3. National Income and Price Determination

Starter Quiz · 课前小测

AP Macroeconomics　　Name: ____________　　Score: ______

1. The aggregate demand curve slopes downward mainly because of the wealth, interest rate, and:
   - ☐ exchange rate effect
   - ☐ substitution to other goods
   - ☐ tax effect
   - ☐ population effect
2. The marginal propensity to consume plus the marginal propensity to save equals ________.

   ____
3. SRAS slopes upward mainly because, in the short run:
   - ☐ nominal wages are sticky, so a higher price level raises profit per unit
   - ☐ wages adjust instantly
   - ☐ demand falls
   - ☐ the government sets output
4. The long-run aggregate supply curve is:
   - ☐ vertical at full-employment output
   - ☐ upward-sloping
   - ☐ downward-sloping
   - ☐ horizontal
5. Short-run macroeconomic equilibrium is where:
   - ☐ AD crosses SRAS
   - ☐ AD crosses LRAS only
   - ☐ the price level is highest
   - ☐ output is zero
6. A rightward shift in AD causes, in the short run:
   - ☐ a higher price level and higher output
   - ☐ a lower price level and lower output
   - ☐ higher prices, lower output
   - ☐ no change

7. Aggregate demand equals C + I + G + (X − ________).

   ____
8. If MPC = 0.75, what is the spending multiplier?

   ____
9. Costs that are fixed by contracts and slow to change in the short run are called ________.

   ____
10. LRAS sits at the economy's maximum sustainable output, called potential ________.

    ____

AP Macroeconomics

1. **exchange rate effect**

   AD covers every good, so there is no substitution — the three macro effects explain the slope.

2. **1**

   Every extra dollar is either spent or saved, so MPC + MPS = 1.

3. **nominal wages are sticky, so a higher price level raises profit per unit**

   With wages locked in, a higher price level means more profit per unit, so firms produce more.

4. **vertical at full-employment output**

   In the long run output depends on real resources, not the price level, so LRAS is vertical.

5. **AD crosses SRAS**

   Where AD meets SRAS, the output demanded equals the output supplied in the short run.

6. **a higher price level and higher output**

   Along the upward SRAS, more demand raises both price and output — price and output move together.

7. **M**

   AD = C + I + G + net exports (X − M).

8. **4**

   Spending multiplier = 1 ÷ (1 − 0.75) = 1 ÷ 0.25 = 4.

9. **sticky**

   Sticky nominal wages are the key reason SRAS slopes upward.

10. **GDP**

    Potential GDP is the output at full employment, at the natural rate of unemployment.