48. In Figure 1, one would expect the aggregate supply curve to
a. become steeper in the upper portion, eliminating the inflationary gap.
b. become flatter in the upper portion, eliminating the recessionary gap.
c. shift to the right, eliminating the recessionary gap.
d. shift to the left, eliminating the inflationary gap.

49. The gap AB can be closed by ________
   a. increase in government spending   b. decrease in taxes
   c. increase in transfer payments   d. increase in taxes

50. In the absence of any government policy action, wage will _____ and long-run equilibrium will be restored at:
   a. rise; C   b. fall; C   c. rise; D   d. fall; D

51. In Figure 10-7, which panel reflects an increase in government spending?
   a. (a)   b. (b)   c. (c)   d. (d)

52. In Figure 10-7, which panel reflects an increase in transfer payments?
   a. (a)   b. (b)   c. (c)   d. (d)

53. In Figure 10-7, which panel reflects a decrease wages?
   a. (a)   b. (b)   c. (c)   d. (d)

54. In Figure 10-7, which panel reflects the supply side effects of a decrease in taxes?
   a. (a)   b. (b)   c. (c)   d. (d)