

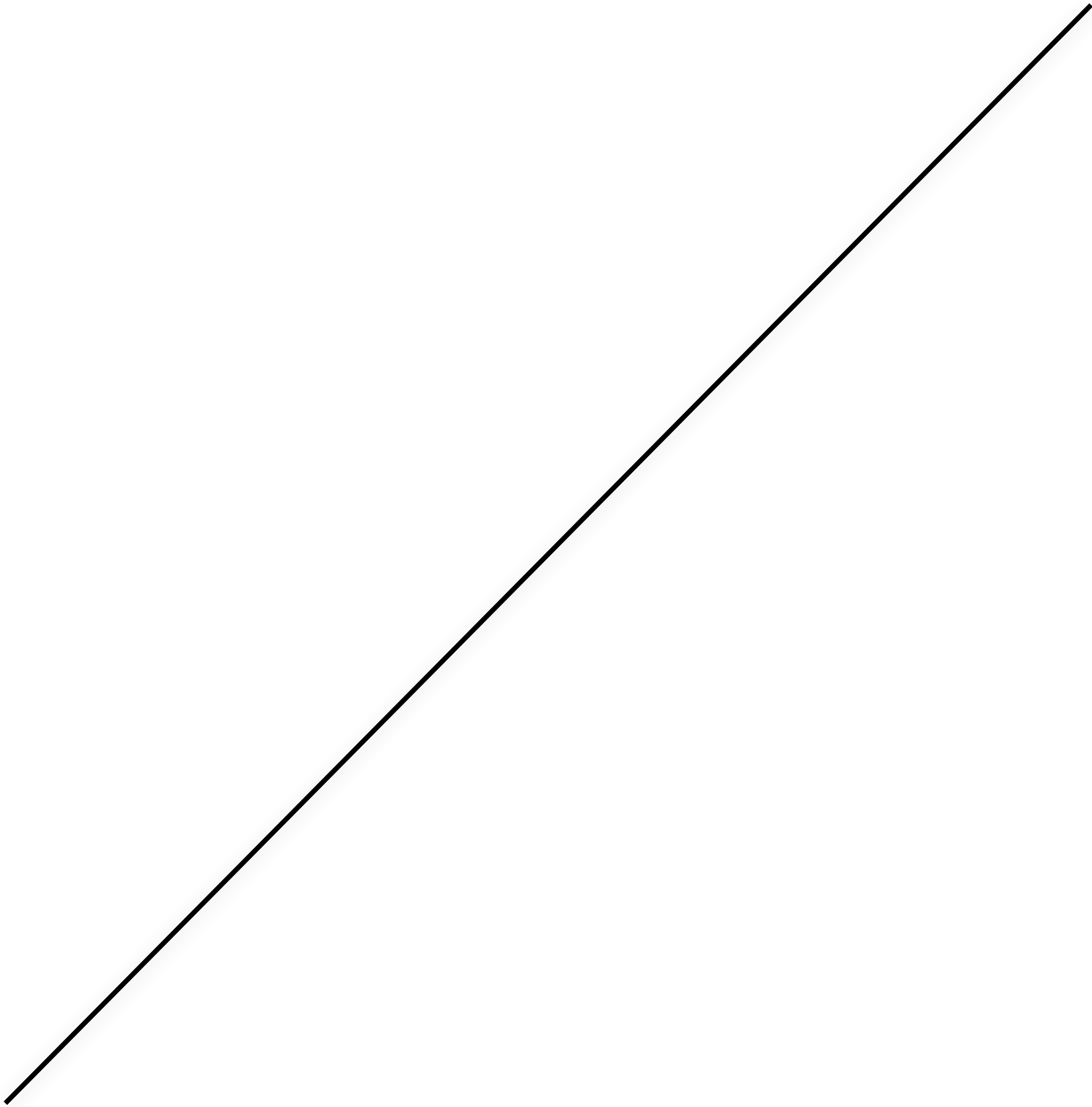
A

E



Equilibrium GDP





Equilibrium.

AE₀

Potential GDP



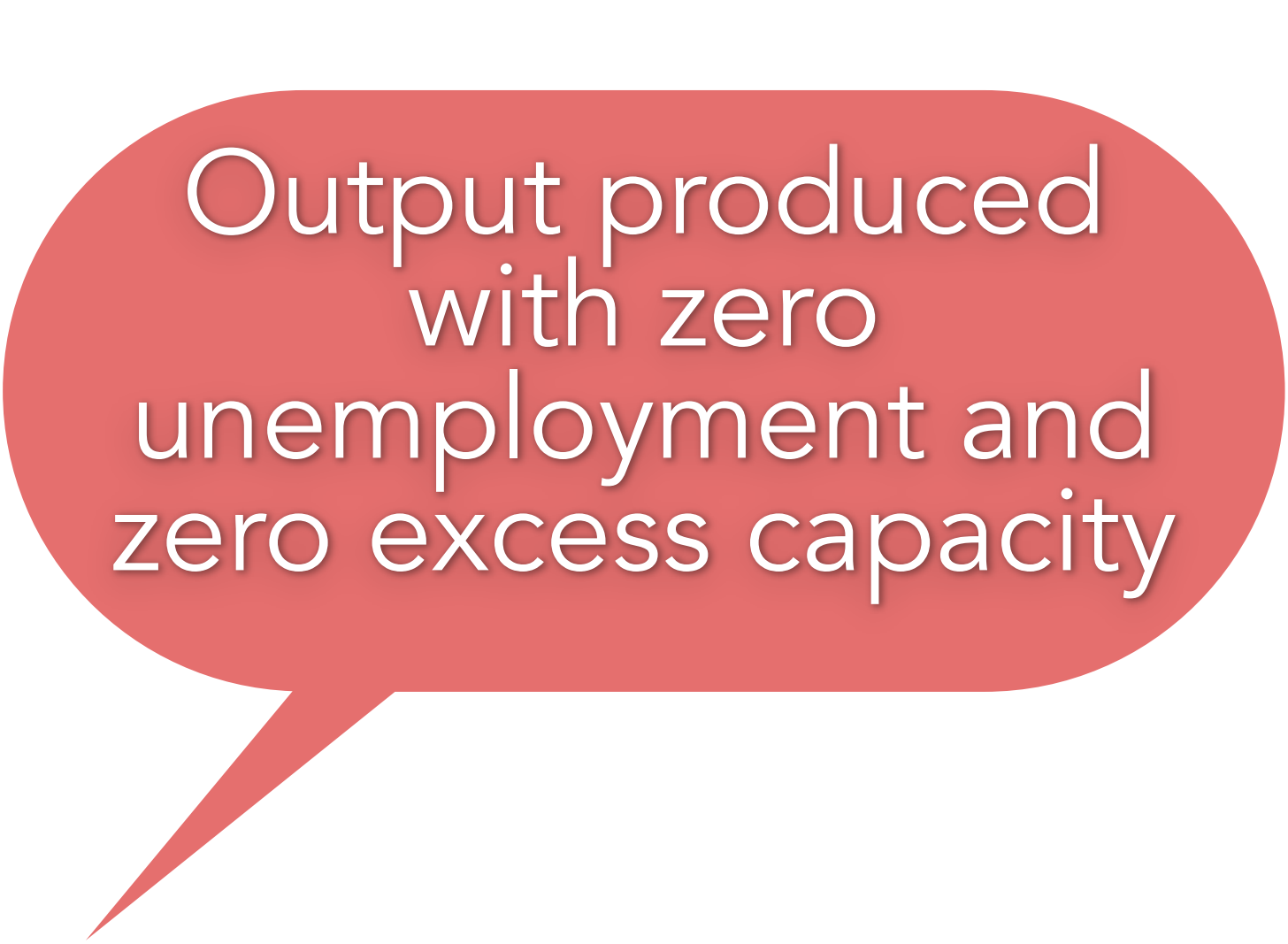


45°



Potential GDP

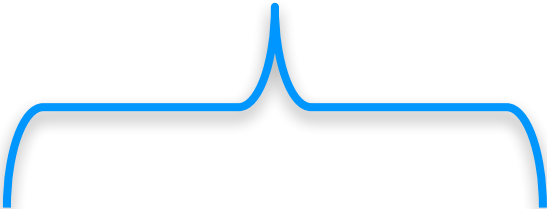



A large, red, rounded speech bubble with a tail pointing towards the bottom-left corner. The bubble is filled with a solid red color and contains white text. The text is arranged in four lines, centered within the bubble. The font is a clean, sans-serif typeface.

Output produced
with zero
unemployment and
zero excess capacity

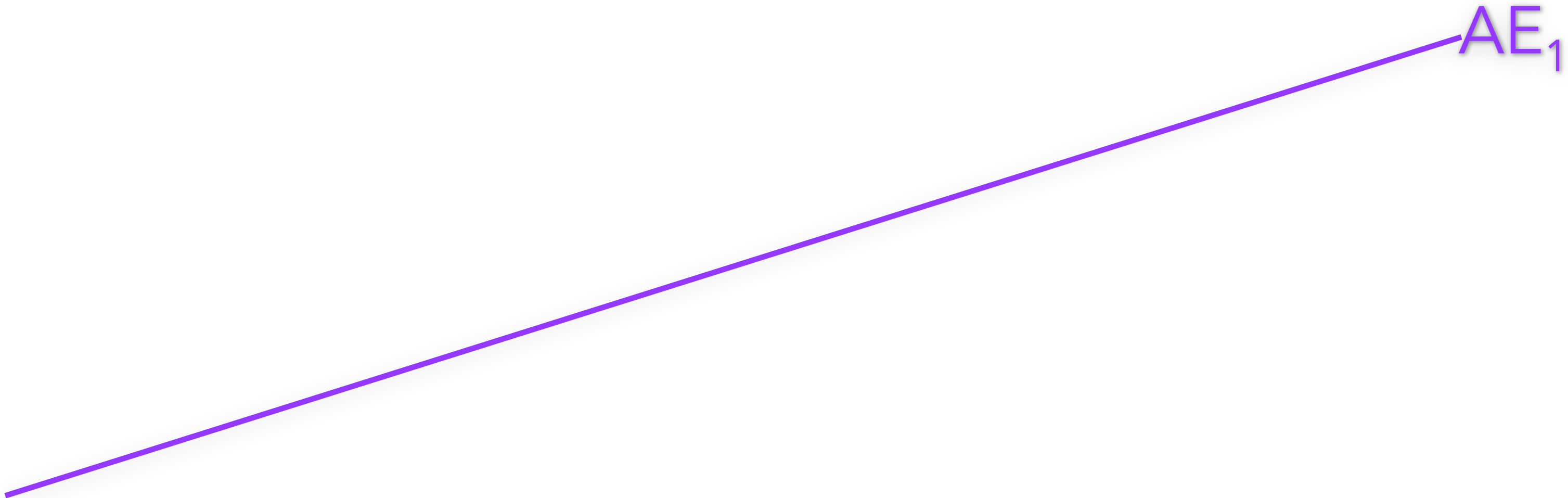


Recessionary
Gap





To close a
Recessionary
Gap: AE
must rise





New Equilibrium
= Potential GDP



