5. Long-Run Consequences of Stabilization Policies Starter Quiz · 课前小测

AP Macroeconomics　　Name: ____________　　Score: ______

1. Expansionary monetary policy shifts AD in the same direction as:
   - ☐ expansionary fiscal policy (both shift AD right)
   - ☐ contractionary fiscal policy
   - ☐ a leftward AD shift
   - ☐ no shift at all
2. The short-run Phillips curve slopes downward, showing:
   - ☐ a trade-off between inflation and unemployment
   - ☐ that both always rise together
   - ☐ no relationship
   - ☐ inflation is always zero
3. The equation of exchange is:
   - ☐ MV = PQ
   - ☐ M + V = P + Q
   - ☐ M = PQ − V
   - ☐ MP = VQ
4. A government runs a budget deficit when, in a year:
   - ☐ spending is greater than tax revenue
   - ☐ tax revenue is greater than spending
   - ☐ spending equals tax revenue
   - ☐ the debt is fully repaid
5. Firms and the government both borrow from the market for:
   - ☐ loanable funds
   - ☐ foreign exchange
   - ☐ final goods
   - ☐ labour
6. Select **both** goals of stabilization policy.
   - ☐ full employment
   - ☐ price stability

   - ☐ maximum inflation
   - ☐ the largest possible deficit

   Tick every correct option.

7. V, how many times each dollar is spent in a year, is the _________ of money.

   ____

8. The national _________ is the total owed, built up from all past deficits.

   ____

9. Real GDP grows 5% and the population grows 2%. Approximate per-capita growth, in percent?

   ________________ percent

10. Roads, ports, power, and broadband are examples of _________.

    ____

1. **expansionary fiscal policy (both shift AD right)**

   Both cut interest rates or taxes to raise spending, shifting AD right.

2. **a trade-off between inflation and unemployment**

   Lower unemployment comes with higher inflation, and vice versa — a short-run trade-off.

3. **MV = PQ**

   MV (total spending) = PQ (money value of goods sold).

4. **spending is greater than tax revenue**

   Spending above revenue is a deficit; below is a surplus; equal is balanced.

5. **loanable funds**

   The loanable-funds market channels savings to borrowers.

6. **full employment; price stability**

   Stabilization aims for full employment and price stability.

7. **velocity**

   The quantity theory assumes velocity is roughly constant in the long run.

8. **debt**

   Debt is the stock; the deficit is this year's flow into it.

9. **3 percent**

   Per-capita growth $\approx 5 - 2 = 3\%$.

10. **infrastructure**

    Infrastructure raises the return on private capital.