Wilf Csaplar Jr.   Economics 350   Homework #6 (Lab 5)   Due 10/14

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 with your name on an otherwise blank sheet. 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) Use the page on the Excel Sheet entitled *Lab* to answer this question.
A) (25 points) Run a regression using "Part A" to predict quantity sold. Would you consider the results to be good results? Explain your logic. Which variable(s) would say are significant? Explain your logic. How much would you expect to sell if the price is $15/unit and the income is $60,000? Show all work.
B) (25 points) This is actual data from my ECON 162 class an earlier semester. Run a regression using "Part B" to predict the student's grade on the test. Would you consider the results to be good results? Explain your logic. How much would you expect your test grade to go down if you missed a class? Show all work. Why do you think the Adj R^2 and Significance of F take the values they do? In other words, in the real world, what determines the grade and how does that relate to those values?

2) (35 points) Draw the Augmented Phillips Curve diagram and the Neo-Classical LRAS/SRAS/AD diagram. Start with people expecting 5% inflation. Illustrate on both of them the effect of the money supply growing 3% and people changing their views to expect 4% inflation. Explain why all curves moved as drawn.

3) (15 points) If you were trying to lower the natural rate of unemployment, how would you do that? Give two methods. Explain why your policies would work.