Teacher Answer Key

Case Study

1. Infrastructure and education funding boosted *G*; tax cuts raised *C*; state aid preserved I.

2. Lower rates and QE increased money supply, reducing borrowing costs and encouraging spending.

Multiple Choice

1. *C*

2. D

3. B

Matching

1-E, 2-*C*, 3-D, 4-*A*, 5-B

Fill-in-the-Blank

1) Real, 2) Expenditure, 3) Real GDP

Short Answer (Sample Responses)

Q1: Per capita adjusts for population but ignores income inequality and nonmarket outputs.

Q2: Omits informal sectors and subsistence production not recorded in official statistics.

Q3: Consumption may drop, investment stalls, *G* may rise, and net exports fluctuate depending on global demand.