Solutions

Each answer shows the steps, then the **result**.

2.1

- the total quantity of real output demanded in an economy at each price level

2.2

- the wealth effect, the interest rate effect, the exchange rate effect

2.3

- consumption, investment, government spending, net exports

3.1 A

3.2 B

3.3

(a)

- AD falls

(b)

- to the left

(c)

- any one of: consumption, government spending, net exports