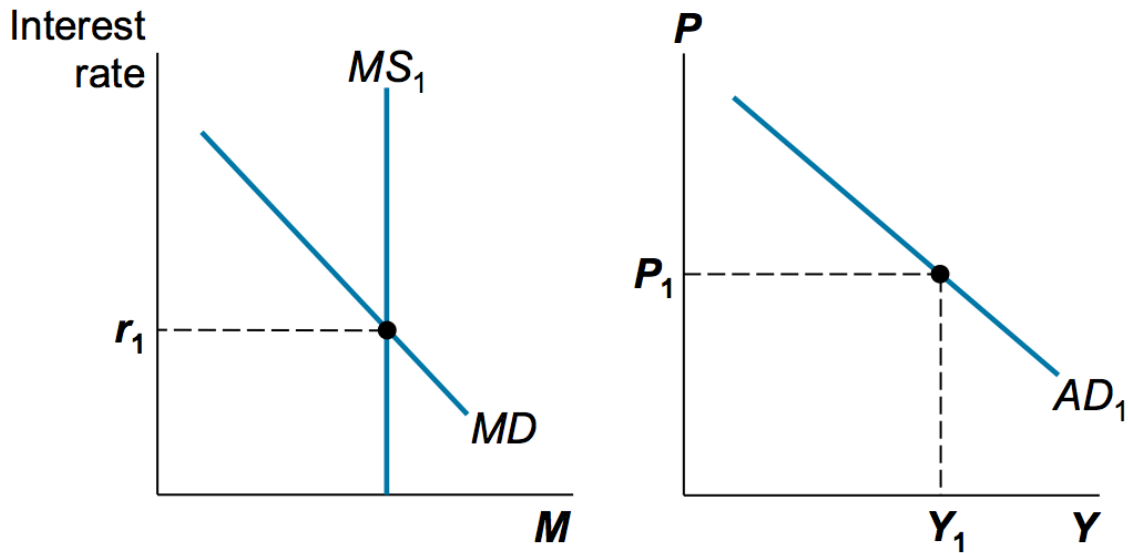


15 week: In-class Learning Activity

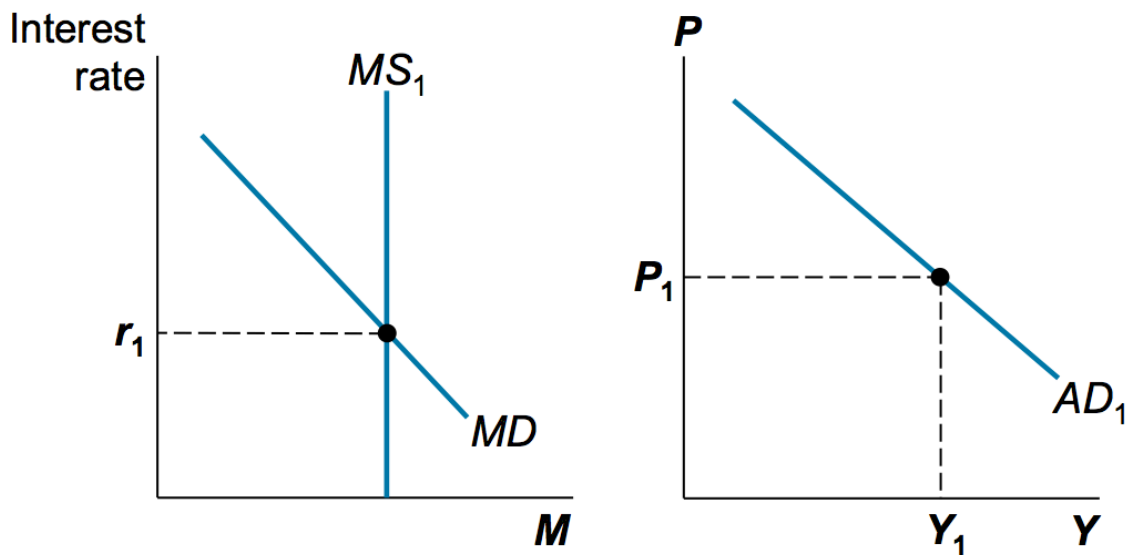
For each of the events below,

- Determine the short-run effects on output
- Determine how the Fed should adjust the money supply and interest rates to stabilize output

A. Congress tries to balance the budget by cutting government spending.



B. A stock market boom increases household wealth.



15 week: In-class Learning Activity

C. War breaks out in the Middle East, causing oil prices to soar.

