

Glossary

Chapter 9

aggregate supply curve (AS)	a graphical representation that shows the positive relationship between the price level and real gross domestic product supplied (p. 177)
autonomous determinants of consumption expenditures	expenditures not dependent on the level of current disposable income (p. 195)
cost-push inflation	a price level increase due to a negative supply shock or increases in input prices (p. 185)
demand-pull inflation	a price level increase due to an increase in aggregate demand (p. 185)
inflationary gap	an output gap that occurs when the actual output is greater than the potential output (p. 184)
long-run aggregate supply curve (LRAS)	the graphical relationship between RGDP and the price level when output prices and input prices can fully adjust to economic changes (p. 177)
marginal propensity to consume (MPC)	the additional consumption resulting from an additional dollar of disposable income (p. 196)
marginal propensity to save (MPS)	the additional saving that results from an additional dollar of income (p. 196)
recessionary gap	an output gap that occurs when the actual output is less than the potential output (p. 184)
shocks	unexpected aggregate supply or aggregate demand changes (p. 184)
short-run aggregate supply curve (SRAS)	the graphical relationship between RGDP and the price level when output prices can change but input prices are unable to adjust (p. 177)
stagflation	a situation in which lower growth and higher prices occur together (p. 185)
unplanned inventory investment	collection of inventory that results when people do not buy the products firms are producing (p. 201)
wage and	the tendency for prices and wages to only adjust slowly downward to

**price
inflexibility**

changes in the economy (p. 187)