

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or <https://pdfcandy.com/> to create a single PDF size A4. (pdfcandy.com will convert many file types to PDF, resize PDF, merge PDF and many other things for free. However, Apple phones may require using [CamScanner](#) before using pdfcandy.com.) Failure to follow these directions will cost you 10 points.

- 1) (20 points) Draw a LRAS/SRAS/AD diagram. Illustrate the effects of a decrease in government spending. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rates? State how you reached those conclusions.
- 2) (20 points) Draw a LRAS/SRAS/AD diagram. Illustrate the effects of a increase in population. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rates? State how you reached those conclusions.
- 3) (30 points) Draw a LRAS/SRAS/AD diagram with low unemployment. State how you know the unemployment rate is low. If the economy is left alone, how will it get back to equilibrium? Why will that occur? Illustrate the effects of that event on the graph. Explain why the curve(s) moved as drawn. What happens to GDP, inflation, and the unemployment rates? State how you reached those conclusions.
- 4) (15 points) Draw the Classical SRAS curve. Explain why it takes that shape.
- 5) (15 points) Why does the AD curve slope down?