

Unit 03 Preview

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Aggregate Demand

- Higher price levels reduce the purchasing power of money, which decreases the quantity of expenditures.
- Lower price levels increase purchasing power and increase expenditures

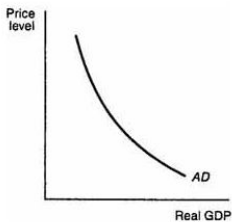


Figure 1 An aggregate demand curve

Multipliers

Short-Run Aggregate Supply (SRAS)

Long-Run Aggregate Supply (LRAS)

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