Wilf Csaplar Jr.   Economics 302   Homework #7   **Due Tuesday 4/10**

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) Explain $\Delta P/P = \Delta M/M - \eta_Y(\Delta Y/Y)$. You do not need to explain η_Y, but I would want you to tell me what that represents.

2) (20 points) Some economists feel that the business cycles have not become less severe over the past two centuries. Explain their logic.

3) (20 points) I argued the theory says the business cycles should be less severe than two centuries ago. Explain my argument.

4) (15 points each) Answer each part in separate paragraphs. For each of the following parts of the definition of the business cycle, explain what the phrase means and state why it is important to the definition.
A) Recurrent but not periodic
B) Co-movement
C) Persistent