

Name: _____

AD/AS PRACTICE

| The Change | AD/AS Model | The Result |
|--|-------------|---|
| 1. Calvin, and other children, convince their parents to purchase more “big ticket” items for the Holidays. | | Short Run: Long Run: |
| 2. The effect on production when a 5% excise tax is placed on several resources. | | Short Run: Long Run: |
| 3. A large purchase of U.S. wheat by Russia | | Short Run: Long Run: |
| 4. A cut in Federal spending for Health Care | | Short Run: Long Run: |
| 5. The complete disintegration of OPEC causing oil prices to fall | | Short Run: Long Run: |
| 6. A 10% decrease in personal income tax rates | | Short Run: Long Run: |

AD/AS PRACTICE SHEET

| The Change | AD/AS Model | The Result |
|---|-------------|---|
| 7. A significant increase in labor productivity | | Short Run: Long Run: |
| 8. A severe recession in a country that imports many U.S. products. | | Short Run: Long Run: |
| 9. The effect on investment when the government increases the money supply causing interest rates to fall. | | Short Run: Long Run: |
| 10. Widespread fear of depression on the part of consumers | | Short Run: Long Run: |
| 11. To stimulate the economy, the government increases spending on public works programs. | | Short Run: Long Run: |
| 12. A 12% decrease in nominal wages. | | Short Run: Long Run: |