Wilf Csaplar Jr.          Economics 162          Homework #8          **Due Thursday 4/12**

Place your name on the back of this sheet of paper and nowhere else.  Staple your answers face up on the front of this sheet of paper.  Failure to follow these directions will cost you 10 points. 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) (15 points) Draw the "Modern SRAS Curve".  Explain why it takes its shape.

2) (20 points) Draw the SRAS/LRAS/AD diagram.  Illustrate the effects of an increase in the price of oil.  Explain why the curve(s) moved as drawn.  What happens to the price level and GDP?

3) (20 points) Draw the SRAS/LRAS/AD diagram.  Illustrate the effects of an increase in the population.  Explain why the curve(s) moved as drawn.  What happens to the price level and GDP?

4) (25 points) Draw the SRAS/LRAS/AD diagram.  Illustrate the effects of an increase in government spending.  Explain why the curve(s) moved as drawn.  What happens to the price level and GDP?  How do we see the fact that allowing the price level to increase will decrease the change in GDP?  In other words, how does your diagram show that allowing the price level to change means the government spending multiplier is smaller than what we first calculated?

5) (10 points) The LRAS is similar to a graph we studied a long time ago.  Which graph is that? Explain how they are similar.

6) (10 points) The AD is similar to a graph we studied recently.  Which graph is that?  Explain how they are similar.


**Remember to see your advisor in this week so you can start to register the week of 4/16. See your advisor even if you have a hold.  That way, once the hold is removed, you will be able to register.  If you do not register by 4/20, you will have to pay a $150 late fee.**