

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Turn in the Excel file via Moodle. 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. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (5 points) Which part of my web page, <http://mysite.bethanywv.edu/wcsaplar/> do you think will be most helpful? Why? Is anything missing that you would like to see? What is the URL for the first exam from this class during the last semester it was taught?
- 2) (5 points) Which part of the Department of Economics and Business's web page, <http://www2.bethanywv.edu/~econ/> 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) Initial claims for unemployment insurance.
  - B) Rate of change of consumer debt.
  - C) Ratio of consumer debt to GDP.

The material for the question below will be covered during the computer lab on 9/2 and you will do it during the computer lab.

- 5) Suppose consumption is \$200 more than 90% of this year's disposable income. Investment is 30% of last year's GDP. Government spending is \$200. Exports are \$400. Imports are 12% of this year's GDP. The taxes are 20% of income.
  - 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 variable(s). Show all work.
  - C) (15 points) Use Excel to fill in a table which will simulate GDP over a 50-year period and assuming that the previous GDP was \$5,000. Run the simulation again with a one-time increase in government spending to \$300. Repeat with a permanent increase in government spending to \$300. 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?