



Problem sets 1: Data and measuring business cycles

EE312: Intermediate macroeconomics

Semester 1/2018

Instructor: Dr. Kittichai Saelee

Due on September 5th, 2018 at the BE office. (before 3 pm)

Instruction

1. There are three parts. Part I is true/false questions. Part II has one essay-based question. Attempt all!
2. Please put the answer of part I and part II in two separate paper. Your TA will grade part 1; meanwhile I will grade part 2.
3. In part I, make it precise. The most effective way to answer True/false question is to strike to the point, and find a rebuttal case if you believe that it is incorrect. (As you may guess, the most likely answer should be either false or uncertain.)
4. In part II, when you compose an essay, it means that you have to answer by writing in complete sentences and in paragraphs. Please do not answer as if you were preparing a note-taking for your own study.

Part I:

- 1.1) Monetary policy is more effective under elastic money demand than under inelastic money demand.
- 1.2) Aggregate supply curve is flatter under variable wage model than under fixed wage model.
- 1.3) Consumer price index is a fair and unbiased measurement for the cost of living of households.
- 1.4) Keynesian government multiplier is *always* smaller than AS/AD- based government multiplier.

Part 2: Essay question.

Within the variable price–fixed wage version of the Keynesian model analyze the effects of a loss of confidence in risky stocks and bonds such as occurred in the 2007–09 financial crisis.