





Name &amp; SID:

Date:

8. Explain why an increase in aggregate demand when the economy is operating at low levels of output (e.g. a recession) is likely to result in an increase in output with little or no increase in the overall price level.

9. Explain why an increase in aggregate demand when the economy is operating at high levels of output is likely to result in an increase in output with large increases in the overall price level.