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Using Infographics to Visualize Macroeconomic Data: AD-AS Model

Handout #2: Concept Summary

AD-AS model	A macroeconomic model illustrating the condition of price level and real gross domestic product in an economy through the relationship of aggregate demand and aggregate supply.
Aggregate demand	The name of the downward-sloping curve illustrating the inverse relationship between price level and real GDP.
Short-run aggregate supply	The name of the upward-sloping curve illustrating the direct relationship between price level and real GDP.
Price level	The name of the y-axis label on a graph of the AD-AS model.
Real gross domestic product or real output	The name of the x-axis label on a graph of the AD-AS Model.
Y	A symbol often used to identify the short-run level of equilibrium output in the AD-AS model.
Δ Consumption	The component of aggregate demand affected by household purchases of new vehicles.
Δ Investment	The component of aggregate demand that can be affected if businesses believe the economy will significantly expand or contract in the future.
Δ Government spending	The component of aggregate demand most affected when a country undertakes the repair of vital infrastructure such as roads and bridges.
Δ Net exports	The component of aggregate demand affected by a change in the number of cell phones that U.S. residents purchase from Asian countries.
Δ Price of inputs	A change in the wages paid to workers in the economy is an example of this determinant of short-run aggregate supply.
Δ Productivity or resource quality	Improvements in human capital and new technology is an example of this determinant of short-run aggregate supply.
Δ Legal-institutional environment	Changes in subsidies, corporate tax rate, or business regulations are examples of this determinant of short-run aggregate supply.
Δ Quantity of productive resources	A change in the number of skilled immigrants moving into a country is an example of this determinant of short-run aggregate supply.
Long-run aggregate supply curve	The name of the perfectly inelastic curve illustrating that changes in price level do not affect real GDP.

Demand pull	If aggregate demand shifts to the right, the economy may be experiencing this type of inflation.
Cost push	If short-run aggregate supply shifts to the left, the economy may be experiencing this type of inflation.
CPI, PPI, GDP Deflator, PCE	Examples of indices we use to measure inflation. Any of them can be used as the y-axis label in the AD-AS model.
GDP expenditure model	This approach to calculating the economic activity of a country is based on spending and includes the components that make up aggregate demand.
National Income Accounting Model	This approach to calculating the economic activity in a country is based on payments made for the purchase of productive resources. The cost of resources affects the quantity of output that producers in the economy can supply.