

A

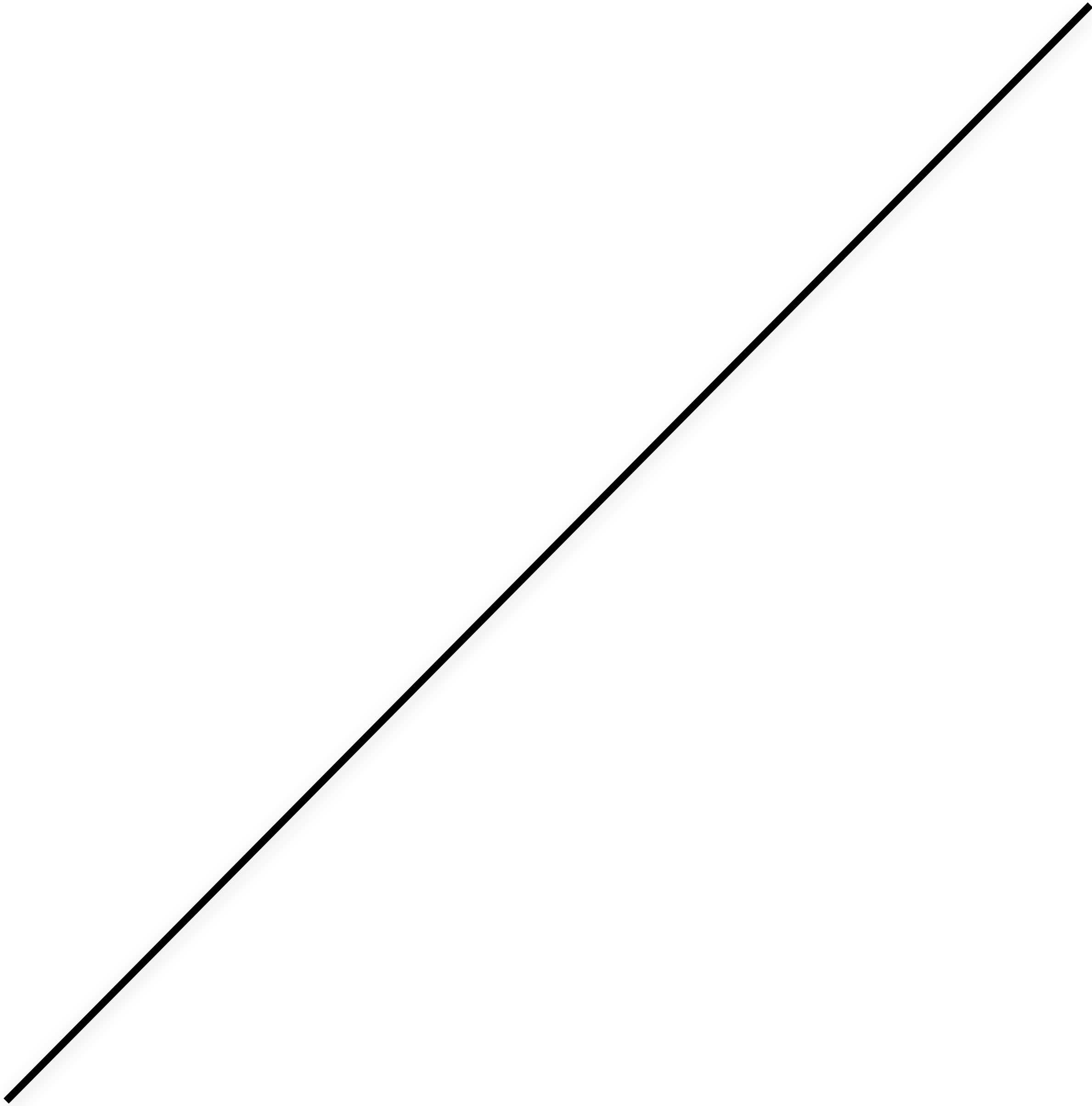
E



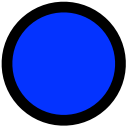
Equilibrium GDP:

6,000





Equilibrium



AE

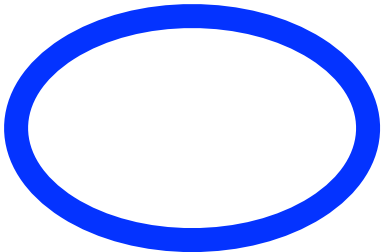
Potential GDP

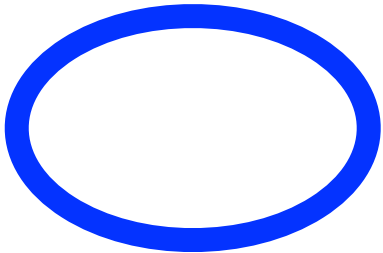


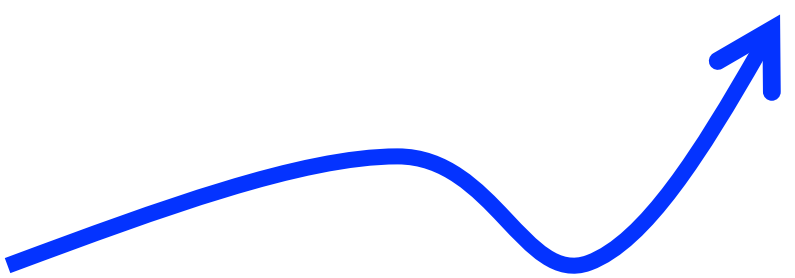
Potential

GDP : 7,000

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

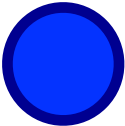


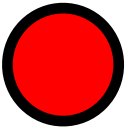




A blue speech bubble with a tail pointing towards the bottom right corner. Inside the bubble, the text "Economy is producing less than desired output" is written in blue, with the word "less" highlighted in red.

Economy is
producing less than
desired output







Recessionary
Gap

45°



