lectures 1 through 7.

The best way to study for the exam is to review the Homework sets. Another good way to prepare is to make sure you understand the concepts that we discussed in those lectures, so make sure you understand the terms listed below.

terms you should know

- independent variable
- dependent variable
- ceteris paribus
- absolute advantage
- comparative advantage
- opportunity cost
- relative price
- gains from trade
- production possibilities frontier
- increasing opportunity cost
- factor demand
- factor payments
- wage rate
- rental rate on capital
- marginal product of labor
- marginal product of capital
- perfect competition
- short-run
- long-run
- economic profit
- total revenue
- total cost
- average cost
- marginal cost
- constant returns to scale
- Gross Domestic Product
- national income
- depreciation
- consumption
- investment
- government purchases
- net exports
- economic growth
- technological progress
- steady state
- saving rate
- labor force growth rate
- depreciation rate
- growth rate of technological progress
- Golden Rule
- human capital
- transition dynamics

Lastly, know the relationship between economic growth and:

- Research and Development
- learning by doing
- international trade
- Foreign Direct Investment
- political structure