

Increase in Aggregate Demand

1. **Draw** an economy with aggregate supply (AS1) and aggregate demand (AD1) curves

2. **Label** the equilibrium price level (PL1) and the equilibrium Real GDP (Y1) in the economy.

3. Name one thing that could cause the consumption (C) component of aggregate demand to **increase**.

4. Name one thing that could cause the investment (I) component of aggregate demand to **increase**.

5. Name one thing that could cause the government spending (G) component of aggregate demand to **increase**.

6. Name one thing that could cause the net exports (X-M) component of aggregate demand to **increase**.

7. Draw the new aggregate demand curve and label it (AD2).

8. At the new equilibrium, label the new price level (PL2) and level of Real GDP (Y2).

9. Has there been inflation or deflation?

10. Has there been economic growth or economic recession?

11. Has unemployment increased or decreased?

Decrease in Aggregate Demand

- | | |
|--|---|
| <p>1. Draw an economy with aggregate supply (AS1) and aggregate demand (AD1) curves</p> <p>2. Label the equilibrium price level (PL1) and the equilibrium Real GDP (Y1) in the economy.</p> <p>3. Name one thing that could cause the consumption (C) component of aggregate demand to decrease.</p> <hr/> <p>4. Name one thing that could cause the investment (I) component of aggregate demand to decrease.</p> <hr/> <p>5. Name one thing that could cause the government spending (G) component of aggregate demand to decrease.</p> <hr/> | <p>6. Name one thing that could cause the net exports (X-M) component of aggregate demand to decrease.</p> <hr/> <p>7. Draw the new aggregate demand curve and label it (AD2).</p> <p>8. At the new equilibrium, label the new price level (PL2) and level of Real GDP (Y2).</p> <p>9. Has there been inflation or deflation?</p> <hr/> <p>10. Has there been economic growth or economic recession?</p> <hr/> <p>11. Has unemployment increased or decreased?</p> <hr/> |
|--|---|

Increase in Aggregate Supply

1. **Draw** an economy with aggregate supply (AS1) and aggregate demand (AD1) curves
 2. **Label** the equilibrium price level (PL1) and the equilibrium Real GDP (Y1) in the economy.
 3. Name one thing that could cause the aggregate supply to **increase**.
-

4. Draw the new aggregate supply curve and label it (AS2).

5. At the new equilibrium, label the new price level (PL2) and level of Real GDP (Y2).

6. Has there been inflation or deflation?

7. Has there been economic growth or economic recession?

8. Has unemployment increased or decreased?

Decrease in Aggregate Supply

- | | |
|--|--|
| <ol style="list-style-type: none">1. Draw an economy with aggregate supply (AS1) and aggregate demand (AD1) curves2. Label the equilibrium price level (PL1) and the equilibrium Real GDP (Y1) in the economy.3. Name one thing that could cause the aggregate supply to decrease. <hr style="border: 0.5px solid black; margin-top: 10px;"/> | <ol style="list-style-type: none">4. Draw the new aggregate supply curve and label it (AS2).5. At the new equilibrium, label the new price level (PL2) and level of Real GDP (Y2).6. Has there been inflation or deflation?
<hr style="border: 0.5px solid black; margin-top: 5px;"/>7. Has there been economic growth or economic recession?
<hr style="border: 0.5px solid black; margin-top: 5px;"/>8. Has unemployment increased or decreased?
<hr style="border: 0.5px solid black; margin-top: 5px;"/> |
|--|--|
