ECON 102 CHAPTER 27 TUTORIAL QUESTIONS
Aggregate Demand in the Goods and Money Markets

1) Which of the following sequence of events follows an open market sale by the Fed?
   A) r↑ ⇒ I↑ ⇒ AE↑ ⇒ Y↑
   C) r↑ ⇒ I↑ ⇒ AE↑ ⇒ Y↓
   B) r↑ ⇒ I↑ ⇒ AE↑ ⇒ Y↓
   D) r↓ ⇒ I↑ ⇒ AE↑ ⇒ Y↑

1) ______

2) Which of the following sequence of events follows a decrease in the discount rate?
   A) r↓ ⇒ I↑ ⇒ AE↑ ⇒ Y↑
   C) r↑ ⇒ I↑ ⇒ AE↑ ⇒ Y↑
   B) r↑ ⇒ I↑ ⇒ AE↑ ⇒ Y↑
   D) r↑ ⇒ I↓ ⇒ AE↓ ⇒ Y↑

2) ______

3) Other things equal, a decrease in the price level ______ the equilibrium interest rate and ______ equilibrium output.
   A) increases; increases
   C) decreases; decreases
   B) decreases; increases
   D) increases; decreases

3) ______

4) Other things equal, a decrease in government spending ______ the equilibrium interest rate and ______ equilibrium output.
   A) increases; decreases
   C) decreases; increases
   B) decreases; decreases
   D) increases; increases

4) ______