

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. The spreadsheets will be turned in via an attachment to an e-mail sent to wcsaplar@bethanywv.edu. The only place your name should appear on the electronic file is on a page with nothing else on it. Failure to follow these directions will cost you 1 point on the assignment.

For the computer work, take the Excel file you created for [assignment #8](#) and work with that. Correct the errors you made and use the corrected calculations to answer these questions.

- 1) (20 points) Use the corrected Excel file from #8 to forecast the sales up to, and including, the fourth quarter of 2004.
- 2) (15 points) Some people claim that the neo-classical school's model cannot be accurate because most people do not know enough economics to act as the school predicts. How would a neo-classical economist reply to this complaint?
- 3) (25 points) Illustrate on the neo-classical SRAS/LRAS/AD diagram an increase in government spending of \$100billion when people expected the increase to be \$200billion. Explain why the curve(s) moved as drawn.
- 4) (20 points) How does the neo-classical school explain the business cycles?
- 5) (20 points) As I have said many times, different schools of thoughts have assumptions which are valid some of the time, but not other times. Do you feel the assumptions of the neo-classical school are valid now? Explain your logic.