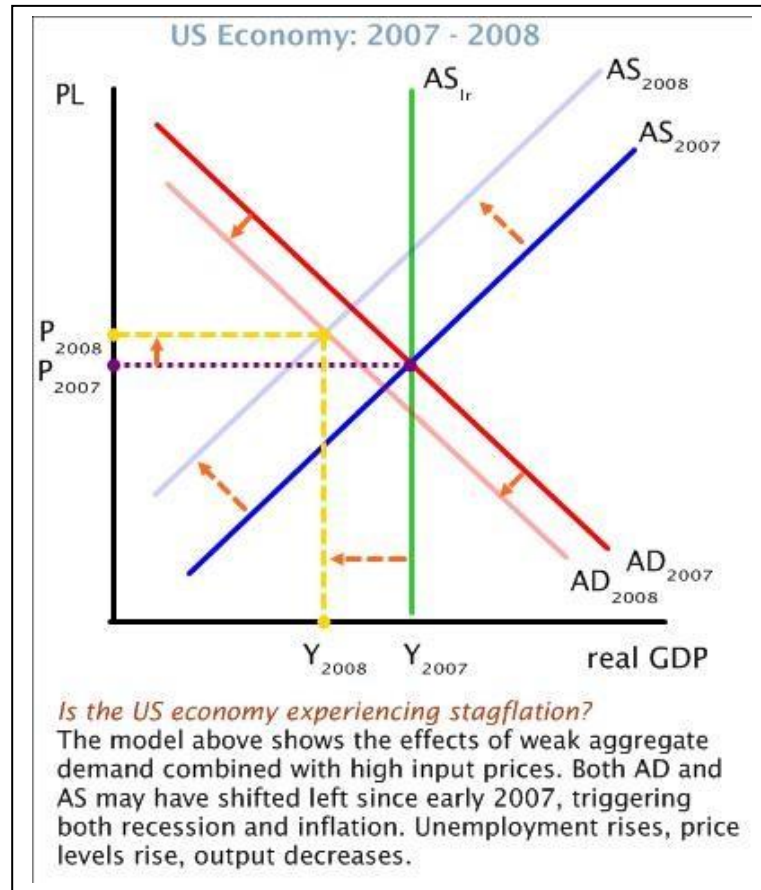


**Essential Questions:**

1. What factors determine national output and price level?
2. How can government maintain stable prices while increasing output?

**Objectives**

1. Explain and graphically illustrate the impact of a demand shock on macroeconomic equilibrium.
2. Explain and graphically illustrate the impact of a supply shock on macroeconomic equilibrium.
3. Explain and graphically illustrate the impact of contractionary fiscal policy.
4. Explain and graphically illustrate the impact of expansionary fiscal policy.
5. Explain why aggregate demand has a negative slope.
6. Explain why aggregate supply has a positive slope.
7. Evaluate how changes in consumer spending, government spending, and investment affect GDP.
8. Define and explain the determinants of aggregate demand.
9. Define and explain the determinants of aggregate supply.
10. Interpret, construct, and apply the AD-AS model.
11. Interpret, construct, and apply the AE model.



**Key Terms:**

1. actual investment spending	14. expansionary fiscal policy	25. planned investment spending
2. AD-AS model	15. inflationary gap	26. potential output (full employment output)
3. AE Model	16. interest rate effect	27. real wage
4. aggregate demand	17. inventory investment	28. recession
5. aggregate supply	18. long-run aggregate supply	29. recessionary gap
6. automatic stabilizers	19. long-run macroeconomic equilibrium	30. short-run aggregate supply
7. autonomous change in aggregate spending	20. marginal propensity to consume (MPC)	31. short-run macroeconomic equilibrium
8. autonomous consumer spending	21. marginal propensity to save (MPS)	32. social insurance
9. business cycle	22. monetary policy	33. stagflation
10. consumption function	23. multiplier	34. sticky wages
11. contractionary fiscal policy	24. nominal wage	35. supply shock
12. demand shock		36. unplanned inventory investment
13. discretionary fiscal policy		37. wealth effect

**Calendar:**

DAY		TOPIC	HW DUE / SCHEDULED TEST
4-Dec	Thursday	Unit IV Test Review / Prep for PPT due Friday	
5-Dec	Friday	Economic Indicators	PPT
8-Dec	Monday	Economic Indicators	
9-Dec	Tuesday	Measures of Macro Performance Gallery Walk	<ul style="list-style-type: none"> <li>• “In Praise of Inflation” Reverse Essay</li> <li>• Unit IV Review Guides</li> </ul>
10-Dec	Wednesday	Aggregate Demand	<ul style="list-style-type: none"> <li>• Module 17</li> <li>• Morton Macro Activity 23</li> </ul>
11-Dec	Thursday	Aggregate Supply	<ul style="list-style-type: none"> <li>• Module 18</li> <li>• Morton Macro Activity 24</li> </ul>
12-Dec	Friday	Equilibrium in the AD-AS Model	<ul style="list-style-type: none"> <li>• Module 19</li> <li>• Morton Macro Activity 25</li> </ul>
15-Dec	Monday	Equilibrium in the AD-AS Model	AD-AS Packet
16-Dec	Tuesday	The AE Model	<ul style="list-style-type: none"> <li>• Morton Macro Activity 19</li> <li>• Morton Macro Activity 20</li> </ul>
17-Dec	Wednesday	The Multiplier	<ul style="list-style-type: none"> <li>• Module 21</li> <li>• Morton Macro Activity 21</li> </ul>
18-Dec	Thursday	The Consumption Function	Consumption Function Packet
19-Dec	Friday	Reconciling the AE model with the AD-AS model	Morton Macro Activity 26
22-Dec	Monday	Demand Shocks, Supply Shocks, and Fiscal Policy	<ul style="list-style-type: none"> <li>• Module 20</li> <li>• Morton Macro Activity 27</li> <li>• Morton Macro Activity 28</li> </ul>
23-Dec	Tuesday	LRAS and the PPC	<ul style="list-style-type: none"> <li>• Morton Macro Activity 29</li> <li>• Morton Macro Activity 30</li> </ul>
24-Dec	Wednesday	<b>Unit V Test</b>	<b>Unit V Test</b>
29-Dec	Monday	Unit V Test Review / Essay Prep	