

Do not put your name anywhere on the assignment, other than on the back of this sheet of paper. Staple your answers on the front of this sheet of paper. Hand the Excel file in via Moodle. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points.

1) (10 points) Which part of my web page, <http://mysite.bethanywv.edu/wcsaplar/> do you think will be most helpful? Why? What is the URL for the first exam from this class last semester? Is anything missing that you would like to see?

2) (10 points) Which part of the Department of Economics and Business's web page, <http://www.bethanywv.edu/economics/> do you think will be most helpful? Why? Is anything missing that you would like to see?

3) (15 points) What is the difference between *currency* and *statistical adequacy*? Why do we need both of them?

4) (10 points each) For each of the variables below, determine if it is normally a leading, lagging, or roughly coincidental indicator. Also determine if it is normally cyclical, countercyclical, or acyclical. Explain the economic reasons for both parts.

A) Ratio of consumer debt to GDP.

B) Rate of change of consumer debt.

5) Suppose consumption is \$100 more than 75% of the average of this year's and last year's GDP. Investment is 20% of this year's GDP. Government spending is \$600. Exports are \$300. Imports are 7.5% of this year's GDP.

A) (5 points) Write the equations I described above.

B) (15 points) Find the current level of GDP as a function of government spending and lagged variables. Show all work.

C) (15 points) Use Excel to fill in a table which will simulate GDP over a 40-year period and assuming that the previous GDP was \$10,000. Run the simulation again with a one-time increase in government spending to \$700. Repeat with a permanent increase in government spending to \$700. Show all three simulations on the same sheet.

D) (10 points) What are the short-run government spending multiplier, the long-run government spending multiplier for a temporary increase in government spending, and the long-run government spending multiplier for a permanent increase in government spending? How did you get them?