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- Explain the effect of a change in the wage on a worker's labor-leisure choice (5)
- Draw an intertemporal choice indifference curve and budget line (10)
- Explain the effect of a change in the interest rate on the choice between present and future consumption (5)
- Sketch income and substitution effects (10)

Present Discounted Value

- Calculate present discounted value of a stock (10)
- Calculate present discounted value of a bond and understand the relationship between present value and interest rates (10)

The Expenditure-Output Model

- Identify aggregate expenditure, the 45-degree line, and potential output on a graph (5)
- Define MPC and MPS (4)
- Draw a pre-tax consumption function (10)
- Explain the investment function and government spending function (4)
- Draw a post-tax consumption function (10)
- Explain the exports function and draw an imports function (10)
- Use the expenditure-output model to calculate expenditure and analyze how changing components affect expenditure (10)
- Explain equilibrium in the Keynesian cross model (10)
- Identify inflationary and recessionary gaps on an aggregate expenditure gap (5)
- Calculate and explain the spending multiplier (10)
- Use the spending multiplier to calculate the effect of an increase in spending on Real GDP (10)