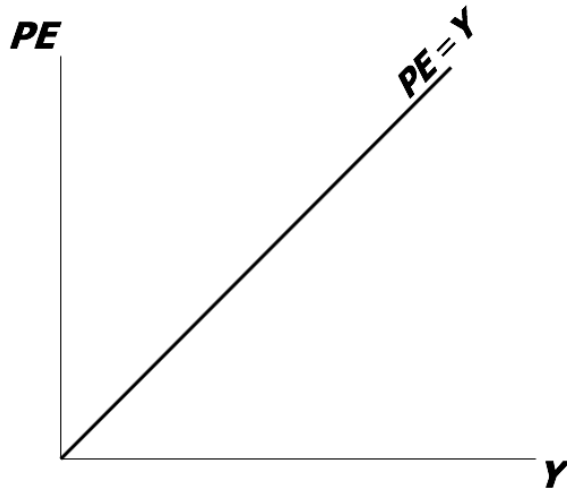


"The main purpose in studying economics is to avoid being fooled by economists." -Joan Robinson

Eco300 Macroeconomic Theory
11/01/2018 in-class activity- IS-LM Model

Name _____

1. Use a graph of the Keynesian cross to show the effects of an increase in planned investment on the equilibrium level of income/output.



2. Use the diagram of the Keynesian cross or loanable funds model to show how an increase in taxes shifts the IS curve. If you can, determine the size of the shift.

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