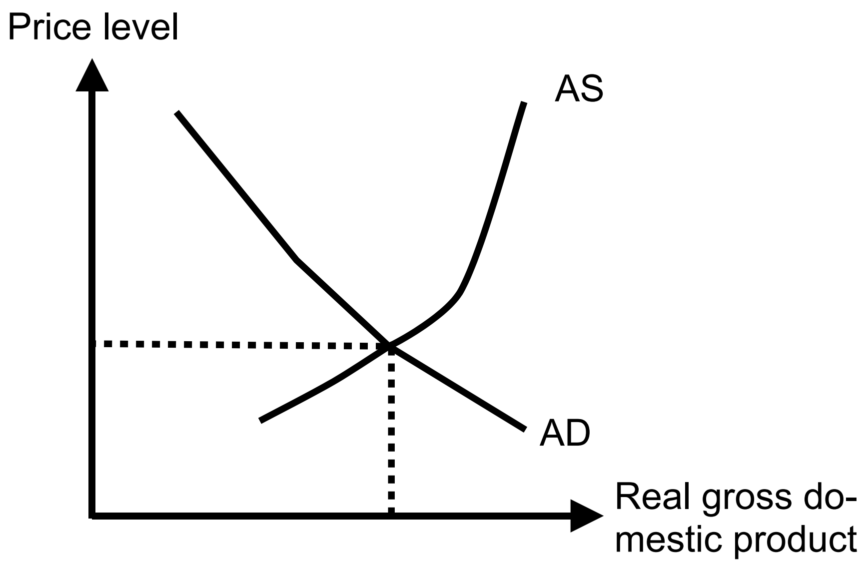
Tax and AD-AS model (E118b)

→ What are the effects on **real gross domestic product** and on the **price level** if **income tax** is increased? Illustrate them in the graph and describe them.



AD = Aggregate demand
AS = Aggregate supply

Click here to get the answer!