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GDP₀

P_1

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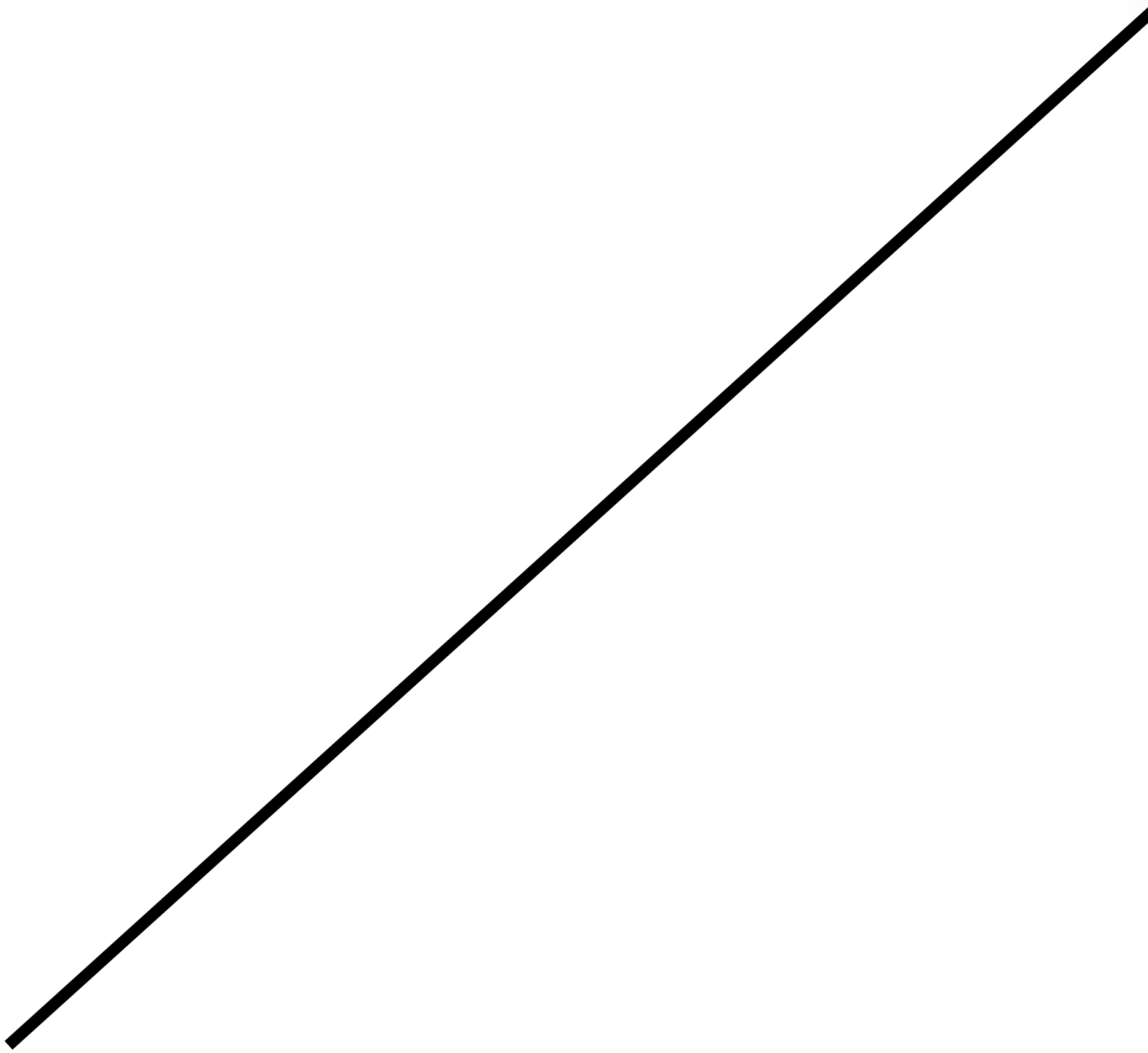
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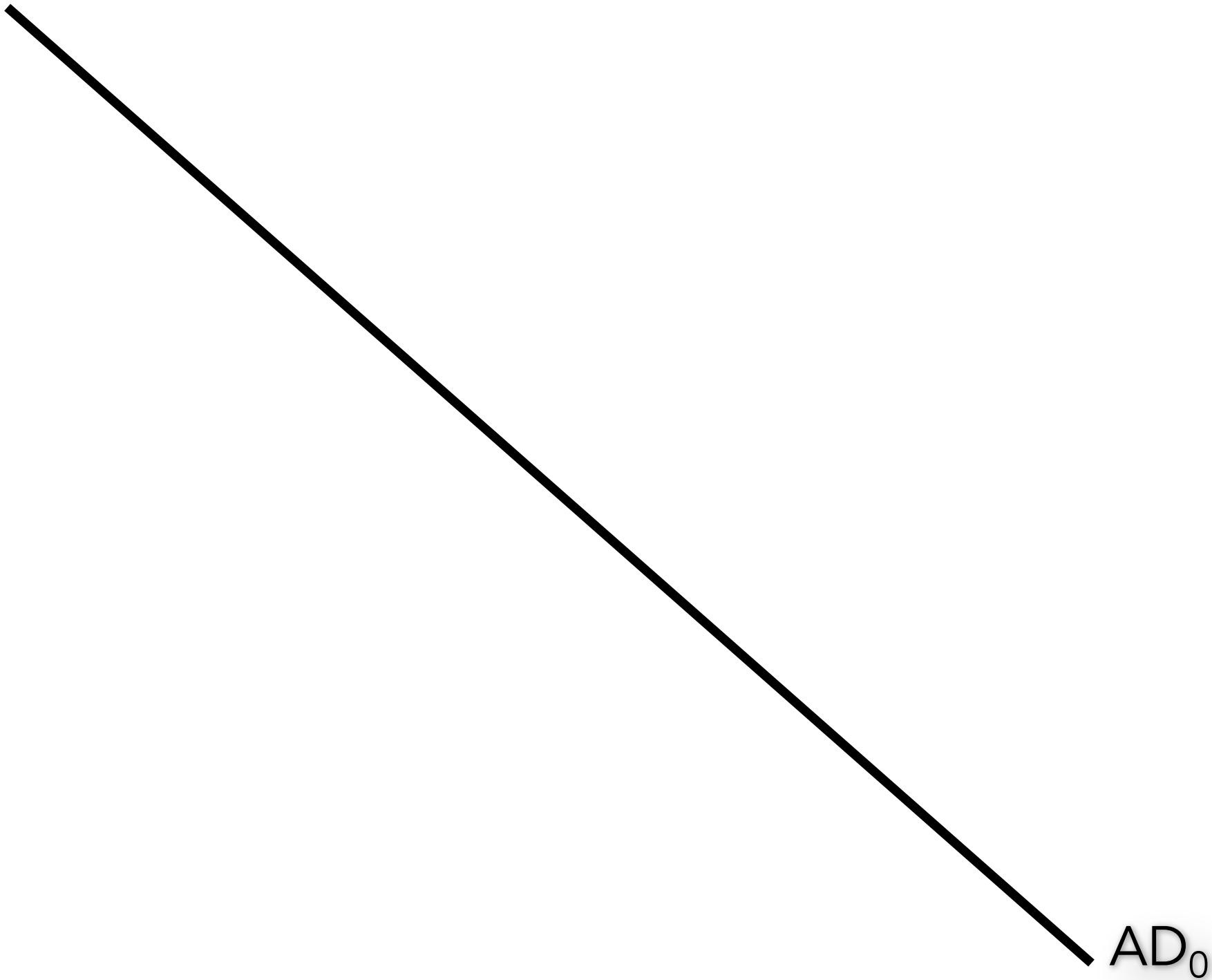
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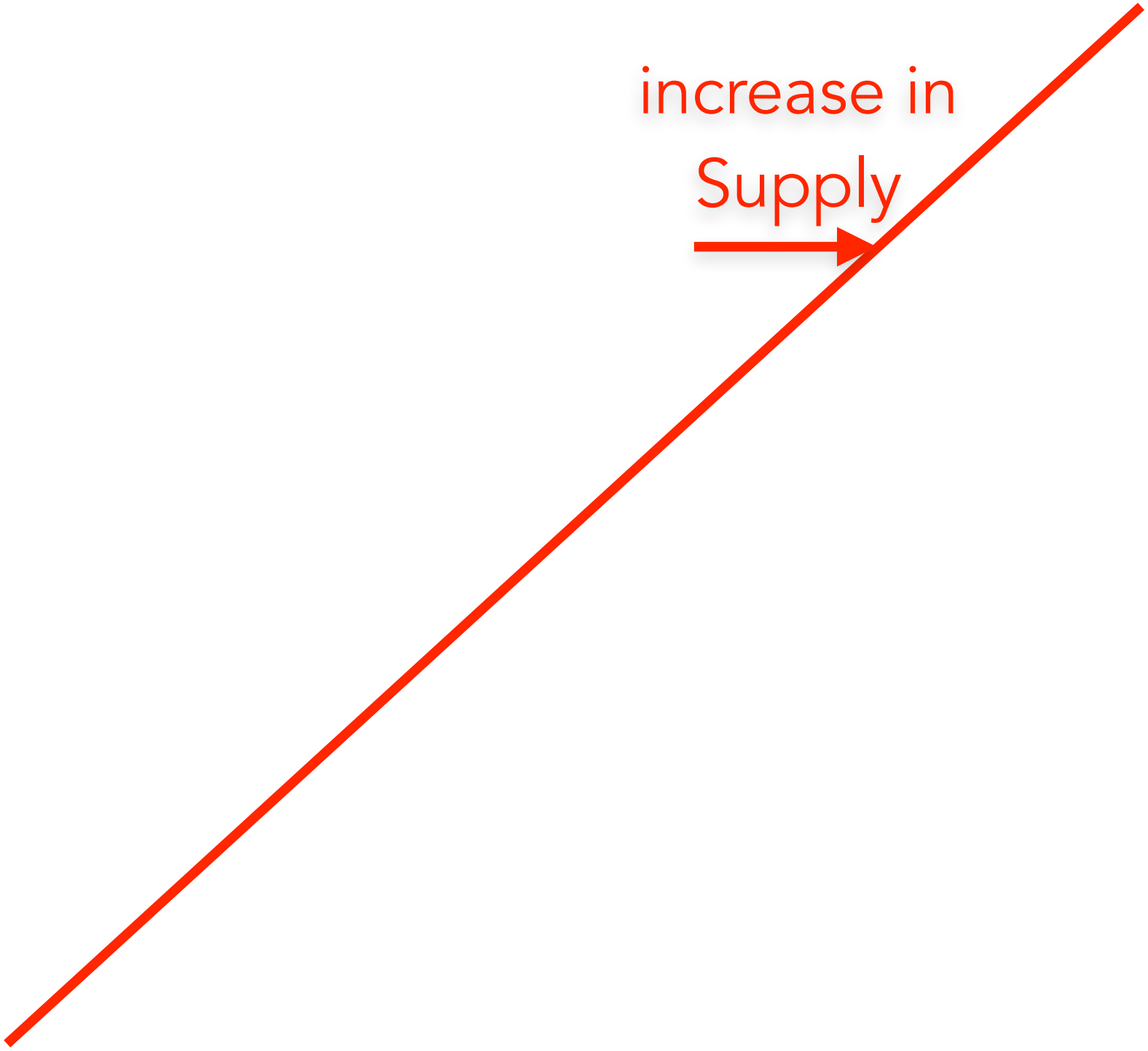
AS_0







increase in
Supply



AS₁

GDP₁

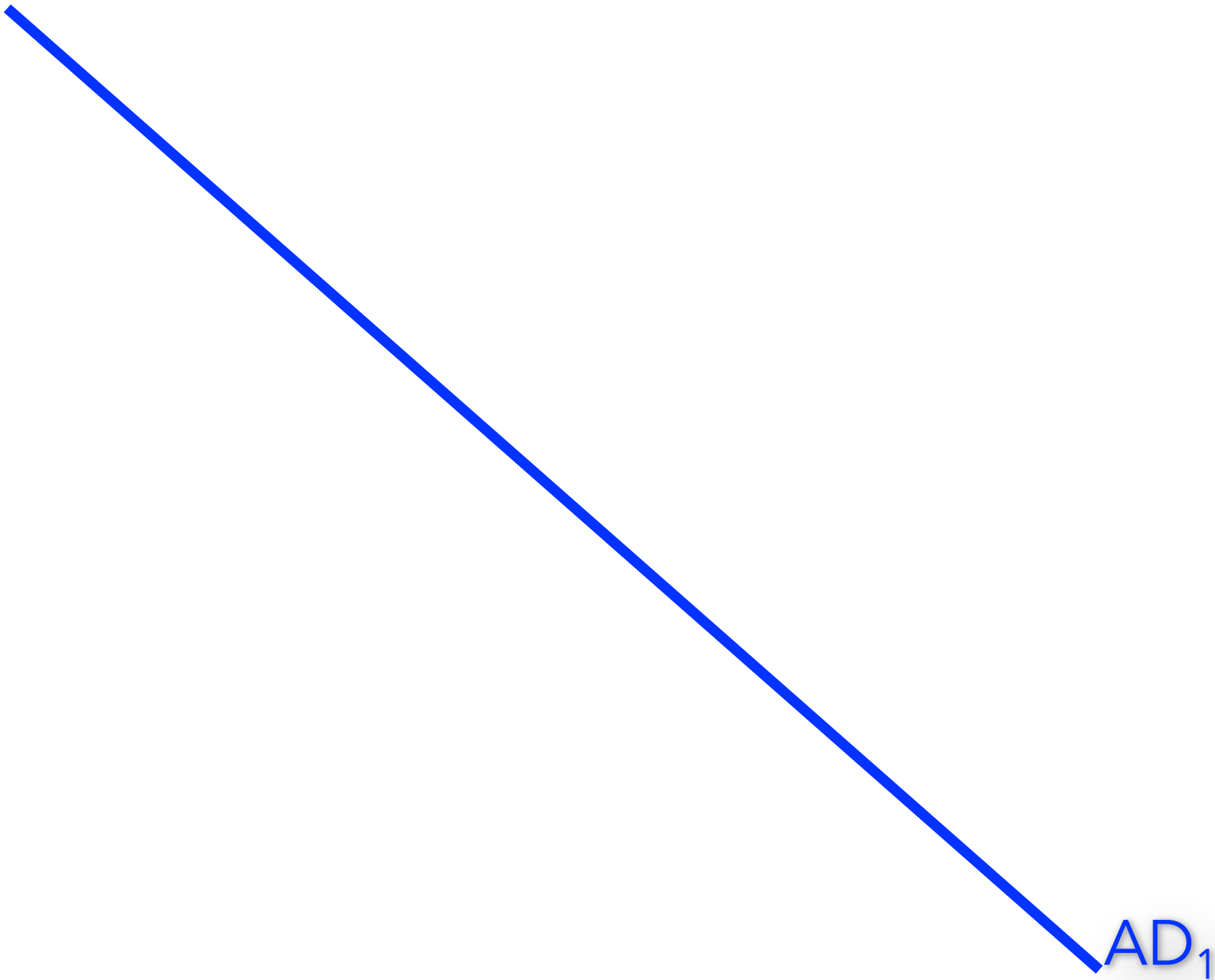
Price Level
(CPI)



The Effect of an Decrease in Demand and an Increase in Supply

Decrease
in Demand





Smaller

Larger



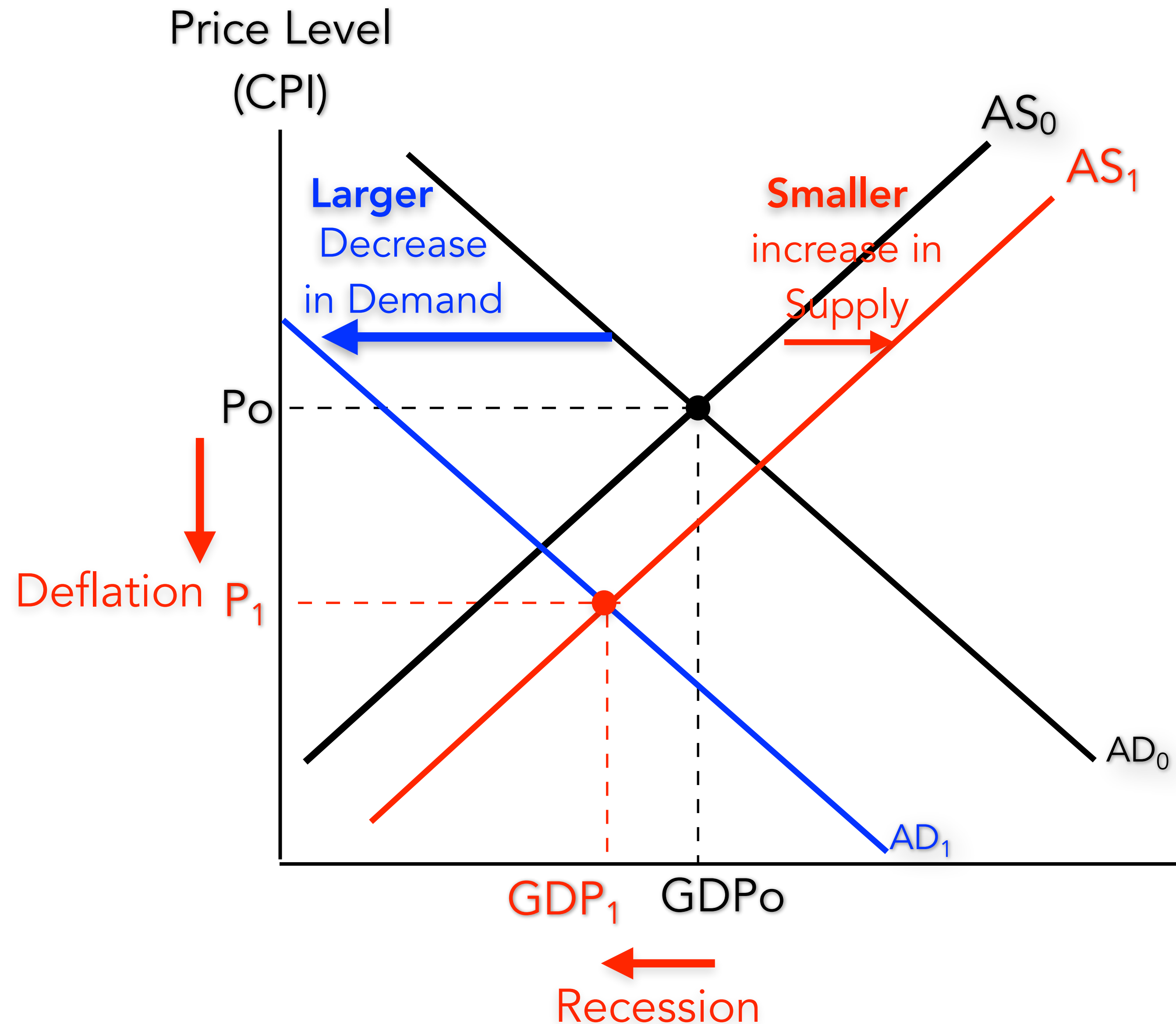
Deflation





Recession

The Effect of an **Decrease** in Demand and an **Increase** in Supply



The Effect of an **Decrease** in Demand and an **Increase** in Supply

