1. Explain real and nominal GDP. 2p
2. Explain inflation rate 2p
3. Situation 1:

inflation 9%; GDP growth -0,9%; unemployment rate 8,5%.

task: suggest at 2 economical instruments, one fiscal and one monetary, which will help to improve described situation. Describe them, write who will implement them, describe multiplication effects related to suggested instruments. Write which other economy indicators would you like to know. 5p

1. GRAPH
   * 1. AS AD model, identify equilibrium point, price level, real GDP. 3p
     2. Money market, identify equilibrium point, interest rate, money quantity 3p