

- 1 Suppose there is an increase in stock market values, leading to an increase in non-wage income for consumers. Describe and illustrate the impact on consumers' optimal choices for consumption, leisure, and labor supply. What is the impact on consumer welfare (i.e. consumer utility)?
- 2 Suppose the government increases taxes. Describe and illustrate the impact on consumers' optimal choices for consumption, leisure, and labor supply. What is the impact on consumer welfare?

- 3 Suppose global supply chain disruptions lead to a decrease in labor demand, and eventually a decrease in the real wage.
 - A Describe and illustrate the impact on consumers' optimal choices for consumption, leisure, and labor supply. What is the impact on consumer welfare?
 - B Describe intuitively the income and substitution effects on consumption and leisure.
 - C Describe and illustrate the income and substitution effects on consumption and leisure.

- 4 Suppose there is an improvement in technology that makes labor and capital more productive.
- 5 Describe and illustrate the impact on producers' profit maximizing choice for labor.
- 6 Describe and illustrate the impact on *equilibrium* real wage and real GDP.