

Learning Objectives

Chapter 33

In this chapter you will

- Learn three key facts about short-run fluctuations
- Consider how the economy in the short run differs from the economy in the long run
- Use the model of aggregate demand and aggregate supply to explain economic fluctuations
- See how shifts in either aggregate demand or aggregate supply can cause booms and recessions

You should be able to

- Explain why the term "business cycle" is misleading
- Explain why money is unlikely to be neutral in the short run
- List three reasons why the aggregate demand curve is downward sloping
- Demonstrate the short-run and long-run effects of an oil price shock on the economy