1. With respect to the IS-LM model, C = 200 + 0.25YD; I = 150 + 0.25Y – 1000i; G = 250; T = 200; (M / P) d = 2Y – 8000i; M / P = 1600; The equilibrium level of income is…. and interest rate is……
2. With respect to the IS-LM model, C = 200 + 0.25YD; I = 150 + 0.25Y – 1000i; G = 250; T = 200; (M / P) d = 2Y – 8000i; M / P = 1600; After a monetary expansion to 1800, the equilibrium income is……and equilibrium interest rate is…….
3. With respect to the IS-LM model, C = 200 + 0.25YD; I = 150 + 0.25Y – 1000*i*; G = 250; T = 200; (M / P) d = 2Y – 8000*i;* M / P = 1600; After a fiscal expansion where G rises to 400, the equilibrium value of C is……and the equilibrium value of I is…...
4. Suppose there are two firms in the market. The demand function is given by Q=53-P. The constant average (and marginal cost) of each firm is Rs 5. The Cournot equilibrium (i.e., the values of Q1 and Q2 for which each firm is doing as well as it can, given its competitor’s output) values are ……... and …...... respectively.