

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. 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.

I am sorry to disappoint you for the second time (although this is the third time I wrote the apology), but the only equations in this material were already covered, so there is no equation to explain on this assignment.

1) (20 points) Some economists feel that the USA is out of the recession but others disagree. Give two reasons why people might argue about it now.

2) (20 points) Why have recessions become less severe?

3) (15 points each) For each of the following, determine if it is a-cyclical, pro-cyclical, or counter-cyclical. Also determine if it is a leading, lagging, or roughly coincident variable. Explain your logic.

A) Inflation

B) Stock prices

C) Unemployment rate

D) Residential investment