

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.

For this assignment, draw the modern SRAS. For this assignment only, you can state, “Since the LRAS moved, the SRAS moved the same direction.” In the future, I will require you to give a more detailed explanation of why the SRAS curve moved.

- 1) (20 points) Draw the LRAS/SRAS/AD diagram. Illustrate the effects of an increase in government spending. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rate?
- 2) (20 points) Draw the LRAS/SRAS/AD diagram. Illustrate the effects of an increase in interest rates. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rate?
- 3) (20 points) Draw the LRAS/SRAS/AD diagram. Illustrate the effects of an increase in the MPS. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rate?
- 4) (20 points) Draw the LRAS/SRAS/AD. Illustrate the effects described in the article at <https://www.bbc.com/news/av/world-us-canada-60829623>. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rate?
- 5) (10 points) Draw the Keynesian SRAS curve. Explain why it takes its shape.
- 6) (10 points) Draw the Classical SRAS curve. Explain why it takes its shape.