

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

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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 \_\_\_\_\_.  
\_\_\_\_\_

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AP Macroeconomics

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.