***AD-AS***

## Complete the chart using the first entry as a guide.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **AD or AS?** | **Which Component?** | **AD/AS**  **Right or Left** | **PL?**  **+ or —** | **RGDP?**  **+ or —** |
| 1. Consumer Wealth increases | AD | Consumer Spending | **Right** | **+** | **+** |
| 2. Interest rate increases |  |  |  |  |  |
| 3. The cost of natural resources (oil) increases |  |  |  |  |  |
| 4. Consumers expect there is a recession coming |  |  |  |  |  |
| 5. Productivity increases due to the Internet |  |  |  |  |  |
| 6. China announces it will start importing US cars |  |  |  |  |  |
| 7. Consumer debt reaches an all-time high |  |  |  |  |  |
| 8. US government signs a treaty that requires businesses to be pollution free |  |  |  |  |  |
| 9. The interest rate decreases |  |  |  |  |  |
| 10. Increase in US business inventories |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **AD or AS?** | **Which Component?** | **AD/AS**  **Right or Left** | **PL?**  **+ or —** | **RGDP?**  **+ or —** |
| 11. Increase in the price of imported computer chips due to an earthquake in Taiwan |  |  |  |  |  |
| 12. US Government increases tax on capital gains (investments) |  |  |  |  |  |
| 13. Stock market crashes, stock investors lose billions!!! |  |  |  |  |  |
| 14. Legislature decides to increase the tax on imported goods |  |  |  |  |  |
| 15. US businesses worry about a recession being around the corner |  |  |  |  |  |
| 16. US government cuts income taxes for all Americans |  |  |  |  |  |
| 17. Oil prices fall |  |  |  |  |  |
| 18. US Government decreases the corporate income tax |  |  |  |  |  |

***AD-AS***

# Answer Key

## Complete the chart using the example as a guide.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **AD or AS?** | **Which Component?** | **AD/AS**  **Right or Left** | **PL?**  **+ or —** | **RGDP?**  **+ or —** |
| 1. Consumer Wealth increases | *AD* | *Consumer Spending* | *Right* | ***+*** | ***+*** |
| 2. Interest rate increases | *AD* | *Investment* | *Left* | *‒* | *‒* |
| 3. The cost of natural resources (oil) increases | *AS* | *Input Costs* | *Left* | *+* | *‒* |
| 4. Consumers expect there is a recession coming | *AD* | *Consumer Spending* | *Left* | *‒* | *‒* |
| 5. Productivity increases due to the Internet | *AS* | *Productivity* | *Right* | *‒* | *+* |
| 6. China announces it will start importing US cars | *AD* | *Net Exports (Exports Increase)* | *Right* | ***+*** | ***+*** |
| 7. Consumer debt reaches an all- time high | *AD* | *Consumer Spending* | *Left* | *‒* | *‒* |
| 8. US government signs a treaty that requires businesses to be  pollution free | *AS* | *Production costs* | *Left* | *+* | *‒* |
| 9. The interest rate decreases | *AD* | *Investment* | *Right* | ***+*** | ***+*** |
| 10. Increase in US business inventories | *AD* | *Investment* | *Left* | *‒* | *‒* |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **AD or AS?** | **Which Component?** | **AD/AS**  **Right or Left** | **PL?**  **+ or —** | **RGDP?**  **+ or —** |
| 11. Increase in the price of imported computer chips due to an earthquake in Taiwan | *AS* | *Production costs* | *Left* | *+* | *‒* |
| 12. US Government increases tax on capital gains (investments) | *AD* | *Investment* | *Left* | *‒* | *‒* |
| 13. Stock market crashes, stock investors lose billions!!! | *AD* | *Consumption Spending (Wealth has fallen)* | *Left* | *‒* | *‒* |
| 14. Legislature decides to increase the tax  on imported goods | *AD* | *Net Exports (Imports decrease)* | *Right* | ***+*** | ***+*** |
| 15. US businesses worry about a recession being around the corner | *AD* | *Investment* | *Left* | *‒* | *‒* |
| 16. US government cuts income taxes for all Americans | *AD* | *Consumer Spending* | *Right* | ***+*** | ***+*** |
| 17. Oil prices fall | *AS* | *Input Costs* | *Right* | *‒* | *+* |
| 18. US Government decreases the corporate income tax | *AS* | *Input Costs* | *Right* | *‒* | *+* |