

## **Sub Plans – 10/7/25 – 4<sup>th</sup> and 6<sup>th</sup> Periods**

All work will be turned into the sub at the end of the period, make sure to follow all instructions.

Watch the Khan Academy videos on the Philips Curve. You can use this link to get directly there: <https://www.khanacademy.org/economics-finance-domain/macroeconomics/macro-long-run-consequences-of-stabilization-policies/macro-the-phillips-curve/v/macroeconomics-the-long-run-phillips-curve-lrpc>

Take handwritten notes in a style of your choosing as you watch the videos.

Once the video is finished, answer the following practice FRQs:

1.

The table below shows macroeconomic data for Country A.

Year	Nominal GDP	GDP Deflator	Population
2020	40,000	100	100
2021	88,000	200	110

(a) Calculate each of the following for Country A in year 2021. Show your work.

(i) Real GDP

(ii) Real GDP per capita

(b) Based solely on the data provided, has the standard of living for the average person in Country A increased, decreased, or stayed the same between 2020 and 2021 ? Explain.

(c) How would an increase in government spending on education affect economic growth in Country A? Explain.

(d) Assume that Country A produces consumer goods and capital goods. Draw a correctly labeled production possibilities curve for Country A, and show the effect of the increase in government spending on education on your graph.

2.

- A country's economy is in short-run equilibrium with an output level greater than the full-employment output level. Assume an upward-sloping short run aggregate supply curve.
- a. Using a correctly labeled aggregate demand and aggregate supply graph, show the following.
  - i. Full-employment output, labeled as  $Y_f$
  - ii. Equilibrium real output and price level, labeled as  $Y_e$  and  $P_{Le}$  respectively.
- b. Assume that the country's government decreases domestic military expenditures. On the graph from part (a), show how the decreasing military expenditures affect the following in the short run.

- i. Aggregate Demand
- ii. Equilibrium real output and price level, labeled as Y2 and PL2 respectively.
- c. Using a correctly labeled graph of the short-run Phillips curve, show the effect of the decreased military expenditures in the short run, labeling the initial point as A and the new point as B.
- d. Assume that the government used to fund the military by borrowing, what happens to the real interest rate when the government decreases its spending on the military? Explain.
- e. Assume that this economy produces only two goods: Military and Civilian. Using a correctly labeled production possibilities curve, show the effect of the decrease in military spending from part (b) labeling the initial point as C and the new point as D.

At the end of the period, turn everything into the sub, even if you have not finished everything.

If you have any spare time, use the time to finish your homework FRQs, complete the Progress Check and study for the Unit 3 exam.