

Inflation, Unemployment and Growth Drill Set 1

Create the appropriate graphs for the following problems.

1. Both consumer spending and business investment have increased dramatically. Show this using an aggregate supply and demand curve graph.
2. Using a graph with both a long-run and short-run aggregate supply curve, show an economy with a recessionary gap.
3. Low real interest rates encourage businesses to invest. What will happen to long-run aggregate supply? Graph it.
4. Show growth using a PPC graph.
5. Workers demand and win higher wages. Show this using an aggregate supply and demand curve graph.