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| **Exercises from old exams to chapters in B & W.** |

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| **Chapter 13** |

**Exercise 1**

Answer the following statements as **true** or **false**, and explain why. Write no more than three sentences on each question.

1. An increase in expected prices would shift the aggregate supply curve down.

**Exercise 2**

1. What is the Phillips tradeoff?
2. Explain the following; “The Phillips curve has been useful for helping us think about the short run behavior of inflation. At the same time it is unstable and seems to vanish at times.”
3. How can the Phillips curve be transformed into an aggregate supply curve using Okuns law?
4. Define three factors that shifts the Phillips and aggregate supply curve, and explain by using a diagram how these factors shift the curves.

**Exercise 3**

Define the AS curve and explain why the slope is different when moving from the short to the long run.