

- 1.
- 2.
3. Price is sticky initially
4.
 - a. demand ^
 - b. supply v
 - c. supply ^
 - d. demand ^
 - e. demand v
 - f. supply v
 - g. demand ^
 - h. supply ^
 - i. demand ^
 - j. supply ^
5.
 - a. output ^, price =
 - b. output v, price ^
 - c. output =, price =
 - d. output v, price =
 - e. output ^, price ^
8. With demand, less demand overall means less demand for the labor to make the demanded products, as well as labor itself. Price-level outcome: lower prices (ignoring drop in demand). With supply, less agg. supply can lead to lower employment as employment is a component of supply.
9. In the 1990s and 2000s, demand was up and supply was up due to cheap oil prices and govt. spending from war in afganistan. A recession could happen due to the drop in prices due to consumer expectations, and saving instead of consuming.
10. Investments and consumption both lower AD, and thus GDP.