

4.3 Aggregate Demand and Aggregate Supply analysis

Name: _____ Class: _____ Date: _____

Total: 26 marks

KEY WORDS aggregate demand 总需求 • aggregate supply 总供给
• macroeconomic equilibrium 宏观经济均衡 • equilibrium 均衡 • price level 价格水平

Objective

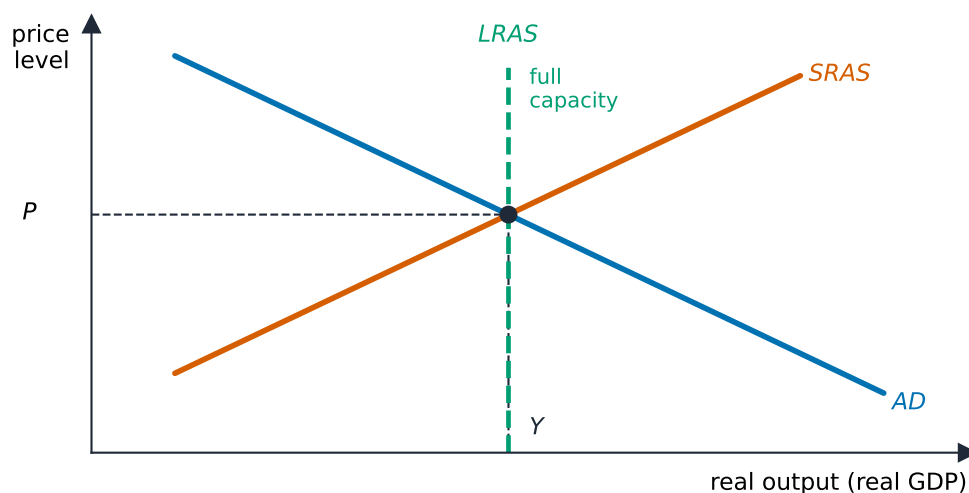
Build the skills to answer exam questions on **aggregate demand and aggregate supply** 总需求与总供给 (AD–AS) — the components of **AD** 总需求, **SRAS** and **LRAS** 短期/长期总供给, and **macroeconomic equilibrium** 宏观经济均衡.

You must be able to:

- state the components of AD and explain its slope
- distinguish SRAS from LRAS
- draw AD–AS and analyse a shift in equilibrium

1 Worked examples

- AD–AS equilibrium

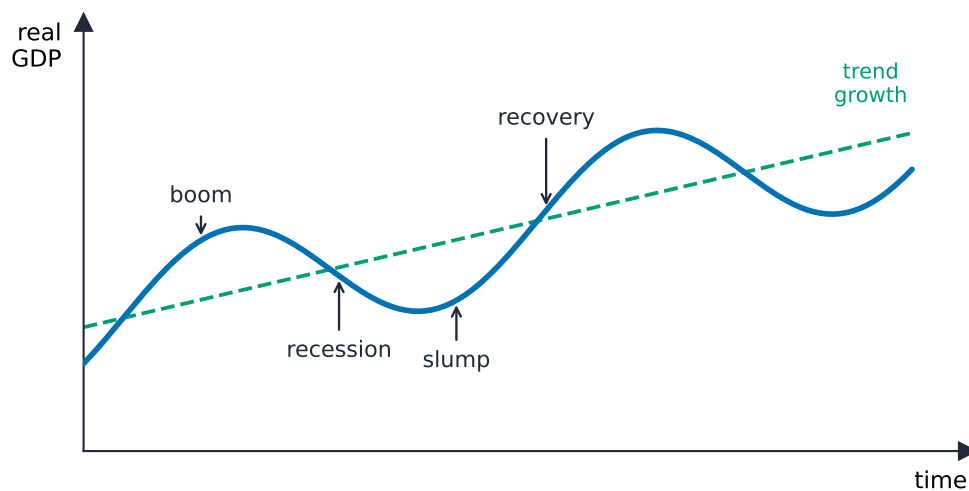


short-run equilibrium: $AD = SRAS$ · long-run capacity: vertical $LRAS$

Vertical LRAS marks full capacity 生产能力

$$AD = C + I + G + (X - M)$$

- **C** consumption, **I** investment, **G** government spending, **(X – M)** net exports.
- **SRAS** 短期总供给 slopes up (shifts when costs change); **LRAS** 长期总供给 is vertical at full capacity.
- **Equilibrium** where AD meets AS → sets the **price level** and **real output**.



boom → recession → slump → recovery (around the growth trend)

Shifts in AD or AS move the economy around the business cycle over time

Answer shapes: an **Explain** [up to 8] answer should use a labelled AD–AS diagram (AO3); **Discuss** [12] adds a judgement (AO4).

2 Practice

2.1 State the four components of aggregate demand. [2]

2.2 State the difference between SRAS and LRAS. [2]

2.3 State one cause of a rightward shift in AD. [1]

3 Exam-style questions

3.1 A cut in income tax is most likely to: [1]

- | | |
|---|---|
| A | B |
| C | D |
- A** shift AD left
 - B** shift AD right
 - C** shift SRAS left
 - D** shift LRAS right

3.2 Using an AD–AS diagram, explain how an increase in aggregate demand affects the price level and real output. [8]

3.3 Discuss whether a rise in aggregate demand always benefits an economy. [12]