Directions: Work in groups of up to four pecollected, but only one member's paper will be will receive the same grade. Failure to complet point penalty.	e randomly selected and graded and	d all members of the group
By signing below, you agree that the follow you are willing to accept as your own grade for of your group's work.		
Signature Group Member 1	Print Name	Date
Signature Group Member 2	Print Name	Date
Signature Group Member 3	Print Name	Date

Print Name

Your Name: _

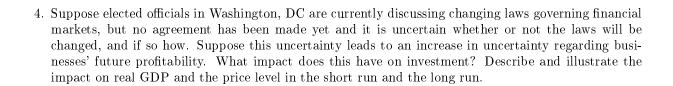
 ${\rm Date}$

ECO 120: Macroeconomics

Signature Group Member 4

In-class Exercise: Aggregate Supply / Aggregate Demand

Directions: When asked to illustrate the short-run and long-run effects in the economy, draw two graphs. One that only illustrates the short-run effects, and a second that illustrates both the short-run and long-run effects.
1. Show graphically and describe the short run and long run effects of an increase in government spending. Describe and illustrate the impact on real GDP and the price level in the short run and the long run.
2. Show graphically and describe the short run and long run effects of an increase in oil prices. Describe and illustrate the impact on real GDP and the price level in the short run and the long run.
3. Describe and illustrate the impact short-run and long-run effects of an increase in oil prices combined with an increase in government spending.



5. Suppose China conducts policy that causes the value of the dollar to increase relative to the Chinese Yuan. What happens to exports to China and imports from China? Describe and illustrate the impact on real GDP and the price level in the short run and the long run.

6.	such	a recession. Sugg	est a government	t policy that	can bring the	economy out of	ate the economy in the recession while effect of this policy.
7.		pose there is an in Show graphically					
	(b)						l describe the short- level in the United

- 8. Which of the following causes long run aggregate supply to shift to the right?
 - (a) An improvement in technology.
 - (b) A decrease in wages.
 - (c) A decrease in interest rates.
 - (d) All of the above.
- 9. Which of the following causes only the short run aggregate supply to shift to the right?
 - (a) An improvement in technology.
 - (b) A decrease in wages.
 - (c) A decrease in interest rates.
 - (d) All of the above.
- 10. Which of the following causes prices to increase in the long run?
 - (a) An increase in the price of oil (a factor of production).
 - (b) An increase in investment demand caused by a change in expectations.
 - (c) A decrease in government spending.
 - (d) A decrease in foreign incomes.
- 11. When the value of the U.S. currency depreciates,
 - (a) The short run aggregate supply curve shifts to the left.
 - (b) The aggregate demand curve shifts to the right.
 - (c) in the short run there will be an increase in the price level.
 - (d) All of the above.
- 12. When there in an increase in the interest rate,
 - (a) aggregate demand shifts to the left.
 - (b) short run aggregate supply shifts to the left.
 - (c) long run aggregate supply shifts to the left.
 - (d) potential GDP increases.
- 13. When there in an improvement in technology,
 - (a) aggregate demand shifts to the right, and long run aggregate supply shifts right.
 - (b) short run aggregate supply shifts to the right, and long run aggregate supply remains fixed.
 - (c) both short run and long run aggregate supply shift to the right.
 - (d) short run aggregate supply shifts to the left, and long run aggregate supply shifts to the right.