



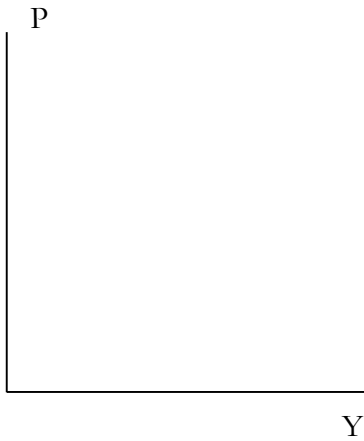
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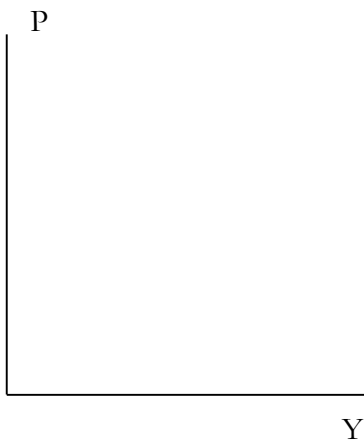
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Chapter 13 - Problems

1. In the AS-AD model, **show graphically** what would happen to the US economy in the short-run and in the long-run if aliens doubled the amount of capital in our economy. Label the initial long-run equilibrium with A, the short-run equilibrium with B, and the new long-run equilibrium with C.



2. In the AS-AD model, **show graphically** what would happen to the US economy in the short-run and in the long-run if income tax rates increase. Label the initial long-run equilibrium with A, the short-run equilibrium with B, and the new long-run equilibrium with C.





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