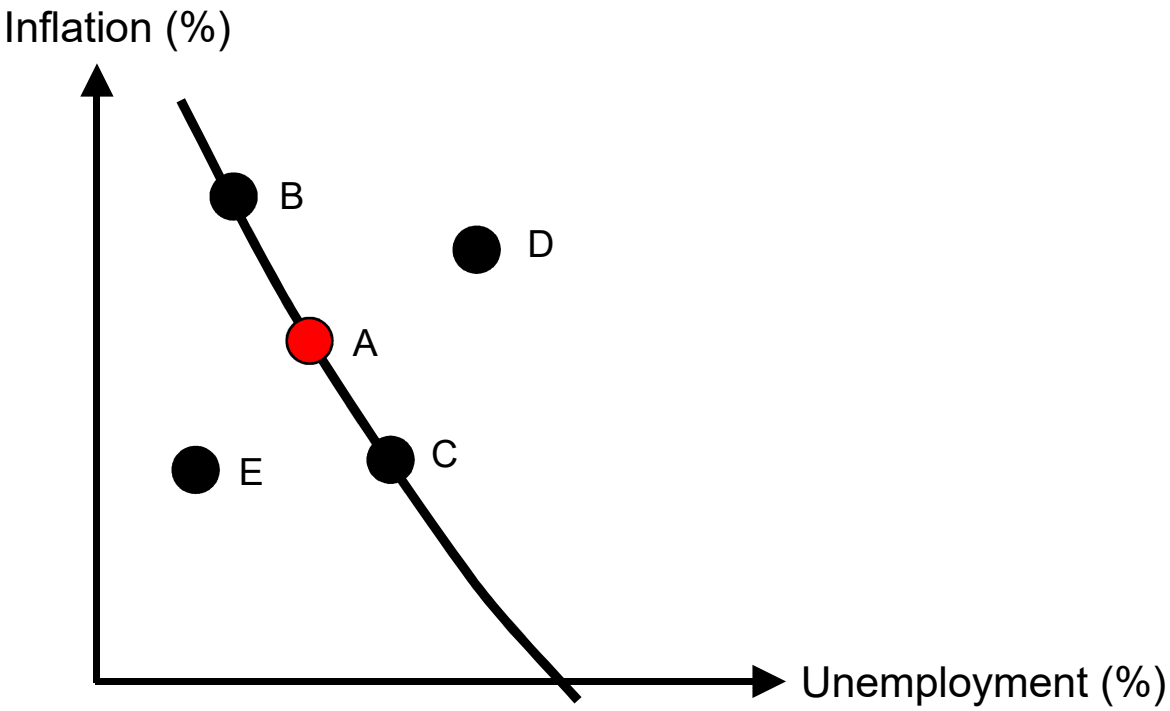
Stagflation and Phillips curve (E118c)

→ An economy is currently at **point A on the Phillips curve**. To which point will this economy move (to B, C, D, or E) if **stagflation** is observed? (Answers D and E imply a shift of the Phillips curve.) Explain your answer.



Click here to get the answer!