

EC6012 Homework 1

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1 Defining Terms

Give a definition and a numerical example of the following macroeconomic terms, as if you were writing a textbook glossary.

Feel free to take your answers from textbook glossaries if need be, but reference them appropriately, and come up with your own historical, numerical or graphical example, where appropriate.

So, for example, if you were given **expansion** as a term, you'd write something like 'a period of positive GDP growth', and show a graph of, say, Ireland's GDP from 1990 to 2005, like the figure below. The country doesn't have to be Ireland, of course.

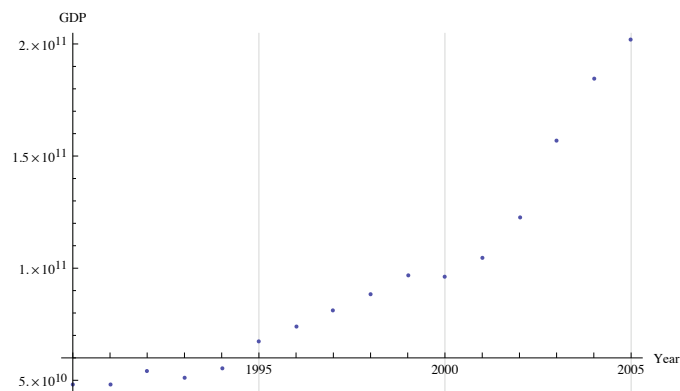


Figure 1: Example figure.

Deadline Post your answers on your group's blog 6 days after this handout is given.

2 Terms

1. Aggregate Demand relation
2. Animal Spirits
3. Bank Run
4. Bond
5. Capital Account
6. debt to gdp ratio
7. effective demand

8. deflation
9. consumption function
10. consumer price index
11. investment function
12. fiscal expansion
13. GDP deflator
14. imports
15. monetary contraction
16. nominal gdp
17. propensity to consume
18. short run
19. real exchange rate
20. trade surplus