

C) the open-economy effect.

B) full-employment level of real GDP.

The long-run aggregate supply curve will shift to the left when

A) population decreases.

The long-run aggregate supply curve will shift outward to the right when

A) there is economic growth.

The natural rate of unemployment will help determine

B) the position of the long-run aggregate supply curve.

Which of the following will NOT lead to a rightward shift of the long-run aggregate supply curve?

B) Increase in aggregate demand

Which of the following would cause the long-run aggregate supply curve to shift to the right?

C) An increase in productivity

If our economy is growing at a constant rate of 5 percent per year, then over a period of 10 years we would expect to see which of the following?

B) An upward sloping growth path

Economic growth can be thought of as

C) an increase in long-run aggregate supply.

Real GDP will increase over the long run if

B) The long-run aggregate supply curve shifts continually to the right.

The aggregate supply curve cannot tell us

C) How the total dollar values of spending will ultimately be divided between output and prices.

The aggregate supply curve shows

C) a reduction in output and an increase in the price level

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C) An increase in the price level and no change in output.

When the price level is below the level at which the aggregate demand curve crosses the long run aggregate supply curve

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C) total planned real expenditures will exceed actual real GDP, and the price level will increase.

When the price level is below the level at which the aggregate demand curve crosses the long run aggregate supply curve,

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C) actual real GDP would be less than total planned real expenditures, and the price level will rise.

Economic growth will be associated with a constant price level when

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A) the increase in aggregate demand exactly equals the increase in long -run aggregate supply.

Over the last twenty years, real GDP in the U.S. economy has increased and there has been inflation. This indicates that

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C) aggregate demand has increased more than aggregate supply.

Economic growth takes place

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B) when aggregate supply increases.

The U.S. economy has had persistent inflation in recent decades. A possible explanation for the inflation is that

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D) growth in aggregate demand has been greater than growth in aggregate supply

In the long run, an increase in government spending, other things equal, generates

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C) a higher price level.

The intersection of aggregate demand and long-run aggregate supply identify the price level at which total planned

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B) real expenditures equal total planned production.

What would happen in an economy if total planned production exceeded total planned real expenditures?

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C) a reduction in output and an increase in the price level

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B) Inventories would accumulate, and firms would tend to lower prices.

If the current price level is lower than the equilibrium price level, then it must be true that total planned

D) real expenditures exceed total planned production.

If consumers' confidence in the economy rises,

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C) aggregate demand will shift rightward and the price level will rise.

A persistent decline in the price level resulting from economic growth in the presence of stable aggregate demand is known as

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C) secular deflation.

If aggregate demand is stable and there is economic growth, the economy will experience

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B) secular deflation.

A rightward shift of long-run aggregate supply without any change in aggregate demand

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B) results in a lower price level.

An economy experiences real growth over time with stable aggregate demand. This would likely result in

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B) decreasing prices.

Which of the following is consistent with secular deflation?

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A) a persistently decreasing price level caused by several periods of economic growth with stable AD

If persistent inflation was due to declines in long-run aggregate supply, what pattern would be observed?

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A) Increases in the price level would occur simultaneously with decreases in real GDP.

In an economy in which aggregate demand is stable and a period of sustained and significant productivity growth occurs, there will be

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A) secular deflation.

What could cause a decrease in the price level and simultaneously an increase in GDP similar to the 1920s in the United States?

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C) a reduction in output and an increase in the price level

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c) inflation accompanied by increases in real GDP

When the economy is in long-run equilibrium, the price level adjusts so as to equate which two values with one another?

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D) total planned real expenditures and total planned production

What pattern would you observe in an economy in which aggregate demand is increasing but in which long-run aggregate supply remained the same?

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B) inflation accompanied by no change in real GDP

Steadily improving improvements in technology, other things being equal, will result in

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B) persistent deflation

When the aggregate demand curve shifts than the long-run aggregate supply shifts rightward, the result will be inflation.

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c) rightward at a faster rate

What would likely happen to the long-run aggregate supply curve if the U.S. federal government increases marginal tax rates on wages?

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B) The LRAS curve would shift leftward.

Which of the following would unambiguously generate inflation?

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D) an increase in aggregate demand accompanied by a decrease in aggregate supply

If long-run economic growth is not accompanied by a change in aggregate demand, the result will be

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B) secular deflation.

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