**Unit III Study Sheet & Core Concepts**

**Reviewing and Understanding The Business Cycle - Refer to Chapter 26**

1. Macroeconomic equilibrium
2. Draw the AS/AD Graph
3. Full –employment equilibrium
4. Above full-employment
5. Below full-employment
6. Inflationary Gap
7. Recessionary Gap
8. Draw a AS/AD Graph showing an inflationary gap
9. Draw a AS/AD Graph showing a recessionary gap
10. Stagflation
11. Draw a AS/AD Graph showing stagflation
12. Deflation

Review Chapter 26 Summary (p.543-544)

**Chapter 28 – Aggregate Expenditure Multiplier**

**Learning Goal – The student will be able to explain and solve Aggregate Expenditure multiplier problems.**

|  |  |
| --- | --- |
| **4** | **I can teach a mini-unit on the Aggregate Expenditure multiplier.** |
| **3** | **Without help I can explain and solve Aggregate Expenditure problems.** |
| **2** | **With help I can explain and solve Aggregate Expenditure problems.** |
| **1** | **I have very little knowledge about Aggregate Expenditure problems.** |

**Aggregate Expenditure and Real GDP**

1. Explain the Consumption Model
2. DI = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - GDP - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Dissaving
4. Formula for MPC
5. List three influences on Consumption Expenditure

A

B

C

**Expenditure Multipliers**

1. Explain the Multiplier
2. Multiplier Formula
3. MPC + MPS =
4. Complete the Quick Quiz for 27.5 (p.556)

**Review Chapter 27 Summary (p. 564)**

**Chapter 29 – Aggregate Supply and Aggregate Demand**

**Learning Goal – The student will be able to use the AS/AD model to illustrate and analyze economic situations**

|  |  |
| --- | --- |
| **4** | **I can teach a mini-unit on Aggregate Supply, Aggregate Demand and the Business Cycle** |
| **3** | **Without help I can use the AS/AD model to illustrate and analyze economic situations** |
| **2** | **With help I can use the AS/AD model to illustrate and analyze economic situations** |
| **1** | **I have very little knowledge about Aggregate Supply , Aggregate Demand and the Business Cycle** |

**Aggregate Demand**

1. What is AD?
2. Why does the AD curve slope downward?
3. What shifts AD curve?

A.

B.

C.

8. Explain the AD multiplier

**Aggregate Supply**

1. What is the purpose of the AS/AD model?
2. What is AS?
3. Why does the AS curve slope upward?
4. What shifts the AS curve?

A.

B.

C.

**Equilibrium Expenditure**

1. Explain Aggregate Expenditure
2. Say’s Law (p. 584)

Review Chapter 29 Summary (p.606-607)

Review Chapter 29 Appendix