

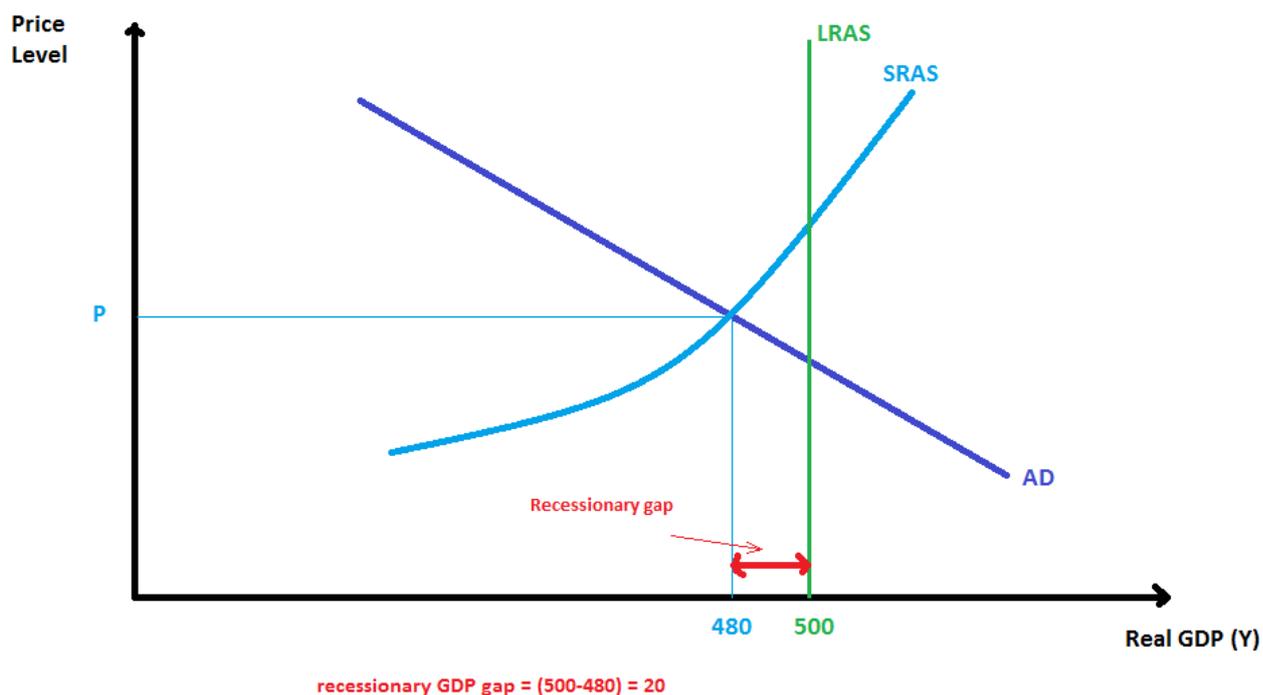
Question #63619 - Economics – Macroeconomics | Completed

Question

Suppose an economy is in an initial equilibrium in terms of AD and SRAS with $Y = 480$ and P at some level. Suppose further that the economy's full employment level of GDP, as given by the LRAS curve, is at $Y = 500$.

i) Draw an Aggregate Demand and a typical upward sloping Aggregate Supply curve that illustrate this initial situation, identifying and naming any GDP gap that may be present.

Answer



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