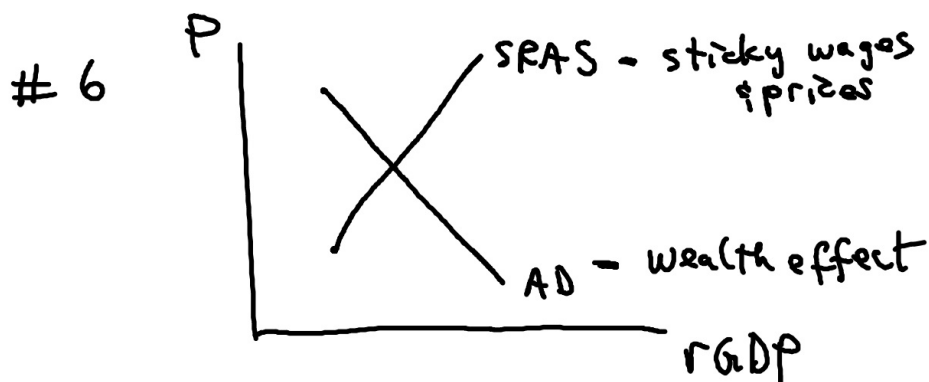


#1 MC Unemployment

actual = natural + cyclical
(fixed) ↑ recession
 ↓ expansion

#4 unplanned inventory investment



9. cut taxes:
expansionary.
tax multiplier

$$\frac{MPC}{1-MPC} = \frac{.8}{.2} = 4$$

$$40 \times 4 = 160$$

14. productivity of labor: $\frac{\text{output}}{\text{worker-hour}}$



$$\begin{array}{c} 100 \\ \downarrow \\ 105 \end{array} \left. \vphantom{\begin{array}{c} 100 \\ \downarrow \\ 105 \end{array}} \right\} \text{up } \frac{5}{100} = 5\%$$

#26 recession:

1. people worse off

2. unemployment }
 food stamps } automatic.
 ⋮