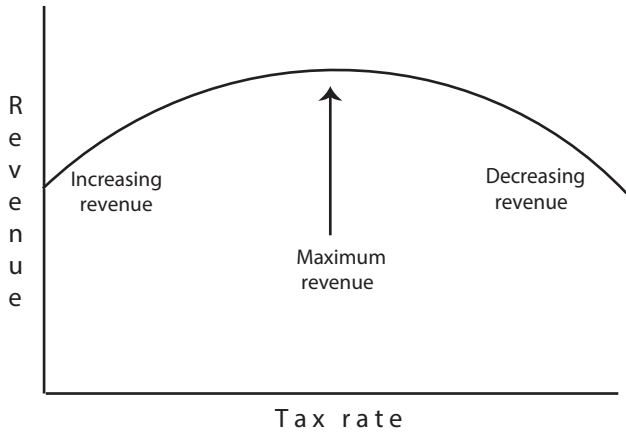


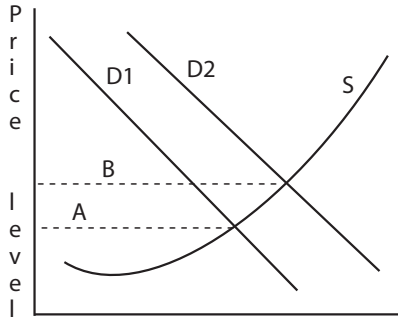
**Figure 2.1** How changing demand affects price



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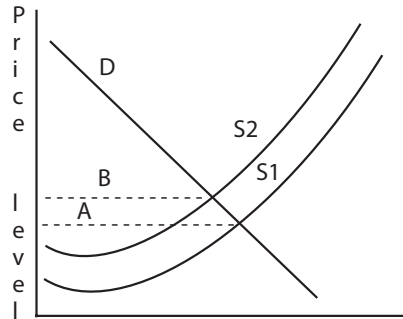
**Figure 3.1** Laffer Curve

Demand-pull inflation



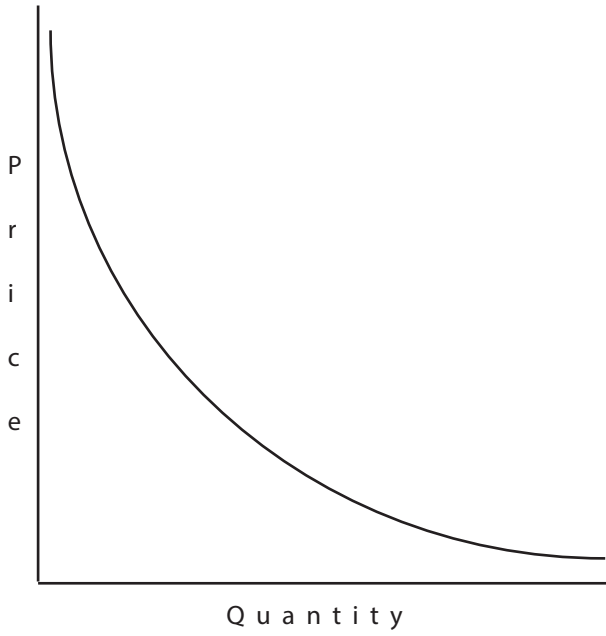
- D1 - Current demand level
- D2 - Increased demand level
- S - Supply
- A - Price at current D1
- B - Increased price at D2

Cost-push inflation



- D - Demand
- S1 - Supply
- S2 - Decreased supply
- A - Price at S1
- B - Increased price at S2

**Figure 3.2** Two types of inflation



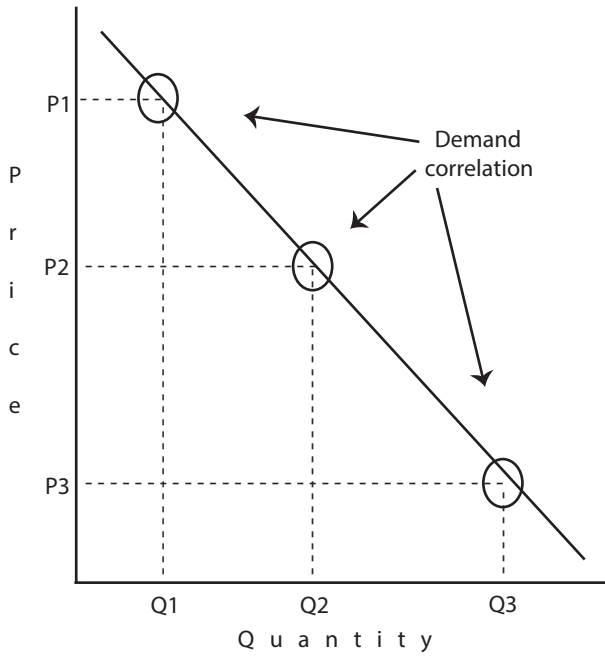
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**Figure 4.1** Demand curve

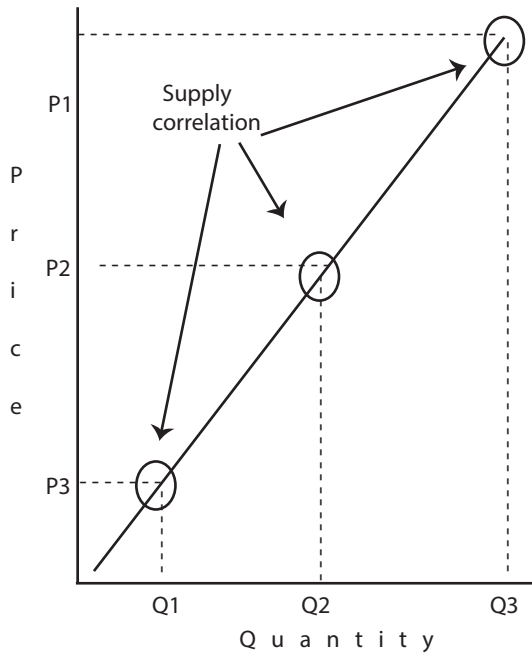


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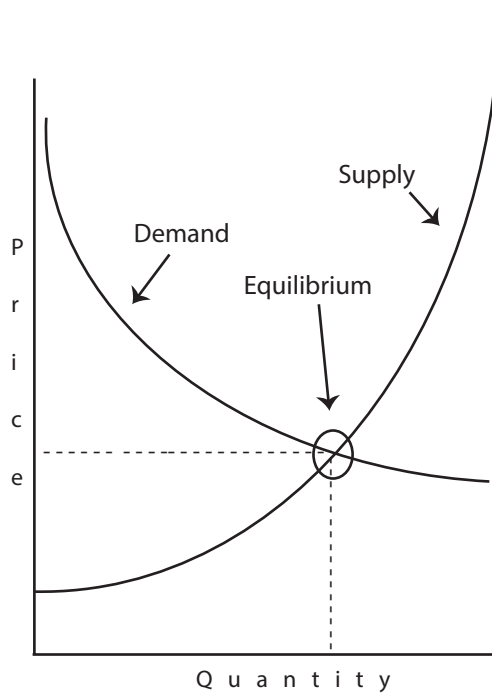
**Figure 4.2** Supply curve



**Figure 4.3** Law of demand



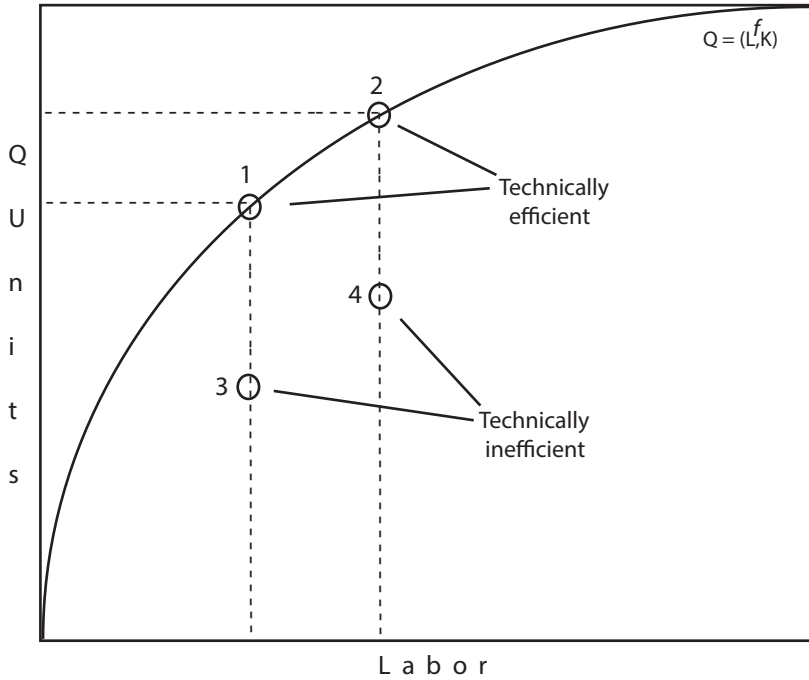
**Figure 4.4** Law of supply



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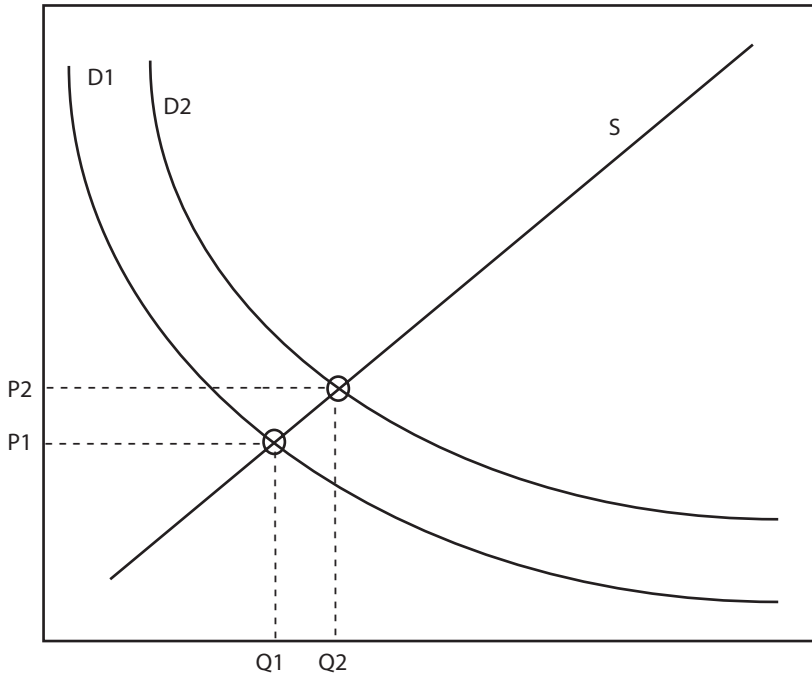
**Figure 4.5** Equilibrium





1 and 2 - Intersection of quantity and labor, representing peak efficiency  
3 and 4 - Range of inefficiency, where output is below expectations

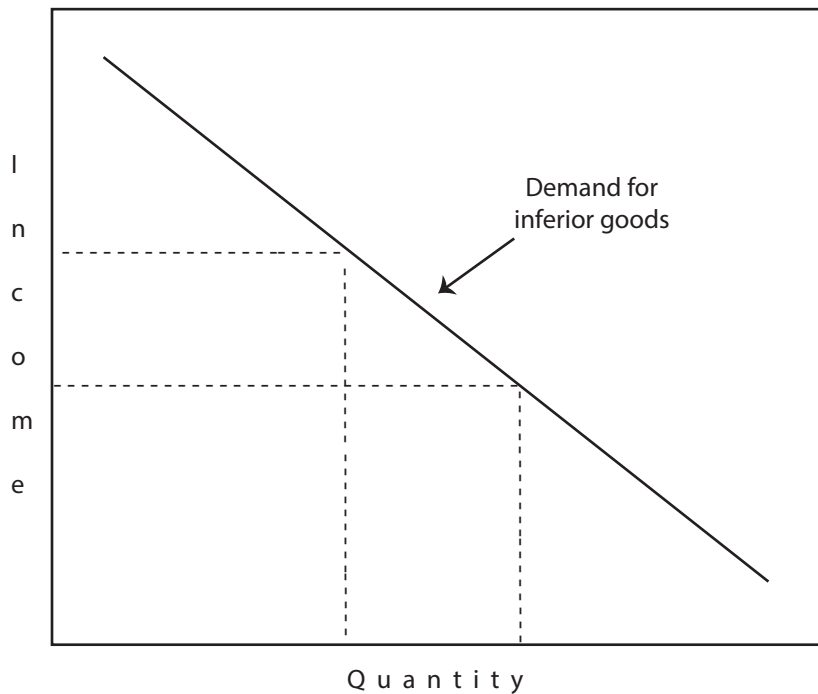
**Figure 6.1** Technical efficiency



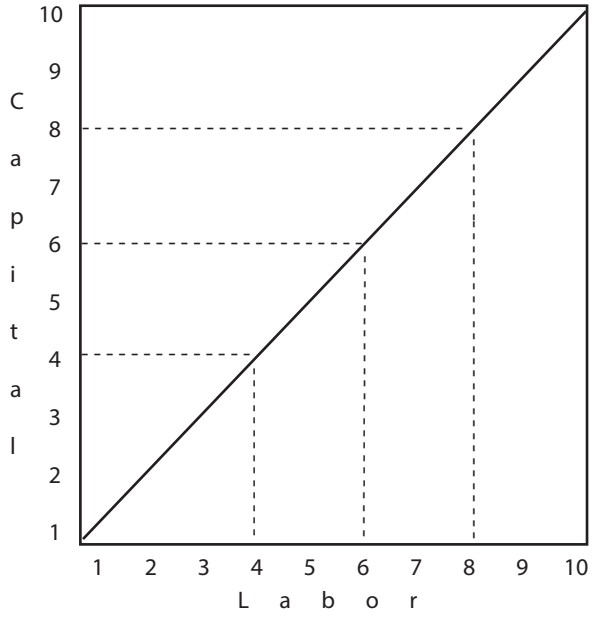
- D1 Initial demand
- D2 Increased demand
- S Supply
- P1 Initial price
- P2 Increased price
- Q1 Initial quantity
- Q2 Increased quantity

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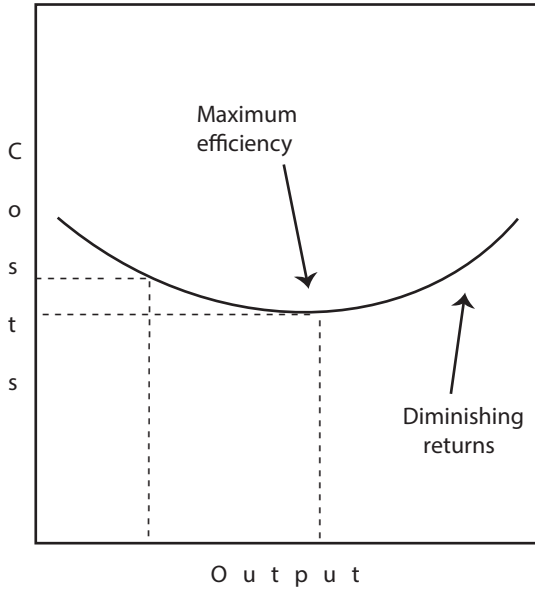
**Figure 7.1** Complements and the demand and supply curve



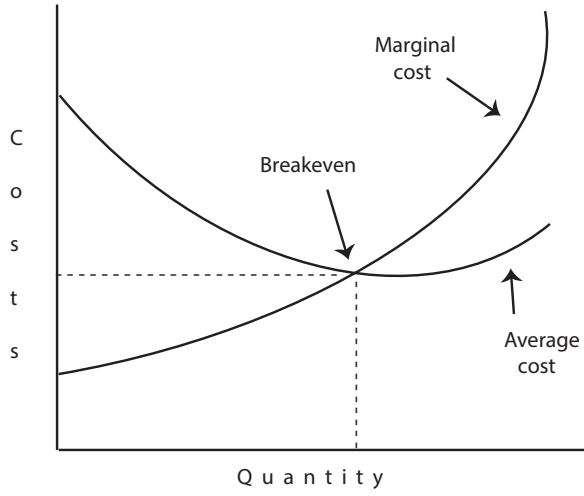
**Figure 7.2** Demand for inferior goods



**Figure 9.1** Output and labor

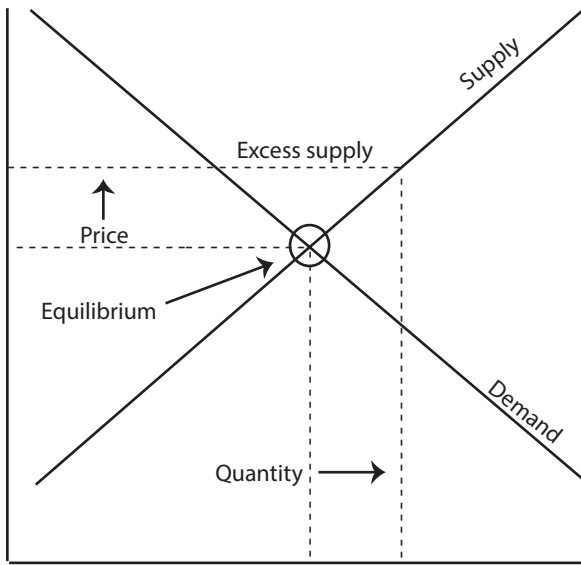


**Figure 9.2** Diminishing returns

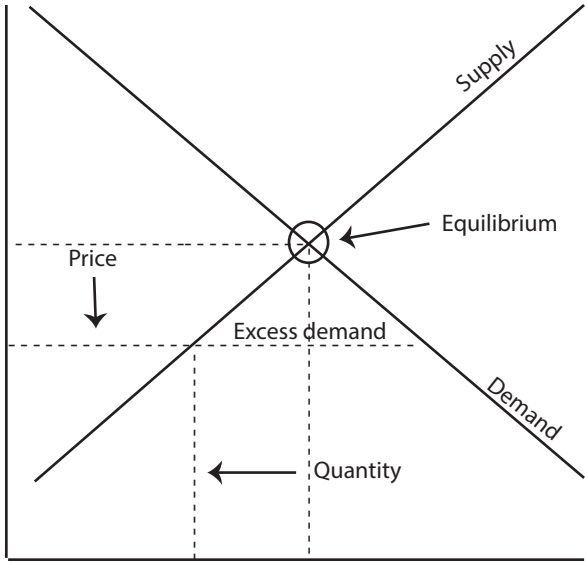


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**Figure 10.1** Marginal cost

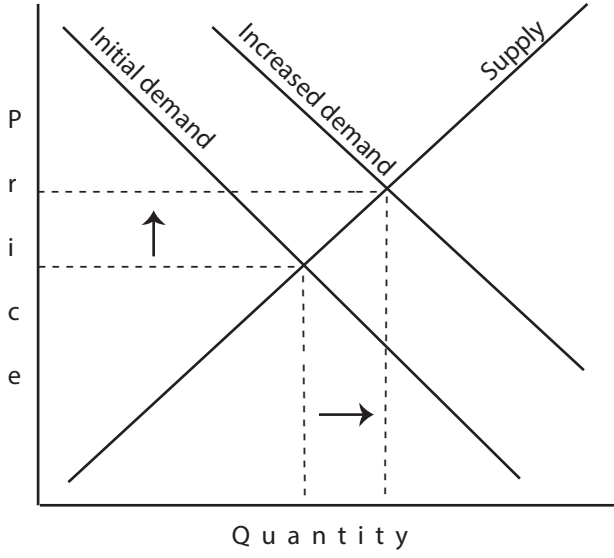


**Figure 11.1** Surplus

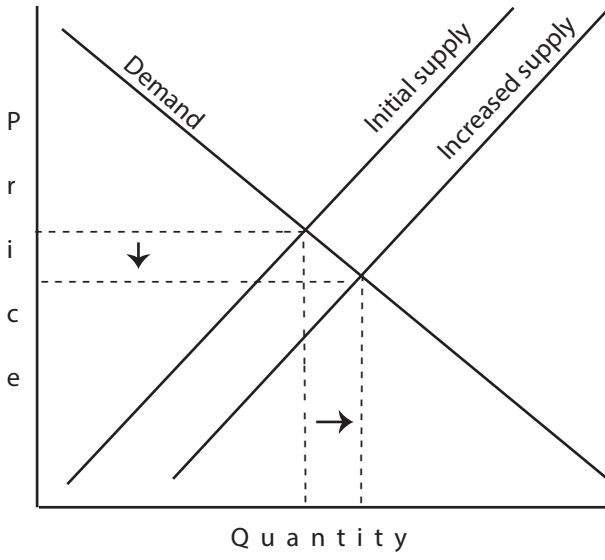


**Figure 11.2** Shortage

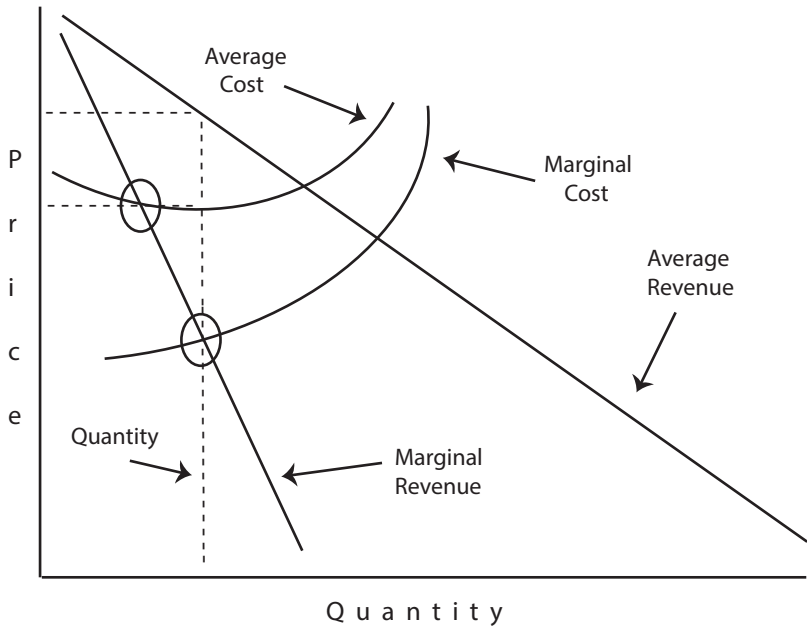




**Figure 11.3** Increase in demand

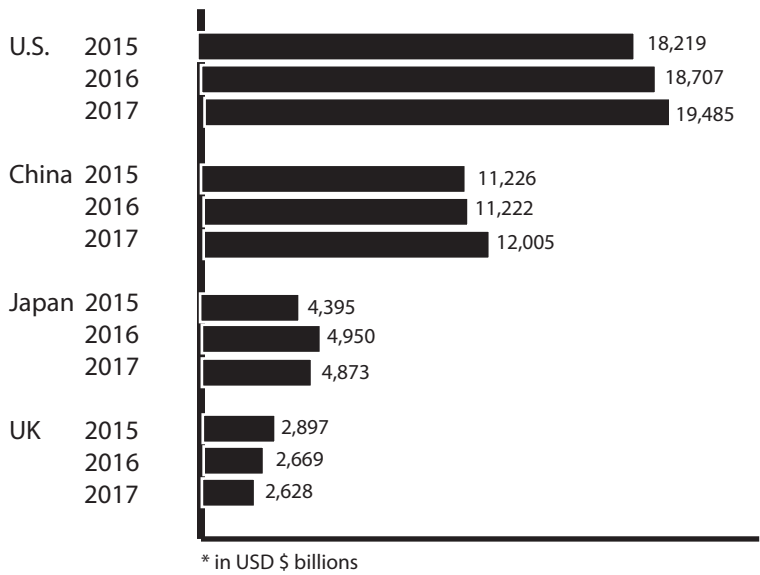


**Figure 11.4** Increase in supply

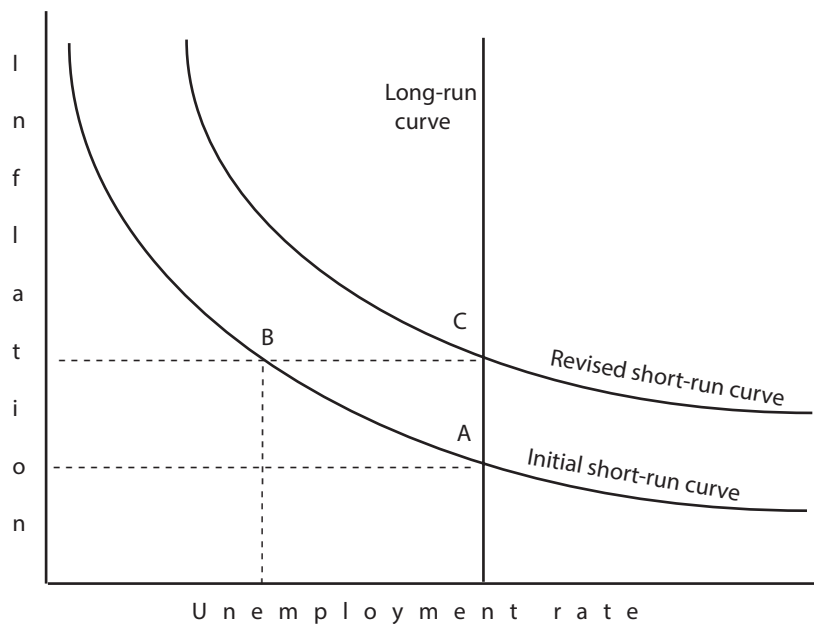


$$(average\ revenue - average\ cost) * quantity = total\ profit$$

**Figure 14.1** Equilibrium in monopolistic competition

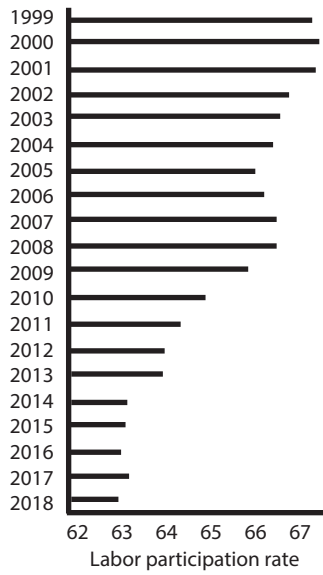


**Figure 15.1** GDP by country, three years<sup>3</sup>



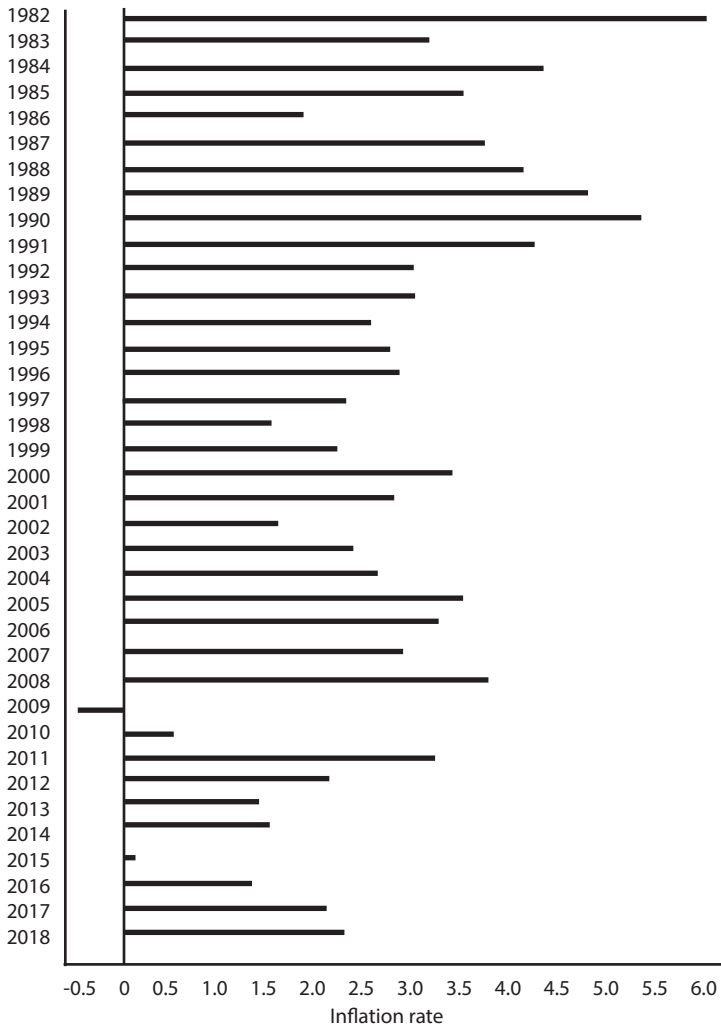
- A - The long-term and short-term unemployment rates are identical
- B - The short-term rate of unemployment declines and inflation increases
- C - The short-term rate of unemployment rises but inflation does not change

**Figure 16.1** Ideal rate of unemployment (Prepared by the author)

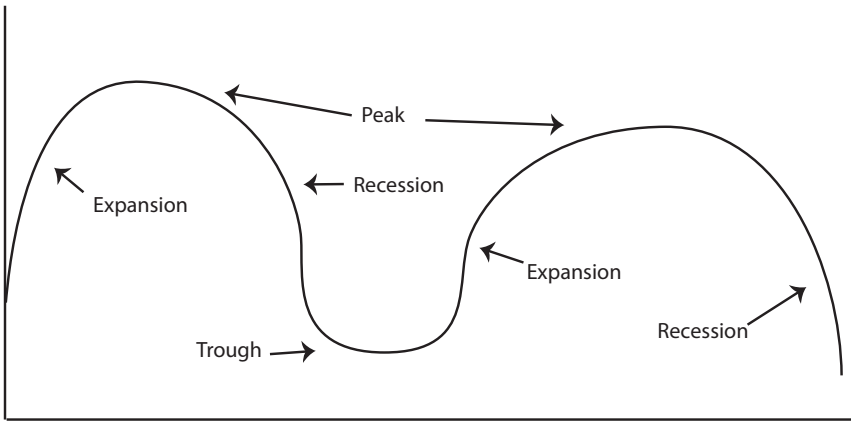


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**Figure 16.2** Labor participation rate (Source: U.S. BLS. [www.bls.gov](http://www.bls.gov))

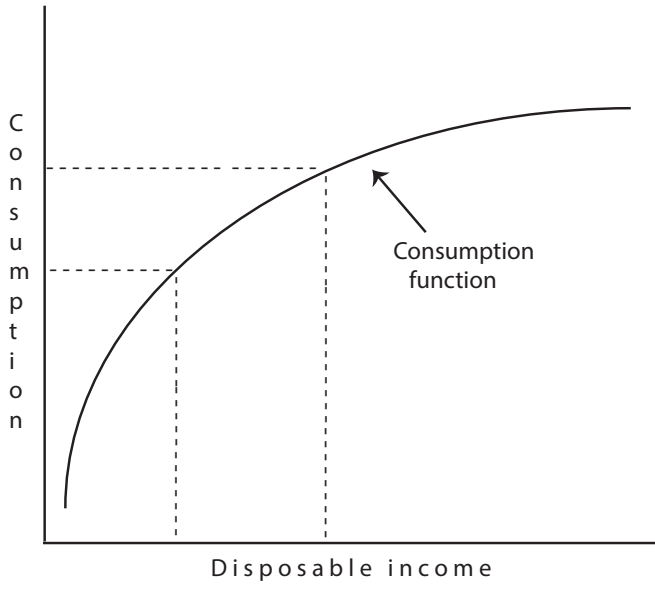


**Figure 17.1** Annual rate of inflation in the United States (*Source:* Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov))



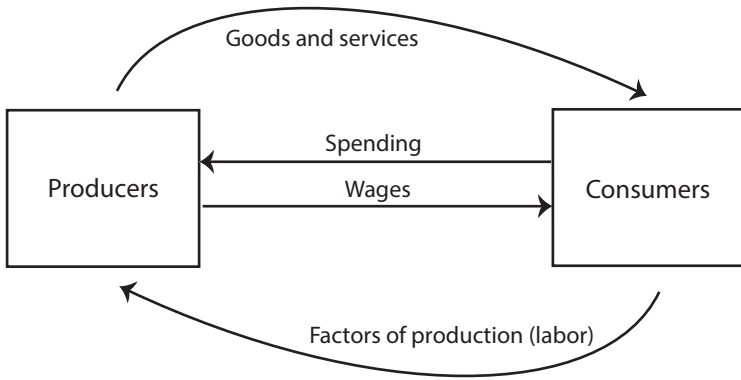
**Figure 18.1** Business cycle and its phases





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**Figure 19.1** Consumption function



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**Figure 19.2** Circular flow of income