

Unit 5 Aggregate Models

McConnell and Brue (15th) Chapters 9, 10, 11

Items to cover:

(Here is where I cover the basic schools and biases)

Consumption, Consumption Schedule

Dissavings Range

Savings Range

Savings, Savings Schedule

Excess Inventory

APC, APS, MPC, MPS

Expected Rate of Return

Nominal Interest Rate, Real Interest Rate

Investment Demand Curve

Saving Leaks

Multiplier Effect ($1/1-MPC$, $1/MPS$)

Balanced Budget Multiplier

Aggregate Demand, Supply Curves

Aggregate Determinants

Productivity Formula (total output/total inputs)

Text items not found on prior macro exams:

Investment Schedule (horizontal line)

Aggregate Expenditure models (no longer on the exam)

Positive Net Exports, Negative Net Exports Graph

"Cross" from AE model to AD line

Horizontal, Vertical Ranges in AD (no longer on the exam)

Graphs for the Chart:

Consumption Function

Savings Function

Consumption/Savings Link

Investment Demand Curve

Aggregate Supply Segments and Biases (Keynes vs. Say's)

Aggregate Model (Traditional)

Aggregate Model (Modern)