

73
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Student ID.....610464066.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10 $y = \bar{y} + \alpha(P - P^e) \rightarrow$ sticky-wage model ✓ $P = P^e + \alpha(Y - \bar{Y}) \rightarrow$ sticky-price model

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor' confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|------------------------|---------------------------|------------------------|----------------------|
| 12 Production function | (a) rotates upward | (b) rotates downward | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| Labor Demand | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| IS Curve | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|-----------------|---------------|----------------------|
| 15 Output | (a) increases ✓ | (b) decreases | (c) remains the same |
| Employment | (a) increases ✓ | (b) decreases | (c) remains the same |
| Interest rate | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases ✓ | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
| Real Monney Supply | (a) increases | (b) decreases | (c) remains the same |
| Investment | (a) increases ✓ | (b) decreases | (c) remains the same |
| Consumption | (a) increases | (b) decreases | (c) remains the same |
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? **Compare to the equilibrium after the shocks.**

- | | | | |
|--------------------------------------|-------------------------|--------------------------|----------------------|
| 12 Worker's expected price (P^e) | (a) increases ✓ | (b) decreases | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left ✓ | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left ✓ | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

4. (15 marks) In the medium-run, how following variables change? **Compare to the equilibrium after the shocks.**

- | | | | |
|--------------|-----------------|-----------------|----------------------|
| 12 Output | (a) increases | (b) decreases ✓ | (c) remains the same |
| Employment | (a) increases | (b) decreases ✓ | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases ✓ | (b) decreases | (c) remains the same |
| Price level | (a) increases ✓ | (b) decreases | (c) remains the same |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? **Compare to the initial equilibrium.**

- | | | | |
|--------------|-----------------|---------------|----------------------|
| 12 Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases ✓ | (b) decreases | (c) remains the same |
| Price level | (a) increases ✓ | (b) decreases | (c) remains the same |

40
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Student ID.....6104640211.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10 $Y = \bar{Y} + \alpha(P - P^e)$ ✓

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

6 Production function		(a) rotates upward	(b) rotates downward	(c) remains the same
Labor Supply		(a) shifts to the right	(b) shifts to the left	(c) remains the same
Labor Demand		(a) shifts to the right	(b) shifts to the left	(c) remains the same
SRAS		(a) shifts to the right	(b) shifts to the left	(c) remains the same
AD		(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same
IS Curve		(a) shifts to the right	(b) shifts to the left	(c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

12. Output		(a) increases ✓	(b) decreases	(c) remains the same
Employment		(a) increases	(b) decreases	(c) remains the same
Interest rate		(a) increases	(b) decreases	(c) remains the same
Real Wage		(a) increases	(b) decreases ✓	(c) remains the same
Nominal Wage		(a) increases	(b) decreases	(c) remains the same
Price level		(a) increases ✓	(b) decreases	(c) remains the same
Real Monney Supply		(a) increases	(b) decreases ✓	(c) remains the same
Investment		(a) increases	(b) decreases	(c) remains the same
Consumption		(a) increases	(b) decreases	(c) remains the same
Worker's expected price (P^e)		(a) increases	(b) decreases	(c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

3. Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left ✓	(c) remains the same
AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

3. Output		(a) increases	(b) decreases	(c) remains the same
Employment		(a) increases	(b) decreases	(c) remains the same
Real Wage		(a) increases	(b) decreases	(c) remains the same
Nominal Wage		(a) increases	(b) decreases	(c) remains the same
Price level		(a) increases ✓	(b) decreases	(c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the **initial** equilibrium.

6. Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10.
$$y = \bar{y} + \frac{s}{(1-s)\alpha} (p - p^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

18. Production function	(a) rotates upward	(b) remains the same	(c) rotates downward
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
Labor Demand	(a) shifts to the right	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right	(b) remains the same	(c) shifts to the left
IS Curve	(a) shifts to the right	(b) remains the same	(c) shifts to the left

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

27. Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Interest rate	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases
Real Money Supply	(a) increases	(b) remains the same	(c) decreases
Investment	(a) increases	(b) remains the same	(c) decreases
Consumption	(a) increases	(b) remains the same	(c) decreases
Worker's expected price (P^e)	(a) increases	(b) remains the same	(c) decreases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12. Worker's expected price (P^e)	(a) increases	(b) remains the same	(c) decreases
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right	(b) remains the same	(c) shifts to the left

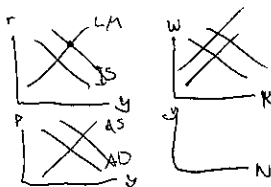
4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6. Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

12. Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases

94
100



$$p = p^e + (1-s)[p + \alpha(y - \bar{y})]$$

Student ID.....604641300

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

$$p = s p^e + (1-s)[p + \alpha(y - \bar{y})]$$

Part 1. (10 marks) Short answer.

$$\alpha = \frac{s}{(1-s)a}$$

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

both sticky wage and sticky price result in $y = \bar{y} + \alpha(P - p^e)$ which is the function of SRAS

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, N^*, C^*, I^*)$. Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|------------------------|-------------------------|----------------------|------------------------|
| 19 Production function | (a) rotates upward | (b) remains the same | (c) rotates downward |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| Labor Demand | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| IS Curve | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|---------------|----------------------|---------------|
| 27 Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Interest rate | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |
| Real Money Supply | (a) increases | (b) remains the same | (c) decreases |
| Investment | (a) increases | (b) remains the same | (c) decreases |
| Consumption | (a) increases | (b) remains the same | (c) decreases |
| Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|--------------------------------------|-------------------------|----------------------|------------------------|
| 12 Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|---------------|----------------------|---------------|
| 12 Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---------------|----------------------|---------------|
| 15 Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

69
100

Student ID. 6104640153

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

0.

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

15	Production function	(a) rotates upward	(b) remains the same ✓	(c) rotates downward
	Labor Supply	(a) shifts to the right	(b) remains the same ✓	(c) shifts to the left
	Labor Demand	(a) shifts to the right ✓	(b) remains the same	(c) shifts to the left
	SRAS	(a) shifts to the right	(b) remains the same ✓	(c) shifts to the left
	AD	(a) shifts to the right ✓	(b) remains the same	(c) shifts to the left
	IS Curve	(a) shifts to the right	(b) remains the same ✓	(c) shifts to the left

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

24	Output	(a) increases ✓	(b) remains the same	(c) decreases
	Employment	(a) increases ✓	(b) remains the same	(c) decreases
	Interest rate	(a) increases ✓	(b) remains the same	(c) decreases
	Real Wage	(a) increases ✓	(b) remains the same	(c) decreases ✓
	Nominal Wage	(a) increases ✓	(b) remains the same	(c) decreases
	Price level	(a) increases ✓	(b) remains the same	(c) decreases
	Real Money Supply	(a) increases ✓	(b) remains the same	(c) decreases ✓
	Investment	(a) increases ✓	(b) remains the same	(c) decreases
	Consumption	(a) increases ✓	(b) remains the same	(c) decreases
	Worker's expected price (P^e)	(a) increases	(b) remains the same ✓	(c) decreases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12	Worker's expected price (P^e)	(a) increases ✓	(b) remains the same	(c) decreases
	Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left ✓
	SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left ✓
	AD	(a) shifts to the right	(b) remains the same ✓	(c) shifts to the left

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

9	Output	(a) increases	(b) remains the same	(c) decreases ✓
	Employment	(a) increases	(b) remains the same	(c) decreases ✓
	Real Wage	(a) increases	(b) remains the same	(c) decreases ✓
	Nominal Wage	(a) increases ✓	(b) remains the same	(c) decreases
	Price level	(a) increases ✓	(b) remains the same	(c) decreases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

9	Output	(a) increases	(b) remains the same ✓	(c) decreases
	Employment	(a) increases	(b) remains the same	(c) decreases
	Real Wage	(a) increases	(b) remains the same	(c) decreases
	Nominal Wage	(a) increases ✓	(b) remains the same	(c) decreases
	Price level	(a) increases ✓	(b) remains the same	(c) decreases

$$\frac{73}{100} + 3 = \frac{76}{100}$$

Student ID.....6104640047

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

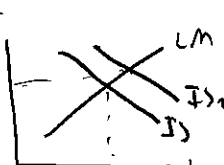
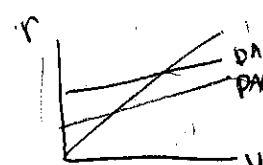
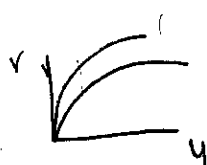
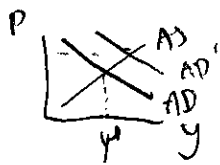
10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$y = \bar{y} + \alpha (P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

- 15
+3
1. (18 marks) In the Short Run, what will happen to the following curve? -3
- | | | | |
|---|-------------------------|------------------------|----------------------|
| Production function $\rightarrow$ move along the curve to the right | (a) rotates upward | (b) rotates downward | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| Labor Demand | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| IS Curve | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
21. 2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.
- | | | | |
|-----------------------------------|---------------|---------------|----------------------|
| Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Interest rate | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
| Real Monney Supply | (a) increases | (b) decreases | (c) remains the same |
| Investment | (a) increases | (b) decreases | (c) remains the same |
| Consumption | (a) increases | (b) decreases | (c) remains the same |
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |
9. 3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.
- | | | | |
|-----------------------------------|-------------------------|------------------------|----------------------|
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
9. 4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.
- | | | | |
|--------------|---------------|---------------|----------------------|
| Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
9. 5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.
- | | | | |
|--------------|---------------|---------------|----------------------|
| Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |



81/100

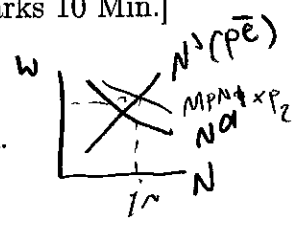
Student ID... 6104640179

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

0. $y = \left(\frac{s}{1-s} \right) (P - P^e)$ X



Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases. $I \uparrow$

1. (18 marks) In the Short Run, what will happen to the following curve?

- 15
- | | | | |
|-----------------------|-------------------------|----------------------|------------------------|
| * Production function | (a) rotates upward | (b) remains the same | (c) rotates downward |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| Labor Demand | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| IS Curve | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- 30
- | | | | |
|---------------------------------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Interest rate | (a) increases | (b) remains the same | (c) decreases |
| Real Wage $P \uparrow W \downarrow$ | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level $P \uparrow$ | (a) increases | (b) remains the same | (c) decreases |
| Real Monney Supply $M^s/P \downarrow$ | (a) increases | (b) remains the same | (c) decreases |
| Investment | (a) increases | (b) remains the same | (c) decreases |
| Consumption | (a) increases | (b) remains the same | (c) decreases |
| Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- 12
- | | | | |
|-----------------------------------|-------------------------|----------------------|------------------------|
| Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

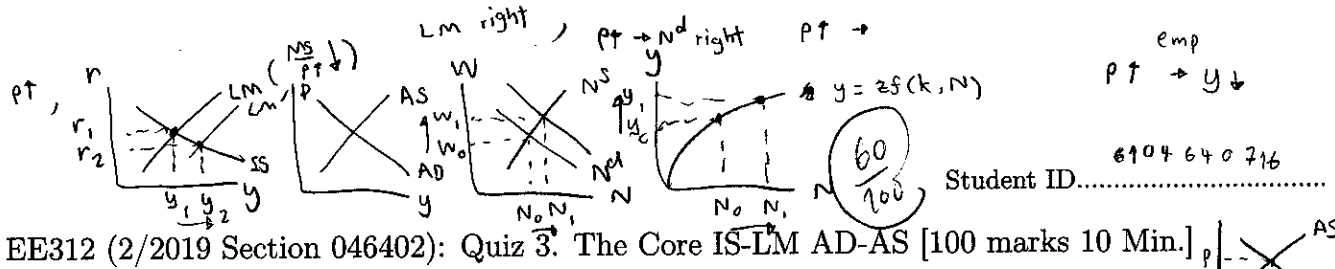
- 9
- | | | | |
|--------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- 15
- | | | | |
|--------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

$\frac{W}{P} \uparrow$





EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

$P = \alpha P^e + (1-\alpha)P$

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

sticky wage model → workers do not adjust their expectation on price

sticky price model → workers adjust price

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|---------------------|---------------------------|------------------------|------------------------|
| Production function | (a) rotates upward | (b) remains the same | (c) rotates downward |
| Labor Supply | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| Labor Demand | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| AD | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| IS Curve | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|-----------------|----------------------|-----------------|
| Output | (a) increases ✓ | (b) remains the same | (c) decreases |
| Employment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Interest rate | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases ✓ |
| Nominal Wage | (a) increases ✓ | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |
| Real Monney Supply | (a) increases | (b) remains the same | (c) decreases ✓ |
| Investment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Consumption | (a) increases ✓ | (b) remains the same | (c) decreases |
| Worker's expected price (P^e) | (a) increases ✓ | (b) remains the same | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

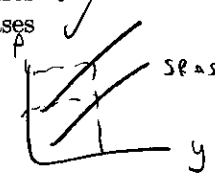
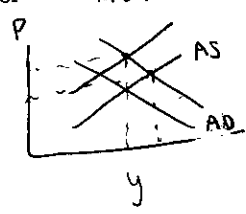
- | | | | |
|-----------------------------------|-------------------------|------------------------|------------------------|
| Worker's expected price (P^e) | (a) increases | (b) remains the same ✓ | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|-----------------|----------------------|-----------------|
| Output | (a) increases | (b) remains the same | (b) decreases ✓ |
| Employment | (a) increases | (b) remains the same | (b) decreases |
| Real Wage | (a) increases ✓ | (b) remains the same | (b) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (b) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (b) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|-----------------|------------------------|---------------|
| Output | (a) increases | (b) remains the same ✓ | (b) decreases |
| Employment | (a) increases | (b) remains the same ✓ | (b) decreases |
| Real Wage | (a) increases | (b) remains the same | (b) decreases |
| Nominal Wage | (a) increases ✓ | (b) remains the same | (b) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (b) decreases |



$P \uparrow$

54
100

Student ID.....6104640623.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

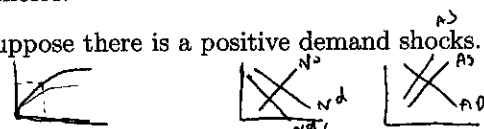
Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

0. $y = \bar{y} + \alpha (p - p^e) + \alpha (y - \bar{y})$ — nonlinear function of y ?

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.



1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|------------------------|-------------------------|------------------------|----------------------|
| 9. Production function | (a) rotates upward | (b) rotates downward | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| Labor Demand | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| IS Curve | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|---------------|---------------|----------------------|
| 24. Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Interest rate | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
| Real Money Supply | (a) increases | (b) decreases | (c) remains the same |
| Investment | (a) increases | (b) decreases | (c) remains the same |
| Consumption | (a) increases | (b) decreases | (c) remains the same |
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

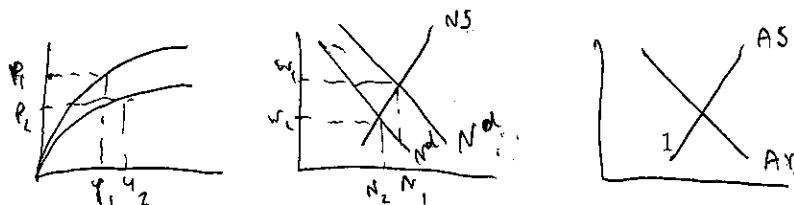
- | | | | |
|--------------------------------------|-------------------------|------------------------|----------------------|
| 3. Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|---------------|---------------|----------------------|
| 6. Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---------------|---------------|----------------------|
| 12. Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |



58/100

Student ID.....610464169.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10. $\pi = \bar{\pi} - \alpha(p^e - \bar{p})$ ✓

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.



1. (18 marks) In the Short Run, what will happen to the following curve?

12. Production function (a) rotates upward (b) rotates downward (c) remains the same
 Labor Supply (a) shifts to the right (b) shifts to the left (c) remains the same
 Labor Demand (a) shifts to the right ✓ (b) shifts to the left (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left (c) remains the same
 AD (a) shifts to the right ✓ (b) shifts to the left (c) remains the same
 IS Curve (a) shifts to the right -3 (b) shifts to the left (c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

15. Output (a) increases ✓ (b) decreases (c) remains the same
 Employment (a) increases ✓ (b) decreases (c) remains the same
 Interest rate (a) increases -3 (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases -3 (c) remains the same
 Nominal Wage (a) increases -3 (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same
 Real Money Supply M/P (a) increases -3 (b) decreases (c) remains the same
 Investment (a) increases ✓ (b) decreases (c) remains the same
 Consumption (a) increases -3 (b) decreases (c) remains the same
 Worker's expected price (P^e) (a) increases (b) decreases (c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? **Compare to the equilibrium after the shocks.**

6. Worker's expected price (P^e) (a) increases ✓ (b) decreases (c) remains the same
 Labor Supply (a) shifts to the right (b) shifts to the left ✓ (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left -3 (c) remains the same
 AD (a) shifts to the right (b) shifts to the left (c) remains the same

4. (15 marks) In the medium-run, how following variables change? **Compare to the equilibrium after the shocks.**

6. Output (a) increases (b) decreases -3 (c) remains the same
 Employment (a) increases (b) decreases -3 (c) remains the same
 Real Wage (a) increases ✓ (b) decreases (c) remains the same
 Nominal Wage (a) increases -3 (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? **Compare to the initial equilibrium.**

9. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases ✓ (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same

60
100

Student ID... 6104041026

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

0.

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

15	Production function		(a) rotates upward	(b) rotates downward	(c) remains the same
	Labor Supply		(a) shifts to the right	(b) shifts to the left	(c) remains the same
	Labor Demand		(a) shifts to the right	(b) shifts to the left	(c) remains the same
	SRAS		(a) shifts to the right	(b) shifts to the left	(c) remains the same
	AD		(a) shifts to the right	(b) shifts to the left	(c) remains the same
	IS Curve		(a) shifts to the right	(b) shifts to the left	(c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

21	Output	(a) increases	(b) decreases	(c) remains the same
	Employment	(a) increases	(b) decreases	(c) remains the same
	Interest rate	(a) increases	(b) decreases	(c) remains the same
	Real Wage	(a) increases	(b) decreases	(c) remains the same
	Nominal Wage	(a) increases	(b) decreases	(c) remains the same
	Price level	(a) increases	(b) decreases	(c) remains the same
	Real Money Supply	(a) increases	(b) decreases	(c) remains the same
	Investment	(a) increases	(b) decreases	(c) remains the same
	Consumption	(a) increases	(b) decreases	(c) remains the same
	Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9	Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same
	Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
	SRAS	(a) shifts to the right	(b) shifts to the left	(c) remains the same
	AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6	Output	(a) increases	(b) decreases	(c) remains the same
	Employment	(a) increases	(b) decreases	(c) remains the same
	Real Wage	(a) increases	(b) decreases	(c) remains the same
	Nominal Wage	(a) increases	(b) decreases	(c) remains the same
	Price level	(a) increases	(b) decreases	(c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

9	Output	(a) increases	(b) decreases	(c) remains the same
	Employment	(a) increases	(b) decreases	(c) remains the same
	Real Wage	(a) increases	(b) decreases	(c) remains the same
	Nominal Wage	(a) increases	(b) decreases	(c) remains the same
	Price level	(a) increases	(b) decreases	(c) remains the same

78
100

Student ID.....6104640815.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

0. $Y = \bar{Y} + \alpha(1-p)$ X

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

18. Production function	(a) rotates upward	(b) rotates downward	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
Labor Demand	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left	(c) remains the same
AD	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same
IS Curve	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

27. Output	(a) increases ✓	(b) decreases	(c) remains the same
Employment	(a) increases ✓	(b) decreases	(c) remains the same
Interest rate	(a) increases ✓	(b) decreases	(c) remains the same
Real Wage	(a) increases ✓	(b) decreases ✓	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases ✓	(c) remains the same
Real Monney Supply	(a) increases ✓	(b) decreases ✓	(c) remains the same
Investment	(a) increases ✓	(b) decreases	(c) remains the same
Consumption	(a) increases ✓	(b) decreases	(c) remains the same
Worker's expected price (P^e)	(a) increases ✓	(b) decreases	(c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9. Worker's expected price (P^e)	(a) increases ✓	(b) decreases	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left ✓	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left ✓	(c) remains the same
AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12. Output	(a) increases	(b) decreases ✓	(c) remains the same
Employment	(a) increases	(b) decreases ✓	(c) remains the same
Real Wage	(a) increases ✓	(b) decreases	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

12. Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same

73/100

Student ID...6104640189...

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10.
$$Y = Y_e + \alpha(P - P_e) \quad \checkmark$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

18. Production function (a) rotates upward (b) rotates downward (c) remains the same ☒
 Labor Supply (a) shifts to the right (b) shifts to the left (c) remains the same ☒
 Labor Demand (a) shifts to the right ☒ (b) shifts to the left (c) remains the same ☒
 SRAS (a) shifts to the right (b) shifts to the left (c) remains the same ☒
 AD (a) shifts to the right ☒ (b) shifts to the left (c) remains the same ☒
 IS Curve (a) shifts to the right ☒ (b) shifts to the left (c) remains the same ☒

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

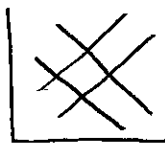
24. Output (a) increases ☒ (b) decreases (c) remains the same ☒
 Employment (a) increases ☒ (b) decreases (c) remains the same ☒
 Interest rate (a) increases ☒ (b) decreases (c) remains the same ☒
 Real Wage (a) increases ☒ (b) decreases ☒ (c) remains the same ☒
 Nominal Wage (a) increases ☒ (b) decreases (c) remains the same ☒
 Price level (a) increases ☒ -3 (b) decreases (c) remains the same ☒
 Real Money Supply (a) increases ☒ (b) decreases -3 (c) remains the same ☒
 Investment (a) increases ☒ (b) decreases ☒ (c) remains the same ☒
 Consumption (a) increases ☒ (b) decreases (c) remains the same ☒
 Worker's expected price (P^e) (a) increases ☒ (b) decreases (c) remains the same ☒

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9. Worker's expected price (P^e) (a) increases ☒ (b) decreases (c) remains the same ☒
 Labor Supply (a) shifts to the right (b) shifts to the left ☒ (c) remains the same ☒
 SRAS (a) shifts to the right (b) shifts to the left ☒ (c) remains the same ☒
 AD (a) shifts to the right (b) shifts to the left -3 (c) remains the same ☒

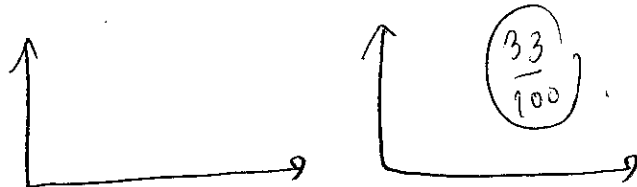
4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6. Output (a) increases (b) decreases (c) remains the same ☒
 Employment (a) increases (b) decreases -9 (c) remains the same ☒
 Real Wage (a) increases (b) decreases (c) remains the same ☒
 Nominal Wage (a) increases ☒ (b) decreases (c) remains the same ☒
 Price level (a) increases ☒ (b) decreases (c) remains the same ☒



5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

6. Output (a) increases (b) decreases (c) remains the same ☒
 Employment (a) increases (b) decreases (c) remains the same ☒
 Real Wage (a) increases (b) decreases (c) remains the same ☒
 Nominal Wage (a) increases (b) decreases (c) remains the same ☒
 Price level (a) increases (b) decreases -9 (c) remains the same ☒



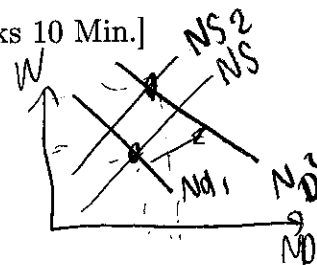
Student ID 6104640591

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$p = P + \alpha (Y - \bar{Y})$$



Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|------------------------|-------------------------|------------------------|----------------------|
| 3. Production function | (a) rotates upward | (b) rotates downward | (c) remains the same |
| Labor Supply NS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| Labor Demand Nd | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| IS Curve | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|---------------------------------|---------------|---------------|----------------------|
| Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Interest rate | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
| Real Money Supply | (a) increases | (b) decreases | (c) remains the same |
| Investment | (a) increases | (b) decreases | (c) remains the same |
| Consumption | (a) increases | (b) decreases | (c) remains the same |
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|------------------------------------|-------------------------|------------------------|----------------------|
| 6. Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

4. (15 marks) In the medium run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|---------------|---------------|----------------------|
| 9. Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---------------|---------------|----------------------|
| 6. Output | (a) increases | (b) decreases | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

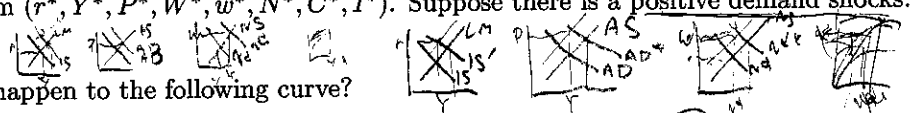
Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10. $\pi = \bar{\pi} + \alpha(p - p^e)$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.



1. (18 marks) In the Short Run, what will happen to the following curve?

15. Production function (a) rotates upward (b) rotates downward (c) remains the same
 Labor Supply (a) shifts to the right (b) shifts to the left (c) remains the same
 Labor Demand (a) shifts to the right (b) shifts to the left (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left (c) remains the same
 AD (a) shifts to the right (b) shifts to the left (c) remains the same
 IS Curve (a) shifts to the right (b) shifts to the left (c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

24. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Interest rate (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases (b) decreases (c) remains the same
 Real Monney Supply (a) increases (b) decreases (c) remains the same
 Investment (a) increases (b) decreases (c) remains the same
 Consumption (a) increases (b) decreases (c) remains the same
 Worker's expected price (P^e) (a) increases (b) decreases (c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12. Worker's expected price (P^e) (a) increases (b) decreases (c) remains the same
 Labor Supply (a) shifts to the right (b) shifts to the left (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left (c) remains the same
 AD (a) shifts to the right (b) shifts to the left (c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

15. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases (b) decreases (c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

15. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases (b) decreases (c) remains the same

67/100

Student ID. 6104641128

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10. $P = S P^e + (1-S)[P_0 - \alpha(Y - \bar{Y})]$ ✓

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

$Y \uparrow$ $M_d \uparrow$ $N \uparrow$ $Y \uparrow$ $M_d \uparrow$ $r \uparrow$ $I \downarrow$ $Y \downarrow$

1. (18 marks) In the Short Run, what will happen to the following curve?

- 12
- | | | | |
|---------------------|---------------------------|------------------------|----------------------|
| Production function | (a) rotates upward | (b) rotates downward | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| Labor Demand | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| AD | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| IS Curve | (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- 15
- | | | | |
|-----------------------------------|-----------------|---------------|----------------------|
| Output | (a) increases ✓ | (b) decreases | (c) remains the same |
| Employment | (a) increases ✓ | (b) decreases | (c) remains the same |
| Interest rate | (a) increases ✓ | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases | (b) decreases | (c) remains the same |
| Real Money Supply | (a) increases | (b) decreases | (c) remains the same |
| Investment | (a) increases ✓ | (b) decreases | (c) remains the same |
| Consumption | (a) increases ✓ | (b) decreases | (c) remains the same |
| Worker's expected price (P^e) | (a) increases | (b) decreases | (c) remains the same |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- 9
- | | | | |
|-----------------------------------|-------------------------|--------------------------|----------------------|
| Worker's expected price (P^e) | (a) increases ✓ | (b) decreases | (c) remains the same |
| Labor Supply | (a) shifts to the right | (b) shifts to the left ✓ | (c) remains the same |
| SRAS | (a) shifts to the right | (b) shifts to the left ✓ | (c) remains the same |
| AD | (a) shifts to the right | (b) shifts to the left | (c) remains the same |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- 6
- | | | | |
|--------------|-----------------|-----------------|----------------------|
| Output | (a) increases | (b) decreases ✓ | (c) remains the same |
| Employment | (a) increases | (b) decreases | (c) remains the same |
| Real Wage | (a) increases | (b) decreases | (c) remains the same |
| Nominal Wage | (a) increases | (b) decreases | (c) remains the same |
| Price level | (a) increases ✓ | (b) decreases | (c) remains the same |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- 15
- | | | | |
|--------------|-----------------|---------------|------------------------|
| Output | (a) increases | (b) decreases | (c) remains the same ✓ |
| Employment | (a) increases | (b) decreases | (c) remains the same ✓ |
| Real Wage | (a) increases | (b) decreases | (c) remains the same ✓ |
| Nominal Wage | (a) increases ✓ | (b) decreases | (c) remains the same |
| Price level | (a) increases ✓ | (b) decreases | (c) remains the same |

49/100

Student ID: 6104640708

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.
 $y = \bar{y} + \alpha(p - p^e)$ which both sticky wage model & sticky price model are resulted in.

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor confidence increases.

~~LM~~ ~~IS~~ ~~AD~~ ~~AD'~~

1. (18 marks) In the Short Run, what will happen to the following curve?

9. Production function (a) rotates upward (b) rotates downward (c) remains the same
 Labor Supply (a) shifts to the right (b) shifts to the left (c) remains the same
 Labor Demand (a) shifts to the right ✓ (b) shifts to the left (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left (c) remains the same
 AD (a) shifts to the right ✓ (b) shifts to the left (c) remains the same
 IS Curve (a) shifts to the right ✓ (b) shifts to the left (c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

15. Output (a) increases ✓ (b) decreases (c) remains the same
 Employment (a) increases ✓ (b) decreases (c) remains the same
 Interest rate (a) increases (b) decreases (c) remains the same
 Real Wage $w = \frac{W}{P}$ (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same
 Real Money Supply (a) increases (b) decreases (c) remains the same
 Investment (a) increases ✓ (b) decreases (c) remains the same
 Consumption (a) increases ✓ (b) decreases (c) remains the same
 Worker's expected price (P^e) (a) increases (b) decreases (c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

6. Worker's expected price (P^e) (a) increases ✓ (b) decreases (c) remains the same
 Labor Supply N_s (a) shifts to the right (b) shifts to the left ✓ (c) remains the same
 SRAS (a) shifts to the right (b) shifts to the left ✓ (c) remains the same
 AD (a) shifts to the right (b) shifts to the left (c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases ✓ (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

3. Output (a) increases (b) decreases (c) remains the same
 Employment (a) increases (b) decreases (c) remains the same
 Real Wage (a) increases (b) decreases (c) remains the same
 Nominal Wage (a) increases (b) decreases (c) remains the same
 Price level (a) increases ✓ (b) decreases (c) remains the same

85
100

Student ID.....6104640633

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

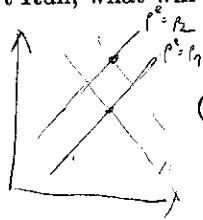
$$Y = Z \cdot f(k, N) \quad \rho = sP^e + (1-s)[P + \alpha(Y - \bar{Y})]$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases. $\uparrow$

1. (18 marks) In the Short Run, what will happen to the following curve?

Production function
Labor Supply
Labor Demand
SRAS
AD
IS Curve



- | | | |
|---------------------------|------------------------|----------------------|
| (a) rotates upward | (b) rotates downward | (c) remains the same |
| (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |
| (a) shifts to the right ✓ | (b) shifts to the left | (c) remains the same |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

Output
Employment
Interest rate
Real Wage
Nominal Wage
Price level
Real Money Supply
Investment
Consumption
Worker's expected price (P^e)

- | | | |
|-----------------|-----------------|----------------------|
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases ✓ | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases ✓ | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |

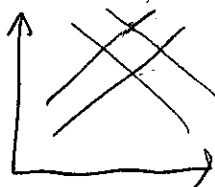
3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? **Compare to the equilibrium after the shocks.**

Worker's expected price (P^e)
Labor Supply
SRAS
AD

- | | | |
|-------------------------|--------------------------|----------------------|
| (a) increases ✓ | (b) decreases -3 | (c) remains the same |
| (a) shifts to the right | (b) shifts to the left | (c) remains the same |
| (a) shifts to the right | (b) shifts to the left ✓ | (c) remains the same |
| (a) shifts to the right | (b) shifts to the left | (c) remains the same |

4. (15 marks) In the medium-run, how following variables change? **Compare to the equilibrium after the shocks.**

Output
Employment
Real Wage
Nominal Wage
Price level

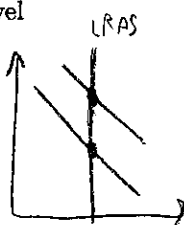


- | | | |
|-----------------|------------------|----------------------|
| (a) increases | (b) decreases ✓ | (c) remains the same |
| (a) increases | (b) decreases -6 | (c) remains the same |
| (a) increases | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? **Compare to the initial equilibrium.**

Output
Employment
Real Wage
Nominal Wage
Price level

- | | | |
|-----------------|------------------|----------------------|
| (a) increases | (b) decreases | (c) remains the same |
| (a) increases | (b) decreases | (c) remains the same |
| (a) increases | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases | (c) remains the same |
| (a) increases ✓ | (b) decreases -6 | (c) remains the same |



EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10
$$Y = \bar{Y} + \frac{s}{(1-s)}(P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

12 Production function	(a) remains the same	(b) rotates downward	(c) rotates upward
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
Labor Demand	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right
IS Curve	(a) remains the same	(b) shifts to the left	(c) shifts to the right

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

24 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Interest rate	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases
Real Monney Supply	(a) remains the same	(b) decreases	(c) increases
Investment	(a) remains the same	(b) decreases	(c) increases
Consumption	(a) remains the same	(b) decreases	(c) increases
Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12 Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

18 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

82
100

Student ID...6704640062.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

Sticky wage: $y = \bar{y} + \alpha(p - p^e)$ ✓ Sticky Price: $p = s p^e + (1-s)\alpha(y - \bar{y})$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

- 15 1. (18 marks) In the Short Run, what will happen to the following curve?
- | | | | |
|---------------------|----------------------|------------------------|-------------------------|
| Production function | (a) remains the same | (b) rotates downward | (c) rotates upward |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

24 2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks

- | | | | |
|-----------------------------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Interest rate | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |
| Real Monney Supply | (a) remains the same | (b) decreases | (c) increases |
| Investment | (a) remains the same | (b) decreases | (c) increases |
| Consumption | (a) remains the same | (b) decreases | (c) increases |
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |

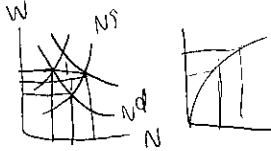
12 3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|-----------------------------------|----------------------|------------------------|-------------------------|
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |



9 4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |



12 5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |



67
100

Student ID 6104640450

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

- 10 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$p = p^e + \alpha (\gamma - \bar{\gamma}) \quad , \quad \gamma = \bar{\gamma} + \alpha (P - p^e) \quad ; \quad \alpha = \frac{1}{1-s}$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

15 Production function	(a) remains the same ✓	(b) rotates downward	(c) rotates upward
Labor Supply	(a) remains the same ✓	(b) shifts to the left	(c) shifts to the right
Labor Demand	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same ✓	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right
IS Curve	(a) remains the same	(b) shifts to the left	(c) shifts to the right

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

21 Output	(a) remains the same	(b) decreases	(c) increases ✓
Employment	(a) remains the same	(b) decreases	(c) increases ✓
Interest rate	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases ✓	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases ✓
Price level	(a) remains the same	(b) decreases	(c) increases ✓
Real Monney Supply	(a) remains the same	(b) decreases	(c) increases
Investment	(a) remains the same	(b) decreases	(c) increases ✓
Consumption	(a) remains the same	(b) decreases	(c) increases
Worker's expected price (P^e)	(a) remains the same ✓	(b) decreases	(c) increases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

6 Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases ✓
Labor Supply	(a) remains the same	(b) shifts to the left ✓	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left ✓	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

3 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases ✓
Nominal Wage	(a) remains the same	(b) decreases	(c) increases ✓
Price level	(a) remains the same	(b) decreases	(c) increases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

12 Output	(a) remains the same ✓	(b) decreases	(c) increases
Employment	(a) remains the same ✓	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases ✓
Price level	(a) remains the same	(b) decreases	(c) increases ✓

81/100

Student ID: 6104640195

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

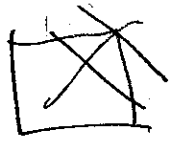
$$y = y^e + \alpha (P - P^e) + \beta (y - y^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

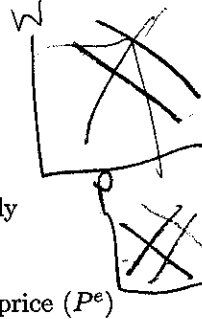
Production function
Labor Supply
Labor Demand
SRAS
AD
IS Curve



- | | | |
|----------------------|------------------------|-------------------------|
| (a) remains the same | (b) rotates downward | (c) rotates upward |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

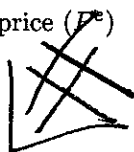
Output
Employment
Interest rate
Real Wage
Nominal Wage
Price level
Real Money Supply
Investment
Consumption
Worker's expected price (P^e)



- | | | |
|----------------------|---------------|---------------|
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

Worker's expected price (P^e)
Labor Supply
SRAS
AD



- | | | |
|----------------------|------------------------|-------------------------|
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| (a) remains the same | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

Output
Employment
Real Wage
Nominal Wage
Price level



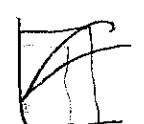
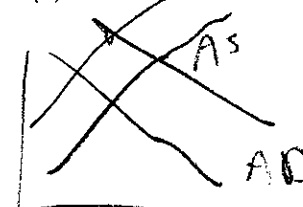
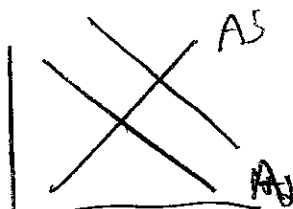
- | | | |
|----------------------|---------------|---------------|
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |

- (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

Output
Employment
Real Wage
Nominal Wage
Price level



- | | | |
|----------------------|---------------|---------------|
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |
| (a) remains the same | (b) decreases | (c) increases |



EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

sticky wage: $y = \bar{y} + \alpha(p - p^e)$ / sticky price model: $p = p^e + \alpha(y - \bar{y})$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|------------------------|------------------------|------------------------|-------------------------|
| 15 Production function | (a) remains the same ✓ | (b) rotates downward | (c) rotates upward |
| Labor Supply | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|----------------------|---------------|-----------------|
| 15 Output | (a) remains the same | (b) decreases | (c) increases ✓ |
| Employment | (a) remains the same | (b) decreases | (c) increases ✓ |
| Interest rate | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| Price level | (a) remains the same | (b) decreases | (c) increases |
| Real Monney Supply | (a) remains the same | (b) decreases | (c) increases |
| Investment | (a) remains the same | (b) decreases | (c) increases ✓ |
| Consumption | (a) remains the same | (b) decreases | (c) increases ✓ |
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases ✓ |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

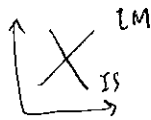
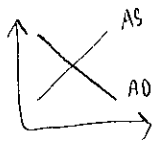
- | | | | |
|-------------------------------------|----------------------|--------------------------|-------------------------|
| 9 Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases ✓ |
| Labor Supply | (a) remains the same | (b) shifts to the left ✓ | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left ✓ | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|----------------------|---------------|-----------------|
| 3 Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases ✓ |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|------------------------|---------------|-----------------|
| 9 Output | (a) remains the same ✓ | (b) decreases | (c) increases |
| Employment | (a) remains the same ✓ | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases ✓ |



60/100

Student ID.....6104641078....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$y = \bar{y} + \alpha(p - p^e)$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|---------------------|------------------------|------------------------|---------------------------|
| Production function | (a) remains the same | (b) rotates downward | (c) rotates upward |
| Labor Supply | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right ✓ |
| SRAS | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right ✓ |
| IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right ✓ |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|--|------------------------|-----------------|-----------------|
| Output | (a) remains the same | (b) decreases | (c) increases ✓ |
| Employment | (a) remains the same | (b) decreases | (c) increases ✓ |
| Interest rate | (a) remains the same | (b) decreases | (c) increases |
| Real Wage $\rightarrow \frac{w}{P} \downarrow$ | (a) remains the same | (b) decreases ✓ | (c) increases |
| Nominal Wage $\nearrow w$ | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases ✓ |
| Real Monney Supply M_s | (a) remains the same | (b) decreases ✓ | (c) increases |
| Investment I | (a) remains the same | (b) decreases | (c) increases |
| Consumption C | (a) remains the same | (b) decreases | (c) increases |
| Worker's expected price (P^e) | (a) remains the same ✓ | (b) decreases | (c) increases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

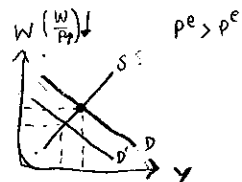
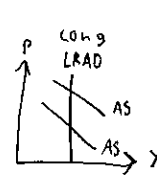
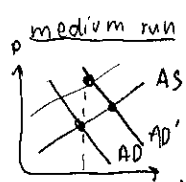
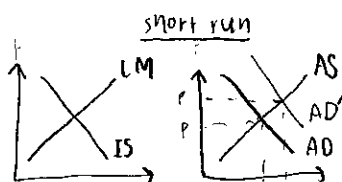
- | | | | |
|-----------------------------------|------------------------|--------------------------|-------------------------|
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left ✓ | (c) shifts to the right |
| AD | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|------------------------------------|----------------------|-----------------|-----------------|
| Output | (a) remains the same | (b) decreases ✓ | (c) increases |
| Employment | (a) remains the same | (b) decreases ✓ | (c) increases |
| Real Wage $\frac{w}{P} \downarrow$ | (a) remains the same | (b) decreases ✓ | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level $p \uparrow$ | (a) remains the same | (b) decreases | (c) increases ✓ |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|------------------------|---------------|-----------------|
| Output | (a) remains the same ✓ | (b) decreases | (c) increases |
| Employment | (a) remains the same ✓ | (b) decreases | (c) increases |
| Real Wage | (a) remains the same ✓ | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases ✓ |



AD shift right $p \uparrow \rightarrow \frac{M}{P} \downarrow \rightarrow AS$ shift left

67
100

Student ID... 6104640922

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$y = \bar{y} - \alpha (P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

12 Production function	(a) remains the same	(b) rotates downward	(c) rotates upward
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
Labor Demand ($\wedge$)	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right
IS Curve	(a) remains the same	(b) shifts to the left	(c) shifts to the right

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

18 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Interest rate	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases
Real Monney Supply	(a) remains the same	(b) decreases	(c) increases
Investment	(a) remains the same	(b) decreases	(c) increases
Consumption	(a) remains the same	(b) decreases	(c) increases
Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

6 Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

9 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

12 Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

78
100

Student ID... 6104640948...

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.
- Sticky wage model: $\psi = \alpha(p - p^e)$ Sticky price model: $(V_N) \bar{Y} + \alpha(p - p^e)$? natural output?

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | | |
|----|---------------------|------------------------|------------------------|-------------------------|
| 18 | Production function | (a) remains the same ✓ | (b) rotates downward | (c) rotates upward |
| | Labor Supply | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| | Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| | SRAS | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |
| | AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| | IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | | |
|----|-----------------------------------|------------------------|-----------------|-----------------|
| 27 | Output | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Employment | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Interest rate | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Real Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Nominal Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Price level | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Real Money Supply | (a) remains the same | (b) decreases ✓ | (c) increases ✓ |
| | Investment | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Consumption | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Worker's expected price (P^e) | (a) remains the same ✓ | (b) decreases | (c) increases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

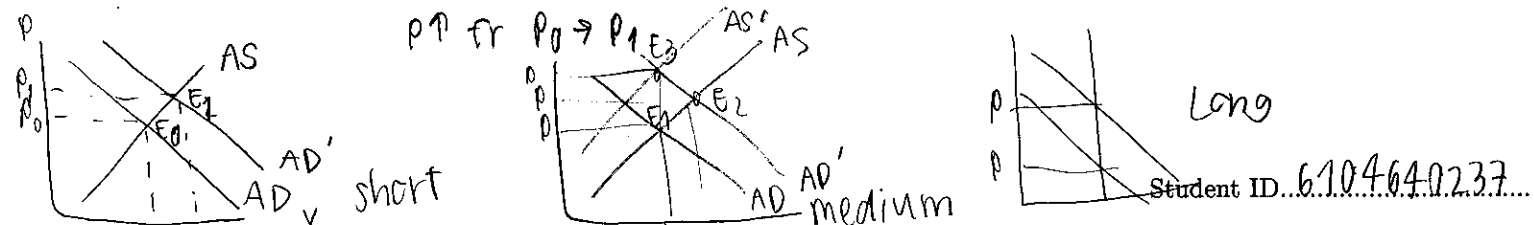
- | | | | | |
|----|-----------------------------------|------------------------|--------------------------|-------------------------|
| 12 | Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Labor Supply | (a) remains the same | (b) shifts to the left ✓ | (c) shifts to the right |
| | SRAS | (a) remains the same | (b) shifts to the left ✓ | (c) shifts to the right |
| | AD | (a) remains the same ✓ | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | | |
|---|--------------|----------------------|-----------------|-----------------|
| 9 | Output | (a) remains the same | (b) decreases ✓ | (c) increases |
| | Employment | (a) remains the same | (b) decreases ✓ | (c) increases |
| | Real Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Nominal Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Price level | (a) remains the same | (b) decreases | (c) increases ✓ |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | | |
|----|--------------|----------------------|---------------|-----------------|
| 12 | Output | (a) remains the same | (b) decreases | (c) increases |
| | Employment | (a) remains the same | (b) decreases | (c) increases |
| | Real Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Nominal Wage | (a) remains the same | (b) decreases | (c) increases ✓ |
| | Price level | (a) remains the same | (b) decreases | (c) increases ✓ |



EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$Y = \bar{Y} + \left(\frac{s}{1+s} \right) (P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|---------------------|---|------------------------|--|
| Production function | ☒ remains the same | (b) rotates downward | (c) rotates upward |
| Labor Supply | ☒ remains the same | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | ☒ remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | ☒ remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | ☒ shifts to the right |
| IS Curve | (a) remains the same | (b) shifts to the left | ☒ shifts to the right |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|---|--|--|
| Output | (a) remains the same | (b) decreases | ☒ increases |
| Employment | ☒ remains the same | (b) decreases | (c) increases |
| Interest rate | (a) remains the same | ☒ decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | ☒ increases |
| Nominal Wage | (a) remains the same | ☒ decreases | (c) increases |
| Price level | (a) remains the same | ☒ decreases | ☒ increases |
| Real Money Supply | (a) remains the same | ☒ decreases | (c) increases |
| Investment | (a) remains the same | (b) decreases | ☒ increases |
| Consumption | (a) remains the same | (b) decreases | ☒ increases |
| Worker's expected price (P^e) | ☒ remains the same | ☒ decreases | (c) increases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|-----------------------------------|---|---|--|
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | ☒ increases |
| Labor Supply | ☒ remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | ☒ shifts to the left | (c) shifts to the right |
| AD | ☒ remains the same | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|---|--|--|
| Output | ☒ remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | ☒ increases |
| Real Wage | (a) remains the same | (b) decreases | ☒ increases |
| Nominal Wage | (a) remains the same | ☒ decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | ☒ increases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---|--|--|
| Output | ☒ remains the same | (b) decreases | (c) increases |
| Employment | ☒ remains the same | (b) decreases | ☒ increases |
| Real Wage | ☒ remains the same | (b) decreases | ☒ increases |
| Nominal Wage | (a) remains the same | ☒ decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | ☒ increases |

52/100

Student ID...6104640435.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10
$$Y = \bar{Y} + \alpha(P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

9 1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | |
|---------------------|----------------------|------------------------|-------------------------|
| Production function | (a) remains the same | (b) rotates downward | (c) rotates upward |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

15 2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Interest rate | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |
| Real Money Supply | (a) remains the same | (b) decreases | (c) increases |
| Investment | (a) remains the same | (b) decreases | (c) increases |
| Consumption | (a) remains the same | (b) decreases | (c) increases |
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |

0 3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

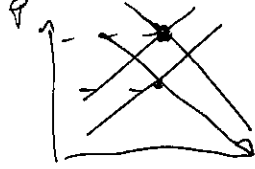
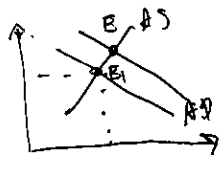
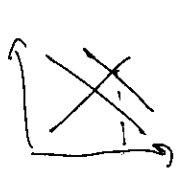
- | | | | |
|-----------------------------------|----------------------|------------------------|-------------------------|
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

9 4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

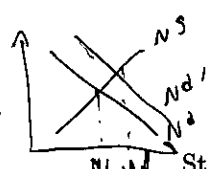
- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |

9 5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |



97/100



Student ID: 6104640278

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$Y = \bar{Y} + \alpha(P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

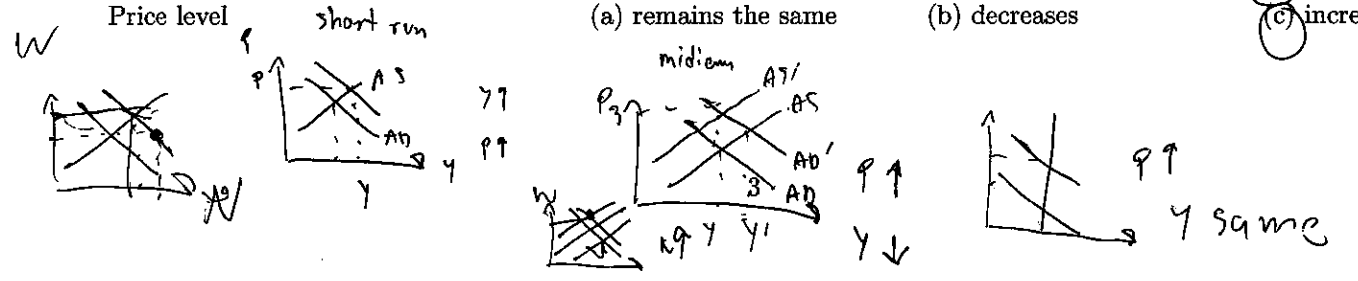
1. (18 marks) In the Short Run, what will happen to the following curve? $r \uparrow, Y \uparrow, N \uparrow$
- | | | | |
|---------------------|----------------------|------------------------|-------------------------|
| Production function | (a) remains the same | (b) rotates downward | (c) rotates upward |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| Labor Demand | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| IS Curve | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.
- | | | | |
|-----------------------------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Interest rate | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage (increase) | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |
| Real Monney Supply | (a) remains the same | (b) decreases | (c) increases |
| Investment | (a) remains the same | (b) decreases | (c) increases |
| Consumption | (a) remains the same | (b) decreases | (c) increases |
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.
- | | | | |
|-----------------------------------|----------------------|------------------------|-------------------------|
| Worker's expected price (P^e) | (a) remains the same | (b) decreases | (c) increases |
| Labor Supply | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| SRAS | (a) remains the same | (b) shifts to the left | (c) shifts to the right |
| AD | (a) remains the same | (b) shifts to the left | (c) shifts to the right |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.
- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.
- | | | | |
|--------------|----------------------|---------------|---------------|
| Output | (a) remains the same | (b) decreases | (c) increases |
| Employment | (a) remains the same | (b) decreases | (c) increases |
| Real Wage | (a) remains the same | (b) decreases | (c) increases |
| Nominal Wage | (a) remains the same | (b) decreases | (c) increases |
| Price level | (a) remains the same | (b) decreases | (c) increases |



57
100

Student ID 610464107

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

~~$\pi = \alpha(\pi^e - \pi) + \beta(p - p^e)$~~ $\pi = \alpha(\pi^e - \pi) + \beta(p - p^e)$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

Production function	(a) remains the same	(b) rotates downward	(c) rotates upward
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
Labor Demand	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right
IS Curve	(a) remains the same	(b) shifts to the left	(c) shifts to the right

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Interest rate	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases
Real Monney Supply	(a) remains the same	(b) decreases	(c) increases
Investment	(a) remains the same	(b) decreases	(c) increases
Consumption	(a) remains the same	(b) decreases	(c) increases
Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

Worker's expected price (P^e)	(a) remains the same	(b) decreases	(c) increases
Labor Supply	(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS	(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD	(a) remains the same	(b) shifts to the left	(c) shifts to the right

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

Output	(a) remains the same	(b) decreases	(c) increases
Employment	(a) remains the same	(b) decreases	(c) increases
Real Wage	(a) remains the same	(b) decreases	(c) increases
Nominal Wage	(a) remains the same	(b) decreases	(c) increases
Price level	(a) remains the same	(b) decreases	(c) increases

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

- 10 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$P = P^e + \alpha (Y - \bar{Y})$$

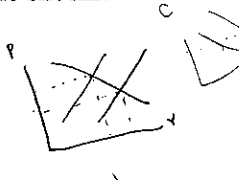
Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

9 Production function		(a) remains the same	(b) rotates downward	(c) rotates upward
Labor Supply		(a) remains the same ✓	(b) shifts to the left	(c) shifts to the right
Labor Demand		(a) remains the same	(b) shifts to the left	(c) shifts to the right ✓
SRAS		(a) remains the same	(b) shifts to the left	(c) shifts to the right ✓
AD		(a) remains the same	(b) shifts to the left	(c) shifts to the right ✓
IS Curve		(a) remains the same	(b) shifts to the left	(c) shifts to the right ✓

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

27 Output		(a) remains the same	(b) decreases	(c) increases ✓
Employment		(a) remains the same	(b) decreases	(c) increases ✓
Interest rate		(a) remains the same	(b) decreases	(c) increases ✓
Real Wage		(a) remains the same	(b) decreases ✓	(c) increases
Nominal Wage		(a) remains the same	(b) decreases	(c) increases ✓
Price level		(a) remains the same	(b) decreases ✓	(c) increases ✓
Real Monney Supply		(a) remains the same	(b) decreases ✓	(c) increases
Investment		(a) remains the same	(b) decreases	(c) increases ✓
Consumption		(a) remains the same	(b) decreases	(c) increases ✓
Worker's expected price (P^e)		(a) remains the same ✓	(b) decreases	(c) increases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9 Worker's expected price (P^e)		(a) remains the same	(b) decreases	(c) increases ✓
Labor Supply		(a) remains the same	(b) shifts to the left	(c) shifts to the right
SRAS		(a) remains the same	(b) shifts to the left	(c) shifts to the right
AD		(a) remains the same	(b) shifts to the left	(c) shifts to the right ✓

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12 Output		(a) remains the same	(b) decreases	(c) increases
Employment		(a) remains the same	(b) decreases ✓	(c) increases
Real Wage		(a) remains the same	(b) decreases	(c) increases ✓
Nominal Wage		(a) remains the same	(b) decreases	(c) increases ✓
Price level		(a) remains the same	(b) decreases	(c) increases ✓

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

6 Output		(a) remains the same	(b) decreases	(c) increases
Employment		(a) remains the same	(b) decreases	(c) increases
Real Wage		(a) remains the same ✓	(b) decreases	(c) increases
Nominal Wage		(a) remains the same	(b) decreases	(c) increases ✓
Price level		(a) remains the same	(b) decreases	(c) increases ✓

88
100

Student ID: 404640369

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

Sticky wage, $y = \bar{y} - \alpha (P - \bar{P})$ / Sticky price, $p = \bar{P} - \alpha (Y - \bar{Y})$ while $\alpha = \frac{s}{(1-s)a}$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

15. 1. (18 marks) In the Short Run, what will happen to the following curve?

Production function

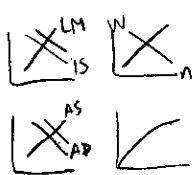
Labor Supply

Labor Demand

SRAS

AD

IS Curve



(a) remains the same

(b) rotates downward

(c) rotates upward

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

24. 2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

Output

Employment

Interest rate

Real Wage

Nominal Wage

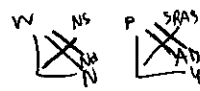
Price level

Real Monney Supply

Investment

Consumption

Worker's expected price (P^e)



(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

12. 3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

Worker's expected price (P^e)

Labor Supply

SRAS

AD



(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

(a) remains the same

(b) shifts to the left

(c) shifts to the right

12. 4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

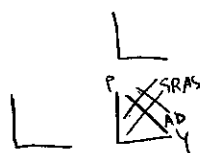
Output

Employment

Real Wage

Nominal Wage

Price level



(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

15. 5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

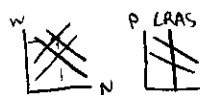
Output

Employment

Real Wage

Nominal Wage

Price level



(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

(a) remains the same

(b) decreases

(c) increases

Part 1. (10 marks) Short answer.

10

10

Part 2. (90 marks) Multiple choices. 3 marks each. *Use the sticky wage model.* Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by **circling** the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor' confidence increases.

$N_s = MPN \cdot P_1$
 $N_d = MPN \cdot P_1$

- 12

21

-

9

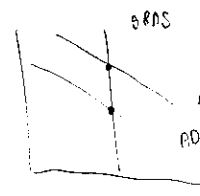
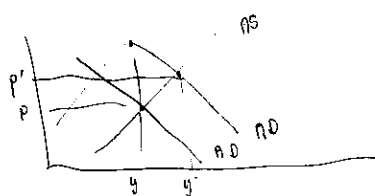
- Compare to the
~~---~~ $N_d = \text{MAN} \times P_1$
 $N_d = \text{MAN} \times P_1$ (C) inc

6

- (c) in

12

-



88
100

Student ID: 6104641313

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10. $P = \bar{P} + (Y - Y^e)$ $Y = \bar{Y} + \alpha (P - P^e)$ $\alpha = 0.5$
(1-5)0.5

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- 18
- | | | | |
|---------------------|---------------------------|------------------------|------------------------|
| Production function | (a) rotates upward | (b) remains the same ✓ | (c) rotates downward |
| Labor Supply | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| Labor Demand ↑ | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| AD | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| IS Curve | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- 27.
- | | | | |
|-----------------------------------|-----------------|------------------------|-----------------|
| Output | (a) increases ✓ | (b) remains the same | (c) decreases |
| Employment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Interest rate | (a) increases ✓ | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases ✓ |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |
| Real Money Supply | (a) increases | (b) remains the same | (c) decreases ✓ |
| Investment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Consumption | (a) increases ✓ | (b) remains the same | (c) decreases |
| Worker's expected price (P^e) | (a) increases | (b) remains the same ✓ | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- 12
- | | | | |
|-----------------------------------|-------------------------|------------------------|--------------------------|
| Worker's expected price (P^e) | (a) increases ✓ | (b) remains the same | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left ✓ |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |

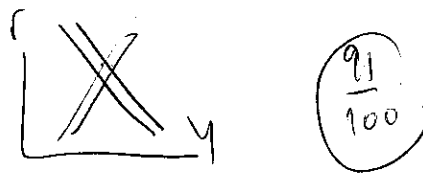
4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- 12
- | | | | |
|--------------|-----------------|----------------------|-----------------|
| Output | (a) increases | (b) remains the same | (c) decreases ✓ |
| Employment | (a) increases | (b) remains the same | (c) decreases ✓ |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases ✓ | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- 9
- | | | | |
|--------------|-----------------|------------------------|---------------|
| Output | (a) increases | (b) remains the same ✓ | (c) decreases |
| Employment | (a) increases | (b) remains the same ✓ | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |

-6



Student ID.....6104640070

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

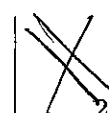
Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

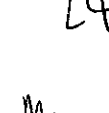
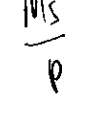
$$y = \bar{y} + \alpha(p - \bar{p})$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

- 18 1. (18 marks) In the Short Run, what will happen to the following curve?
- | | | | | | |
|--|---------------------|---|-------------------------|----------------------|------------------------|
|  | Production function |  | (a) rotates upward | (b) remains the same | (c) rotates downward |
| | Labor Supply | | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | Labor Demand | | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | SRAS | | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | AD | | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
|  | IS Curve | | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

- 24 2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | | |
|--|-----------------------------------|---------------|----------------------|---------------|
|  | Output | (a) increases | (b) remains the same | (c) decreases |
| | Employment | (a) increases | (b) remains the same | (c) decreases |
| | Interest rate | (a) increases | (b) remains the same | (c) decreases |
| | Real Wage | (a) increases | (b) remains the same | (c) decreases |
|  | Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| | Price level | (a) increases | (b) remains the same | (c) decreases |
| | Real Monney Supply | (a) increases | (b) remains the same | (c) decreases |
| | Investment | (a) increases | (b) remains the same | (c) decreases |
| | Consumption | (a) increases | (b) remains the same | (c) decreases |
| | Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |

- 12 3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|-----------------------------------|-------------------------|----------------------|------------------------|
| Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

- 12 4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

- 15 5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

94
100

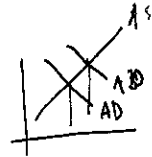
Student ID: 6104 641213

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$Y = Y_f + (P - P_e)\alpha$$



Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | | |
|----|---------------------|---------------------------|------------------------|------------------------|
| 18 | Production function | (a) rotates upward | (b) remains the same ✓ | (c) rotates downward |
| | Labor Supply | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| | Labor Demand | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| | SRAS | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |
| | <u>AD</u> | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| | IS Curve | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | | |
|----|-----------------------------------|-----------------|----------------------|-----------------|
| 29 | Output | (a) increases ✓ | (b) remains the same | (c) decreases |
| | Employment | (a) increases ✓ | (b) remains the same | (c) decreases |
| | Interest rate | (a) increases | (b) remains the same | (c) decreases |
| | Real Wage | (a) increases | (b) remains the same | (c) decreases ✓ |
| | Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| | Price level | (a) increases | (b) remains the same | (c) decreases |
| | Real Money Supply | (a) increases | (b) remains the same | (c) decreases |
| | Investment | (a) increases ✓ | (b) remains the same | (c) decreases |
| | Consumption | (a) increases ✓ | (b) remains the same | (c) decreases |
| | Worker's expected price (P^e) | (a) increases ✓ | (b) remains the same | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

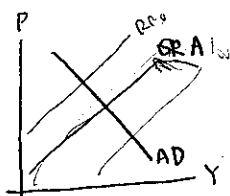
- | | | | | |
|----|-----------------------------------|-------------------------|------------------------|--------------------------|
| 12 | Worker's expected price (P^e) | (a) increases ✓ | (b) remains the same | (c) decreases |
| | Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left ✓ |
| | SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left ✓ |
| | AD | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | | |
|----|--------------|-----------------|----------------------|-----------------|
| 12 | Output | (a) increases | (b) remains the same | (b) decreases ✓ |
| | Employment | (a) increases | (b) remains the same | (b) decreases ✓ |
| | Real Wage | (a) increases | (b) remains the same | (b) decreases |
| | Nominal Wage | (a) increases ✓ | (b) remains the same | (b) decreases |
| | Price level | (a) increases ✓ | (b) remains the same | (b) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | | |
|----|--------------|-----------------|------------------------|---------------|
| 15 | Output | (a) increases | (b) remains the same ✓ | (b) decreases |
| | Employment | (a) increases | (b) remains the same ✓ | (b) decreases |
| | Real Wage | (a) increases | (b) remains the same ✓ | (b) decreases |
| | Nominal Wage | (a) increases ✓ | (b) remains the same | (b) decreases |
| | Price level | (a) increases ✓ | (b) remains the same | (b) decreases |



73
160

Student ID..610.4640518.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10 $y = \bar{y} + \alpha (p - p^e)$ ✓

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve? -9

- | | | | |
|---------------------|---------------------------|----------------------|------------------------|
| Production function | (a) rotates upward | (b) remains the same | (c) rotates downward |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| Labor Demand | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |
| IS Curve | (a) shifts to the right ✓ | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | |
|-----------------------------------|-----------------|------------------------|-----------------|
| Output | (a) increases ✓ | (b) remains the same | (c) decreases |
| Employment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Interest rate | (a) increases ✓ | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases ✓ |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |
| Real Mondey Supply | (a) increases | (b) remains the same | (c) decreases ✓ |
| Investment | (a) increases ✓ | (b) remains the same | (c) decreases |
| Consumption | (a) increases ✓ | (b) remains the same | (c) decreases |
| Worker's expected price (P^e) | (a) increases | (b) remains the same ✓ | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | |
|-----------------------------------|-------------------------|------------------------|------------------------|
| Worker's expected price (P^e) | (a) increases ✓ | (b) remains the same | (c) decreases |
| Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| AD | (a) shifts to the right | (b) remains the same ✓ | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | |
|--------------|-----------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases ✓ | (b) remains the same | (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | |
|--------------|---------------|----------------------|---------------|
| Output | (a) increases | (b) remains the same | (c) decreases |
| Employment | (a) increases | (b) remains the same | (c) decreases |
| Real Wage | (a) increases | (b) remains the same | (c) decreases |
| Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| Price level | (a) increases | (b) remains the same | (c) decreases |

46
100

Student ID.....6104641508.....

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$Y = Z F(k, N)$$

$$P = P^e + \left(\frac{1-s}{s} \right) [a(Y-\bar{Y})] \quad \checkmark \quad P = P^e + \alpha [a(Y-\bar{Y})]$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

0. Production function $\swarrow$ (a) rotates upward (b) remains the same (c) rotates downward
 Labor Supply N^S (a) shifts to the right (b) remains the same (c) shifts to the left
 Labor Demand N^D (a) shifts to the right (b) remains the same (c) shifts to the left
 SRAS (a) shifts to the right (b) remains the same (c) shifts to the left
 AD (a) shifts to the right (b) remains the same (c) shifts to the left
 IS Curve (a) shifts to the right (b) remains the same (c) shifts to the left

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

21. Output (a) increases $\checkmark$ (b) remains the same (c) decreases
 Employment (a) increases $\checkmark$ (b) remains the same (c) decreases
 Interest rate (a) increases (b) remains the same (c) decreases
 Real Wage (a) increases (b) remains the same (c) decreases $\checkmark$
 Nominal Wage (a) increases $\checkmark$ (b) remains the same (c) decreases
 Price level (a) increases $\checkmark$ (b) remains the same (c) decreases
 Real Monney Supply (M^S) (a) increases (b) remains the same (c) decreases
 Investment (a) increases $\checkmark$ (b) remains the same (c) decreases
 Consumption (a) increases $\checkmark$ (b) remains the same (c) decreases
 Worker's expected price (P^e) (a) increases $\checkmark$ (b) remains the same (c) decreases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

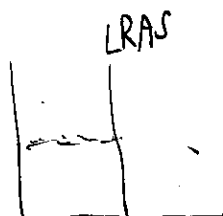
0. Worker's expected price (P^e) (a) increases (b) remains the same (c) decreases
 Labor Supply (N^S) (a) shifts to the right (b) remains the same (c) shifts to the left
 SRAS (a) shifts to the right (b) remains the same (c) shifts to the left
 AD (a) shifts to the right (b) remains the same (c) shifts to the left

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6. Output (a) increases (b) remains the same (b) decreases
 Employment (a) increases (b) remains the same (b) decreases
 Real Wage (a) increases (b) remains the same (b) decreases
 Nominal Wage (a) increases $\checkmark$ (b) remains the same (b) decreases
 Price level (a) increases $\checkmark$ (b) remains the same (b) decreases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

9. Output (a) increases (b) remains the same (b) decreases
 Employment (a) increases (b) remains the same $\checkmark$ (b) decreases
 Real Wage ($\frac{W}{P}$) (a) increases (b) remains the same (b) decreases
 Nominal Wage (a) increases $\checkmark$ (b) remains the same (b) decreases
 Price level (a) increases $\checkmark$ (b) remains the same (b) decreases



EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

10
$$Y = \bar{Y} + \alpha (P - P^e) \quad \checkmark, \quad P = P^e + \alpha (Y - \bar{Y})$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- 15
- | | | | | |
|---------------------|---|--|---|--|
| Production function |  | ☒ (a) rotates upward | ☐ (b) remains the same | ☐ (c) rotates downward |
| Labor Supply | | ☐ (a) shifts to the right | ☒ (b) remains the same | ☐ (c) shifts to the left |
| Labor Demand | | ☒ (a) shifts to the right | ☐ (b) remains the same | ☐ (c) shifts to the left |
| SRAS | | ☒ (a) shifts to the right | ☒ (b) remains the same | ☐ (c) shifts to the left |
| AD | | ☒ (a) shifts to the right | ☐ (b) remains the same | ☐ (c) shifts to the left |
| IS Curve | | ☒ (a) shifts to the right | ☐ (b) remains the same | ☐ (c) shifts to the left |

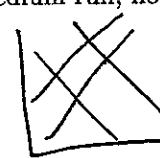
2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- 18
- | | | | | |
|-----------------------------------|---|--|---|--|
| Output |  | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Employment | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Interest rate | | ☐ (a) increases | ☐ (b) remains the same | ☒ (c) decreases |
| Real Wage | | ☐ (a) increases | ☒ (b) remains the same | ☐ (c) decreases |
| Nominal Wage |  | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Price level | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Real Money Supply | | ☐ (a) increases | ☐ (b) remains the same | ☒ (c) decreases |
| Investment | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Consumption | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Worker's expected price (P^e) | | ☐ (a) increases | ☒ (b) remains the same | ☐ (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- 9
- | | | | |
|-----------------------------------|--|---|---|
| Worker's expected price (P^e) | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Labor Supply | ☐ (a) shifts to the right | ☐ (b) remains the same | ☒ (c) shifts to the left |
| SRAS | ☐ (a) shifts to the right | ☐ (b) remains the same | ☒ (c) shifts to the left |
| AD | ☒ (a) shifts to the right | ☒ (b) remains the same | ☐ (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- 12
- | | | | | |
|--------------|---|--|--|--|
| Output |  | ☐ (a) increases | ☐ (b) remains the same | ☒ (c) decreases |
| Employment | | ☐ (a) increases | ☐ (b) remains the same | ☒ (c) decreases |
| Real Wage | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Nominal Wage | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Price level | | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- 12
- | | | | |
|--------------|--|---|-------------------------------------|
| Output | ☐ (a) increases | ☒ (b) remains the same | ☐ (c) decreases |
| Employment | ☐ (a) increases | ☒ (b) remains the same | ☐ (c) decreases |
| Real Wage | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Nominal Wage | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |
| Price level | ☒ (a) increases | ☐ (b) remains the same | ☐ (c) decreases |

76/100

Student ID.....6104640892

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$P = sP^e + (1-s)\alpha(\bar{Y} - \bar{Y}) \Rightarrow \text{sticky price} \quad | \quad \text{sticky wage} \Rightarrow \bar{Y} + \alpha(P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, N^*, C^*, I^*)$. Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

9. Production function	(a) rotates upward	(b) remains the same	(c) rotates downward
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
Labor Demand	(a) shifts to the right ✓	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right ✓	(b) remains the same	(c) shifts to the left
IS Curve	(a) shifts to the right ✓	(b) remains the same	(c) shifts to the left

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

21. Output	(a) increases ✓	(b) remains the same	(c) decreases
Employment	(a) increases ✓	(b) remains the same	(c) decreases
Interest rate	(a) increases ✓	(b) remains the same	(c) decreases - 9
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases ✓	(b) remains the same	(c) decreases
Price level	(a) increases ✓	(b) remains the same	(c) decreases ✓
Real Monney Supply	(a) increases	(b) remains the same	(c) decreases ✓
Investment	(a) increases	(b) remains the same	(c) decreases
Consumption	(a) increases	(b) remains the same	(c) decreases
Worker's expected price (P^e)	(a) increases	(b) remains the same ✓	(c) decreases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9. Worker's expected price (P^e)	(a) increases	-3 (b) remains the same	(c) decreases
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right	(b) remains the same	(c) shifts to the left

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12. Output	(a) increases	(b) remains the same	(b) decreases ✓
Employment	(a) increases	(b) remains the same	(b) decreases
Real Wage	(a) increases ✓	(b) remains the same	(b) decreases
Nominal Wage	(a) increases	(b) remains the same	(b) decreases X
Price level	(a) increases ✓	(b) remains the same	(b) decreases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

15. Output	(a) increases	(b) remains the same ✓	(b) decreases
Employment	(a) increases	(b) remains the same ✓	(b) decreases
Real Wage	(a) increases	(b) remains the same ✓	(b) decreases
Nominal Wage	(a) increases	(b) remains the same	(b) decreases
Price level	(a) increases ✓	(b) remains the same	(b) decreases

Student ID.....6104640427.....

$$05 \quad p = p^e + a(y - \bar{y}) \quad p = s p^e + (1-s) [p^e + a(y - \bar{y})]$$

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$p = p^e + a(y - \bar{y})$$

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is positive demand shocks. For example, investor's confidence increases.

- (c) rotates downward

(c) shifts to the left

(c) shifts to the left

(c) shifts to the left

(c) shifts to the left

(c) shifts to the left

(c) decreases

(c) decreases

(c) decreases

☒ (c) decreases

(c) decreases

(c) decreases

c) decreases

(c) decreases

(c) decreases

(c) decreases

(c) decreases

c shifts to the left

(c) shifts to the left

(c) shifts to the left

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

(b) decreases

67/100

Student ID... 6104640906

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$p = p^e + \alpha(Y - \bar{Y})$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

- | | | | | |
|----|---------------------|-------------------------|----------------------|------------------------|
| 12 | Production function | (a) rotates upward | (b) remains the same | (c) rotates downward |
| | Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | Labor Demand | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | IS Curve | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

- | | | | | |
|----|-----------------------------------|---------------|----------------------|---------------|
| 15 | Output | (a) increases | (b) remains the same | (c) decreases |
| | Employment | (a) increases | (b) remains the same | (c) decreases |
| | Interest rate | (a) increases | (b) remains the same | (c) decreases |
| | Real Wage | (a) increases | (b) remains the same | (c) decreases |
| | Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| | Price level | (a) increases | (b) remains the same | (c) decreases |
| | Real Monney Supply | (a) increases | (b) remains the same | (c) decreases |
| | Investment | (a) increases | (b) remains the same | (c) decreases |
| | Consumption | (a) increases | (b) remains the same | (c) decreases |
| | Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

- | | | | | |
|---|-----------------------------------|-------------------------|----------------------|------------------------|
| 9 | Worker's expected price (P^e) | (a) increases | (b) remains the same | (c) decreases |
| | Labor Supply | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | SRAS | (a) shifts to the right | (b) remains the same | (c) shifts to the left |
| | AD | (a) shifts to the right | (b) remains the same | (c) shifts to the left |

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

- | | | | | |
|---|--------------|---------------|----------------------|---------------|
| 6 | Output | (a) increases | (b) remains the same | (c) decreases |
| | Employment | (a) increases | (b) remains the same | (c) decreases |
| | Real Wage | (a) increases | (b) remains the same | (c) decreases |
| | Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| | Price level | (a) increases | (b) remains the same | (c) decreases |

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

- | | | | | |
|----|--------------|---------------|----------------------|---------------|
| 15 | Output | (a) increases | (b) remains the same | (c) decreases |
| | Employment | (a) increases | (b) remains the same | (c) decreases |
| | Real Wage | (a) increases | (b) remains the same | (c) decreases |
| | Nominal Wage | (a) increases | (b) remains the same | (c) decreases |
| | Price level | (a) increases | (b) remains the same | (c) decreases |



82/100

Student ID. 6104640641

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$Y = P^e + \alpha(1-\beta)(Y - \bar{Y})$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium ($r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*$). Suppose there is positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

12 Production function	(a) rotates upward	(b) remains the same	(c) rotates downward
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
Labor Demand	(a) shifts to the right	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right	(b) remains the same	(c) shifts to the left
IS Curve	(a) shifts to the right	(b) remains the same	(c) shifts to the left

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

27 Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Interest rate	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases
Real Monney Supply	(a) increases	(b) remains the same	(c) decreases
Investment	(a) increases	(b) remains the same	(c) decreases
Consumption	(a) increases	(b) remains the same	(c) decreases
Worker's expected price (P^e)	(a) increases	(b) remains the same	(c) decreases

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12 Worker's expected price (P^e)	(a) increases	(b) remains the same	(c) decreases
Labor Supply	(a) shifts to the right	(b) remains the same	(c) shifts to the left
SRAS	(a) shifts to the right	(b) remains the same	(c) shifts to the left
AD	(a) shifts to the right	(b) remains the same	(c) shifts to the left

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

6 Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

15 Output	(a) increases	(b) remains the same	(c) decreases
Employment	(a) increases	(b) remains the same	(c) decreases
Real Wage	(a) increases	(b) remains the same	(c) decreases
Nominal Wage	(a) increases	(b) remains the same	(c) decreases
Price level	(a) increases	(b) remains the same	(c) decreases

84/100

Student ID 6104640104

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$$P = P^e + (1-s)(P - P^e)$$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, w^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases. $\rightarrow I \uparrow, AE \uparrow, Y \uparrow, P \uparrow, W \downarrow, W^* \uparrow, N \uparrow$ *avg more brnd $P^* \uparrow$ ✓*

1. (18 marks) In the Short Run, what will happen to the following curve?

18 Production function	(a) rotates upward	(b) rotates downward	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
Labor Demand	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left	(c) remains the same
AD	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same
IS Curve	(a) shifts to the right ✓	(b) shifts to the left	(c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

30 Output	(a) increases ✓	(b) decreases	(c) remains the same
Employment	(a) increases ✓	(b) decreases	(c) remains the same
Interest rate	(a) increases ✓	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases ✓	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same
Real Monney Supply	(a) increases	(b) decreases ✓	(c) remains the same
Investment	(a) increases ✓	(b) decreases	(c) remains the same
Consumption	(a) increases ✓	(b) decreases	(c) remains the same
Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

12 Worker's expected price (P^e)	(a) increases ✓	(b) decreases	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left ✓	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left ✓	(c) remains the same
AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12 Output	(a) increases	(b) decreases ✓	(c) remains the same
Employment	(a) increases	(b) decreases ✓	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

12 Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases ✓	(b) decreases	(c) remains the same
Price level	(a) increases ✓	(b) decreases	(c) remains the same

EE312 (2/2019 Section 046402): Quiz 3. The Core IS-LM AD-AS [100 marks 10 Min.]

Part 1. (10 marks) Short answer.

10. 1. Please write down SRAS function applied for both sticky wage model and sticky price model.

$y = \bar{y} + \alpha(p - p^e)$ $p = s p^e + (1-s)[p + \alpha(y - \bar{y})]$

Part 2. (90 marks) Multiple choices. 3 marks each. Use the sticky wage model. Suppose initially the economy starts at full-employment level of output. Please choose the correct answer by circling the choice.

Let the economy starts at initial equilibrium $(r^*, Y^*, P^*, W^*, N^*, C^*, I^*)$. Suppose there is a positive demand shocks. For example, investor's confidence increases.

1. (18 marks) In the Short Run, what will happen to the following curve?

12 Production function	(a) rotates upward	(b) rotates downward	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
Labor Demand	(a) shifts to the right	(b) shifts to the left	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left	(c) remains the same
AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same
IS Curve	(a) shifts to the right	(b) shifts to the left	(c) remains the same

2. (30 marks) In the short run, how do these following variables change (compare to the initial equilibrium)? This is the equilibrium after the shocks.

24. Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Interest rate	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases	(b) decreases	(c) remains the same
Price level	(a) increases	(b) decreases	(c) remains the same
Real Monney Supply	(a) increases	(b) decreases	(c) remains the same
Investment	(a) increases	(b) decreases	(c) remains the same
Consumption	(a) increases	(b) decreases	(c) remains the same
Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same

3. (12 marks) In the medium run, how does the economy adjust to long run equilibrium? Compare to the equilibrium after the shocks.

9. Worker's expected price (P^e)	(a) increases	(b) decreases	(c) remains the same
Labor Supply	(a) shifts to the right	(b) shifts to the left	(c) remains the same
SRAS	(a) shifts to the right	(b) shifts to the left	(c) remains the same
AD	(a) shifts to the right	(b) shifts to the left	(c) remains the same

4. (15 marks) In the medium-run, how following variables change? Compare to the equilibrium after the shocks.

12. Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases	(b) decreases	(c) remains the same
Price level	(a) increases	(b) decreases	(c) remains the same

5. (15 marks) After the adjustment in the medium-run, in the long-run equilibrium, how do the following variables change? Compare to the initial equilibrium.

6. Output	(a) increases	(b) decreases	(c) remains the same
Employment	(a) increases	(b) decreases	(c) remains the same
Real Wage	(a) increases	(b) decreases	(c) remains the same
Nominal Wage	(a) increases	(b) decreases	(c) remains the same
Price level	(a) increases	(b) decreases	(c) remains the same