

A

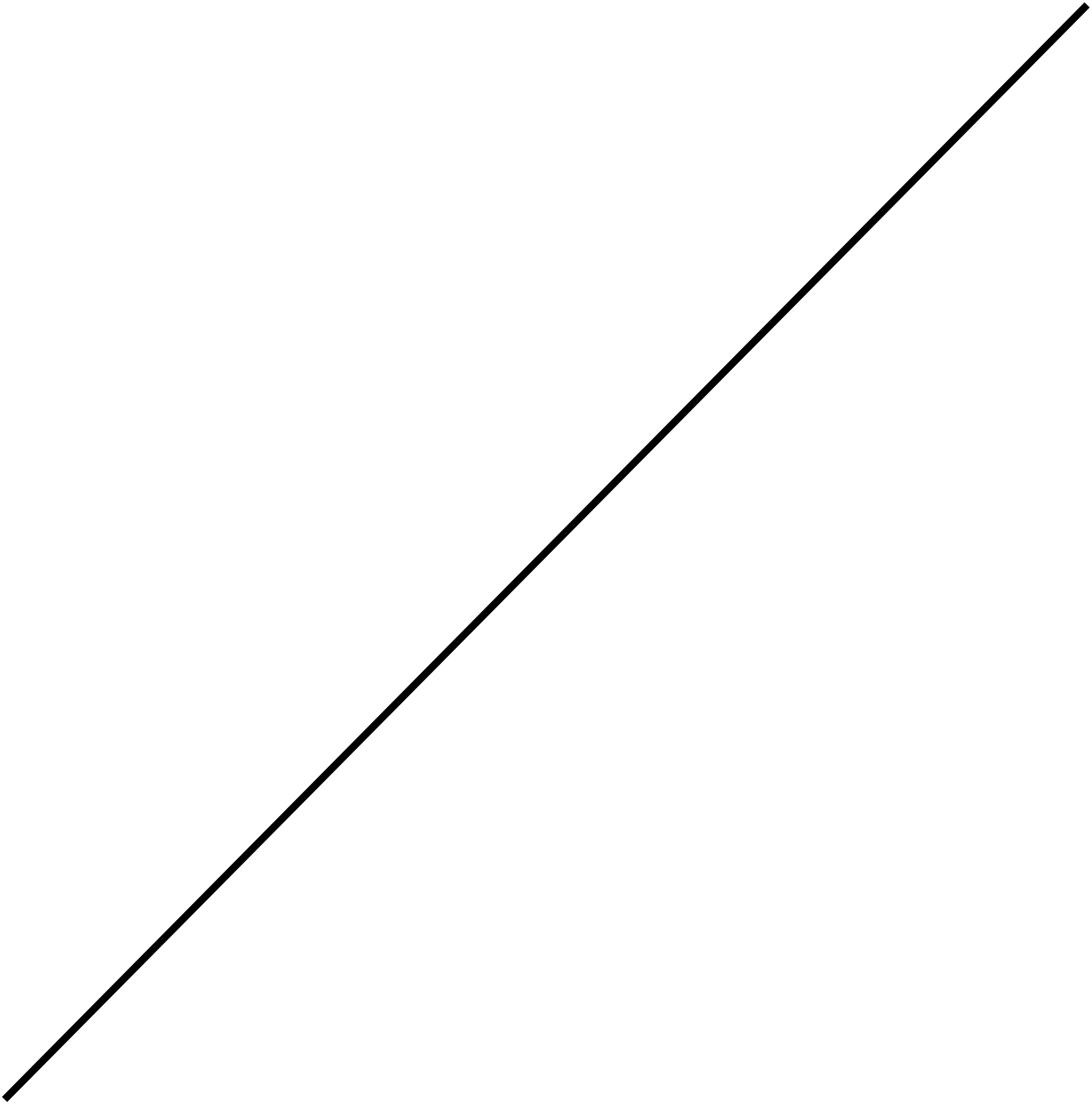
E



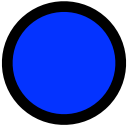
Equilibrium GDP:

6,000





Equilibrium



A

E

Potential GDP



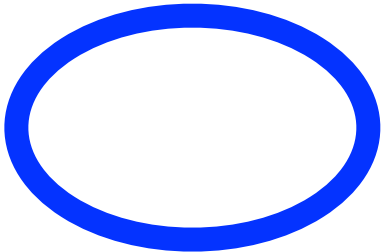
Potential

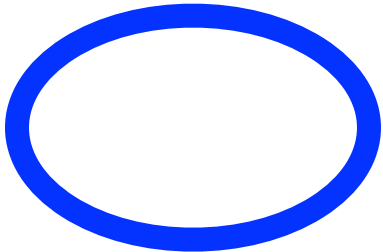
GDP : 7,000

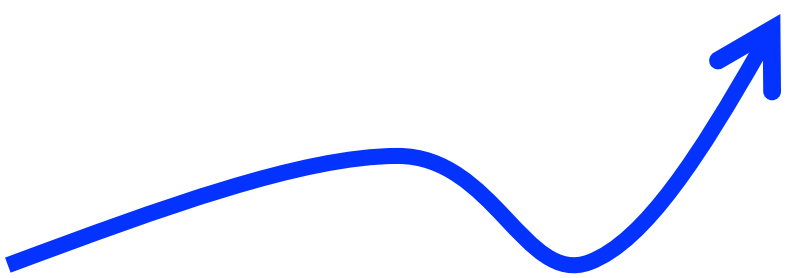


450

$$7,000-6,000=1,000$$

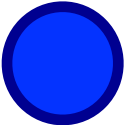


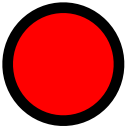




A blue speech bubble with a tail pointing towards the bottom right corner. Inside the bubble, the text "Economy is producing less than desired output" is written in blue, with the word "less" highlighted in red.

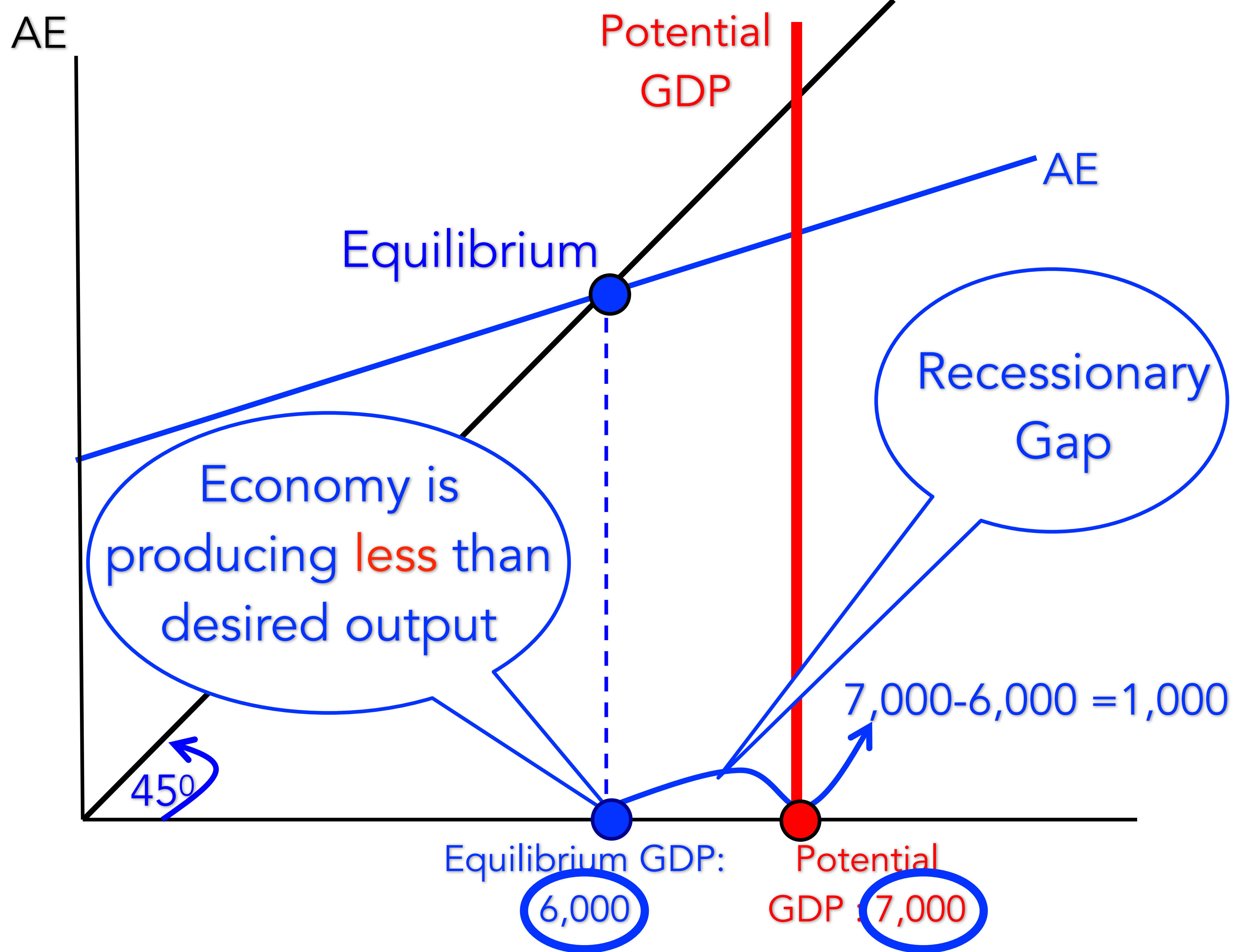
Economy is
producing less than
desired output



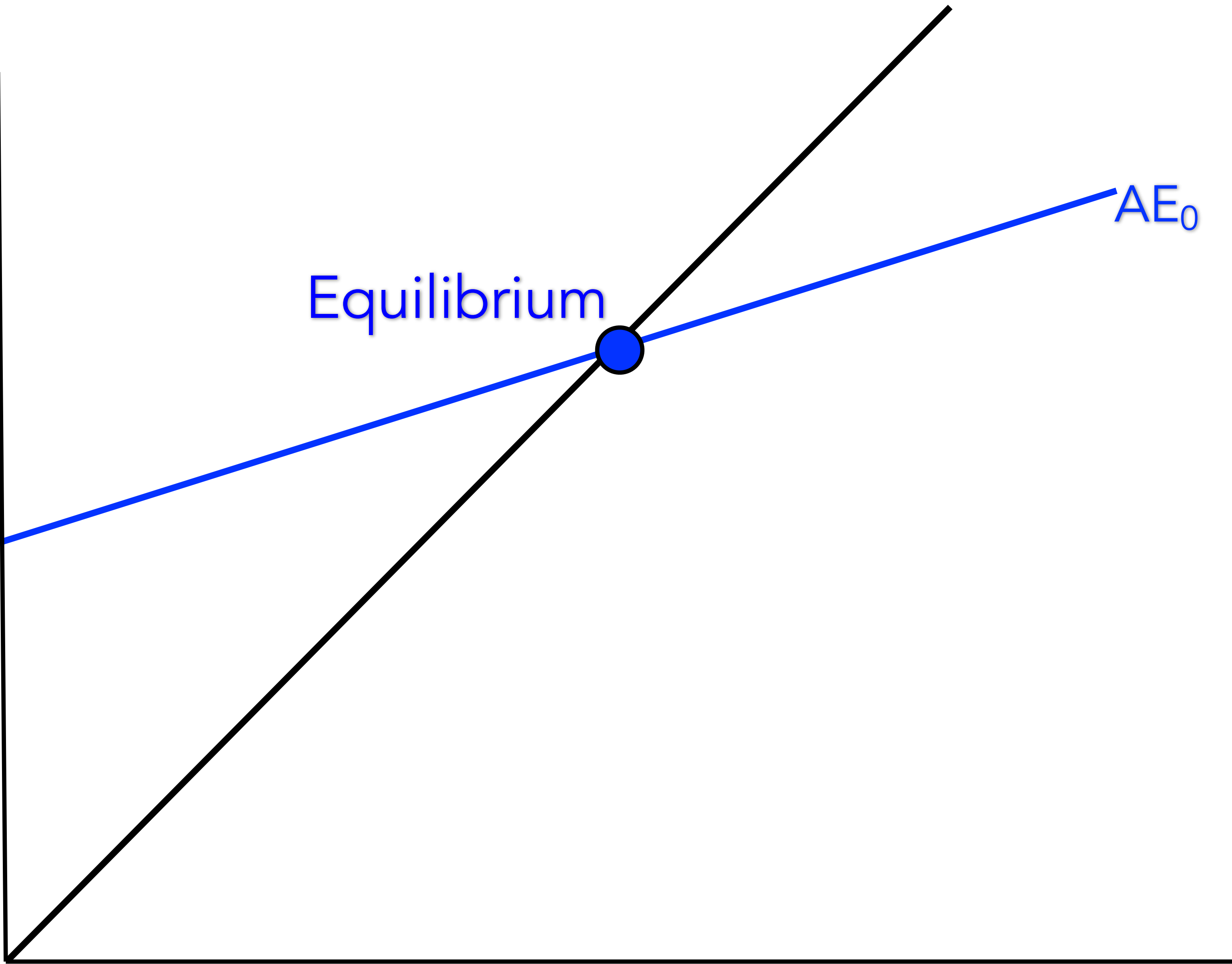




Recessionary
Gap



AE



AE₀

Equilibrium