

A

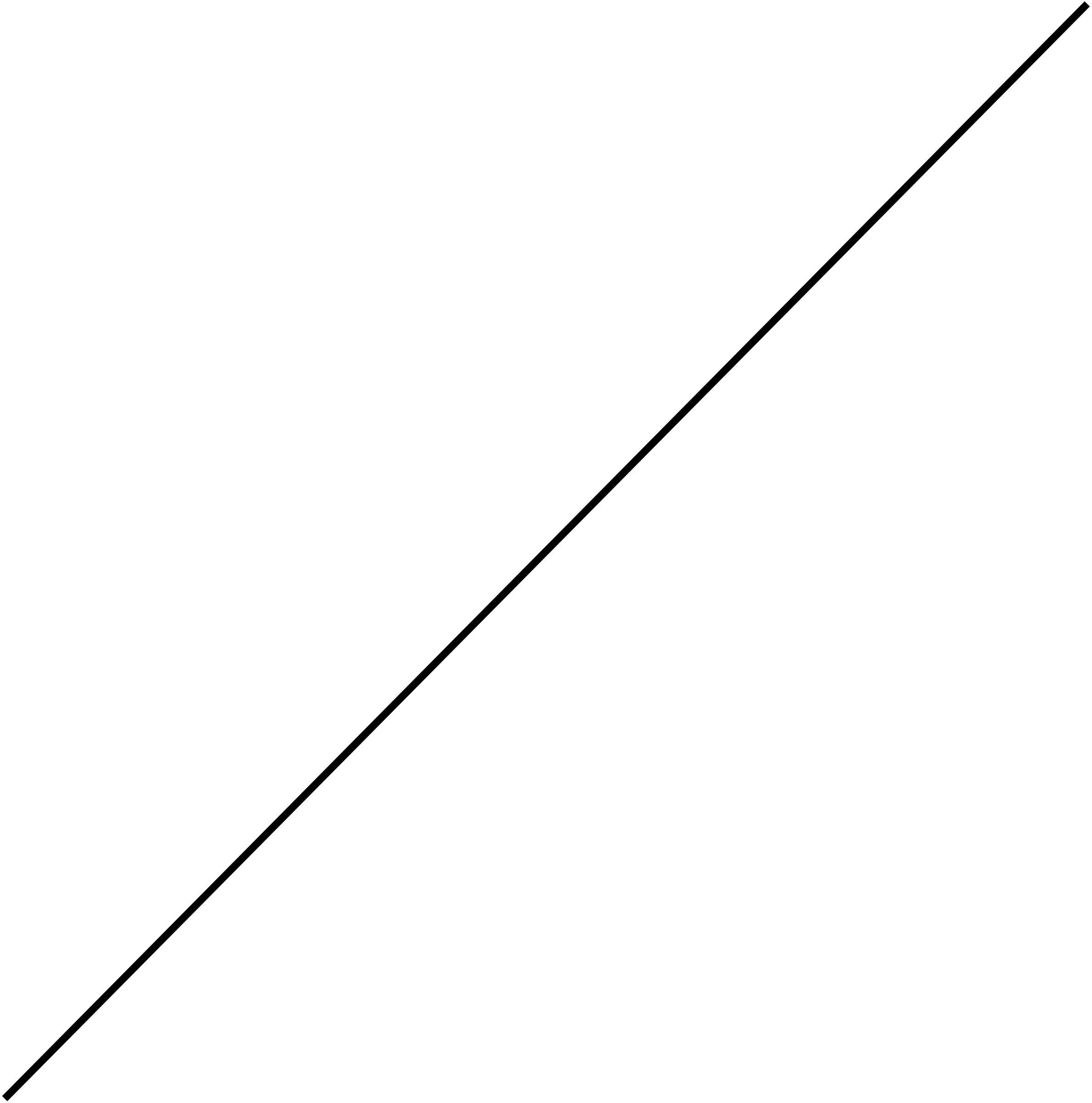
E



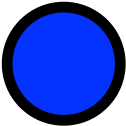
Equilibrium GDP:

9,000





Equilibrium



A

E

Potential GDP

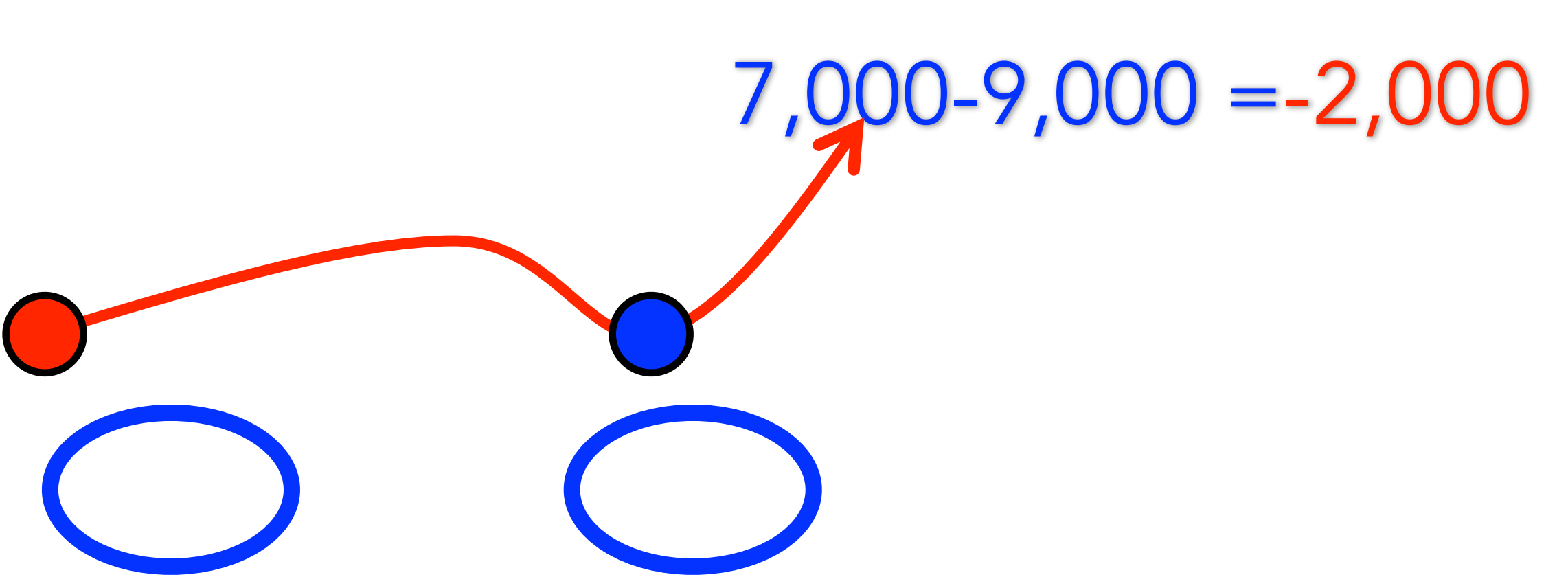


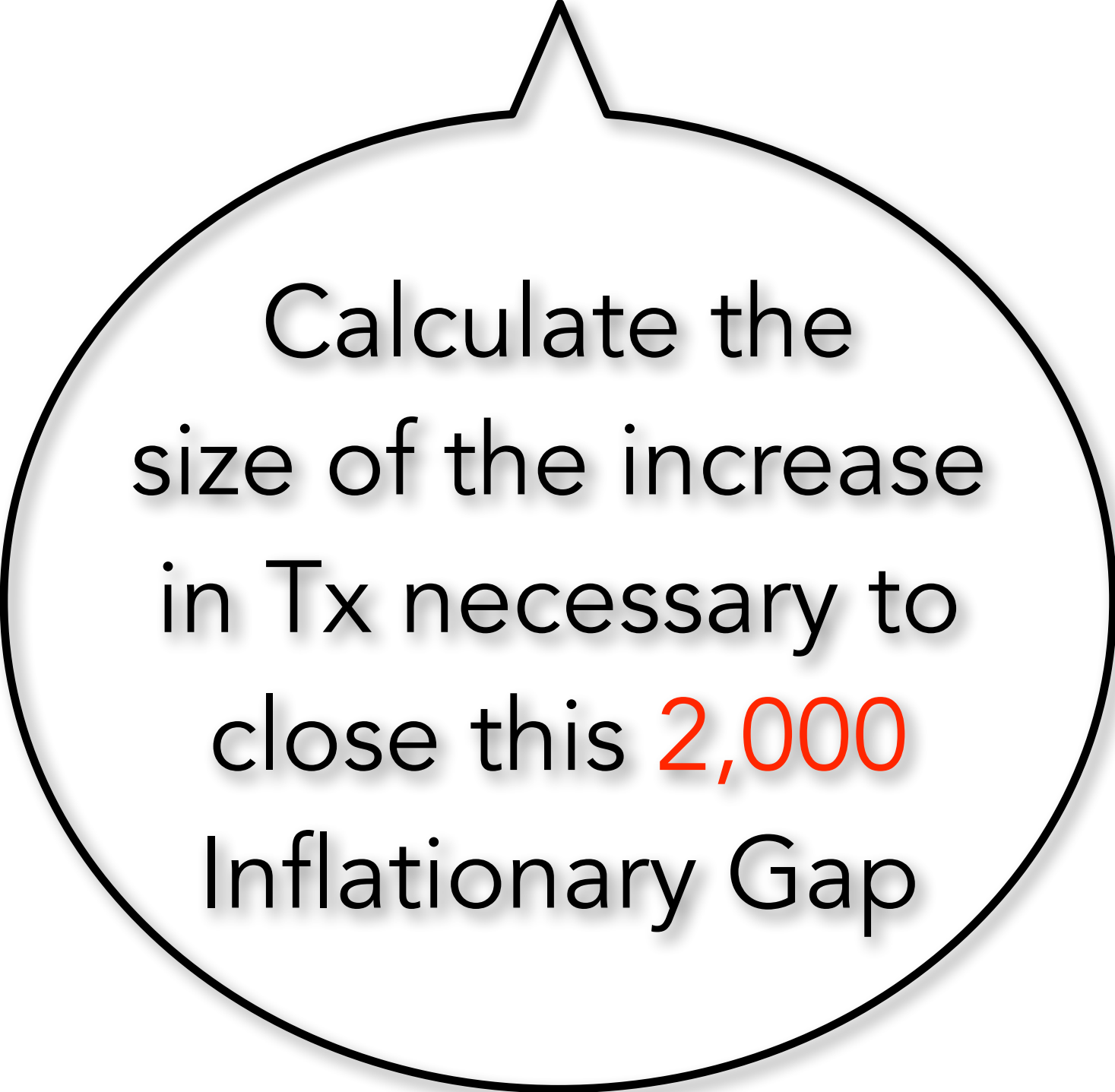
Potential

GDP : 7,000



450





Calculate the
size of the increase
in Tx necessary to
close this **2,000**
Inflationary Gap









2



P



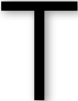






V

















6











6









6



Y

G

6













2

S





2

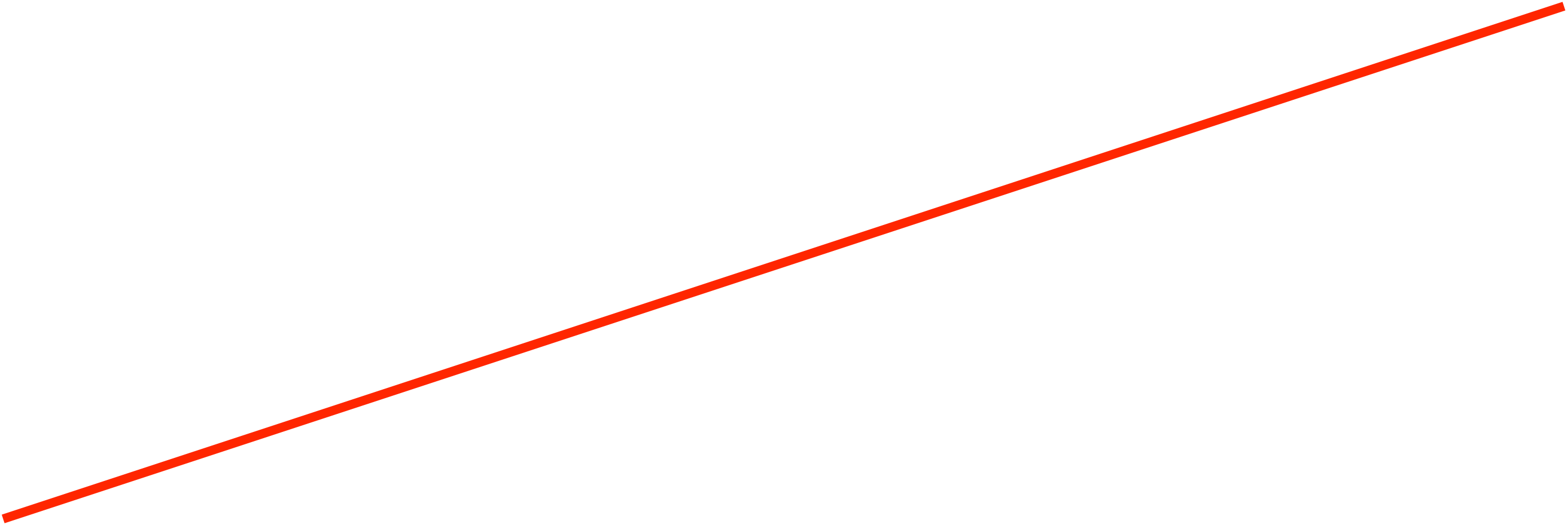






$\Delta C = ?$





AE₁



Inflationary
Gap

Fiscal Policy: To close
an Inflationary Gap

Increase Taxes

Fiscal Policy: To close
an Inflationary Gap
Increase Taxes

$$\Delta C = ?$$

Calculate the
size of the increase
in Tx necessary to
close this **2,000**
Inflationary Gap

