EE312 Macroeconomics, 2/2014 (Sec. 046402)
Problem Sets 7

Please submit at the BE office, 5th floor department of Economics building.
Deadline of submission : May 6, 2015, before 15.00 hrs.
Late submission will not be accepted.
*** Exam will consist of essay-type questions only.**

1. [Chapter 9] In the Keynesian sticky-wage (IS-LM-AD-AS) model, what are the effects of an increase in government spending on the real interest rate, employment, aggregate output, the real wage, current consumption, investment, the price level and average labor productivity? (If the space provided is not enough, please attach a separate paper.) [You have approximately 30 - 40 minutes per question for the final exam]

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