

**Econ 231 – Macroeconomics - Homework N7**  
**4 points total.**

**PRINT YOUR NAME** \_\_\_\_\_

**N1 (2 points).** Show and explain how a contractionary fiscal policy works. You need to use the Income-Expenditure Diagram and the AD-AS Diagram, and label all curves and lines properly.

**N2 (2 points).** Show and explain how an expansionary fiscal policy works. You need to use the Income-Expenditure Diagram and the AD-AS Diagram, and label all curves and lines properly.