

Write in the box the number of the question you are answering on this page as it is designated in the examination.

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3A

- a. An expansionary fiscal policy is aimed at relieving recession and decreasing unemployment. Increase government spending and lower taxes will increase demand and lower unemployment therefore actual unemployment will be lower than natural unemployment.
- b. This does not affect the number of people who are classified as unemployed because those that are part-time employed are counted in the labor force and counted as being employed.
- c. i. A decrease in unemployment compensation will decrease the natural rate of unemployment because the lower benefits of unemployment will cause more unemployed to seek employment.

