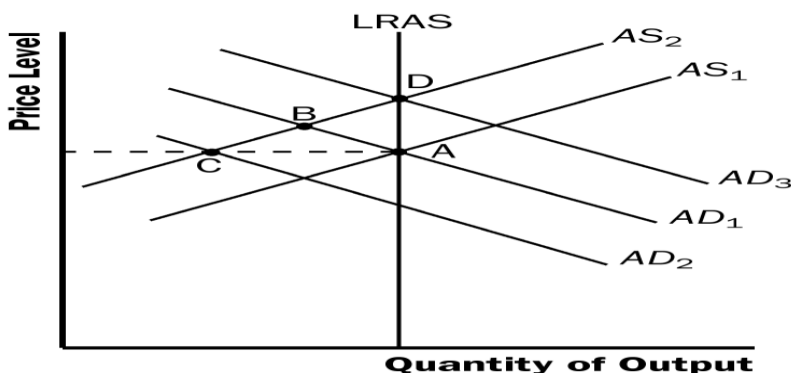


Homework #7 (15 Points)  
PRINCIPLES OF MACROECONOMICS-R (Thursday)  
[Due in the next class on December 1]

Q#1. (6 points).

- A. Explain the concepts of Long-run, Intermediate Run and Short-run Aggregate Supply Curves, and the differences between Classical and Keynesian schools of economic thought.
- B. Which factors can cause a shift/change in Aggregate Demand and Aggregate Supply? What is the difference between Long-run and short-run macroeconomic equilibriums? Which points in the graph below reflect short-run and long-run equilibriums?



Q#2. (6 points)

Complete the following table and draw a graph showing consumption and saving functions in the economy.

Disposable Income (Yd)	Consumption	Saving	Average Propensity to Consume	Average Propensity to Save	Marginal Propensity to Consume	Marginal Propensity to Save
\$0	50					
100	125					
200	200					
300	275					
400	350					
500	425					

Q#2. (3 points)

Complete the following Table (4 points). Assume Investment, Government Purchases, and Exports are autonomous in this economy.

Y (Real GDP)	Consumption	Investment	Government	Exports	Imports	Aggregate Expenditures (AE)
\$0	\$70	40	50	\$45	0	
100	150				10	
200	230				20	
300	310				30	
400	390				40	
500	470				50	