

Figure I-1. The IS Curve

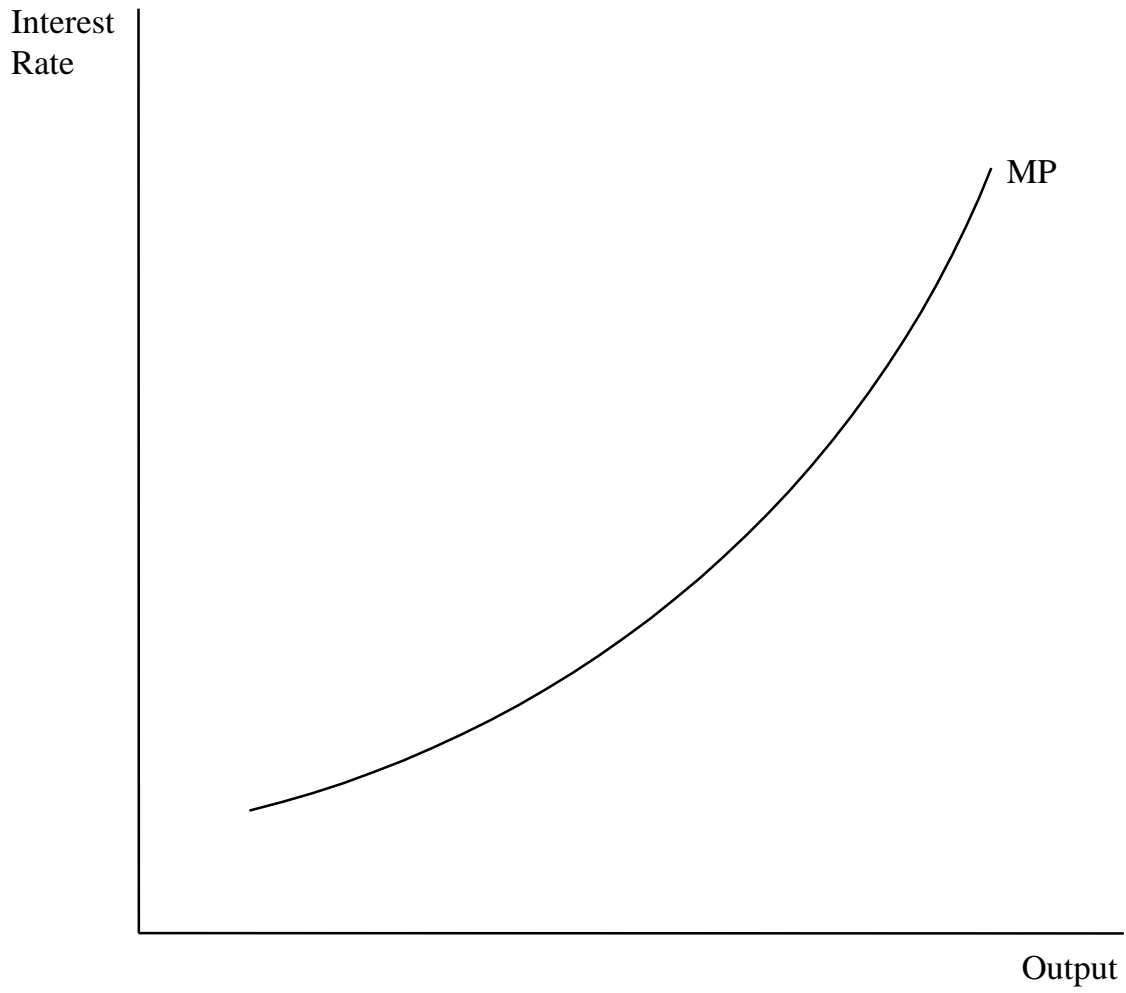


Figure I-2. The MP Curve

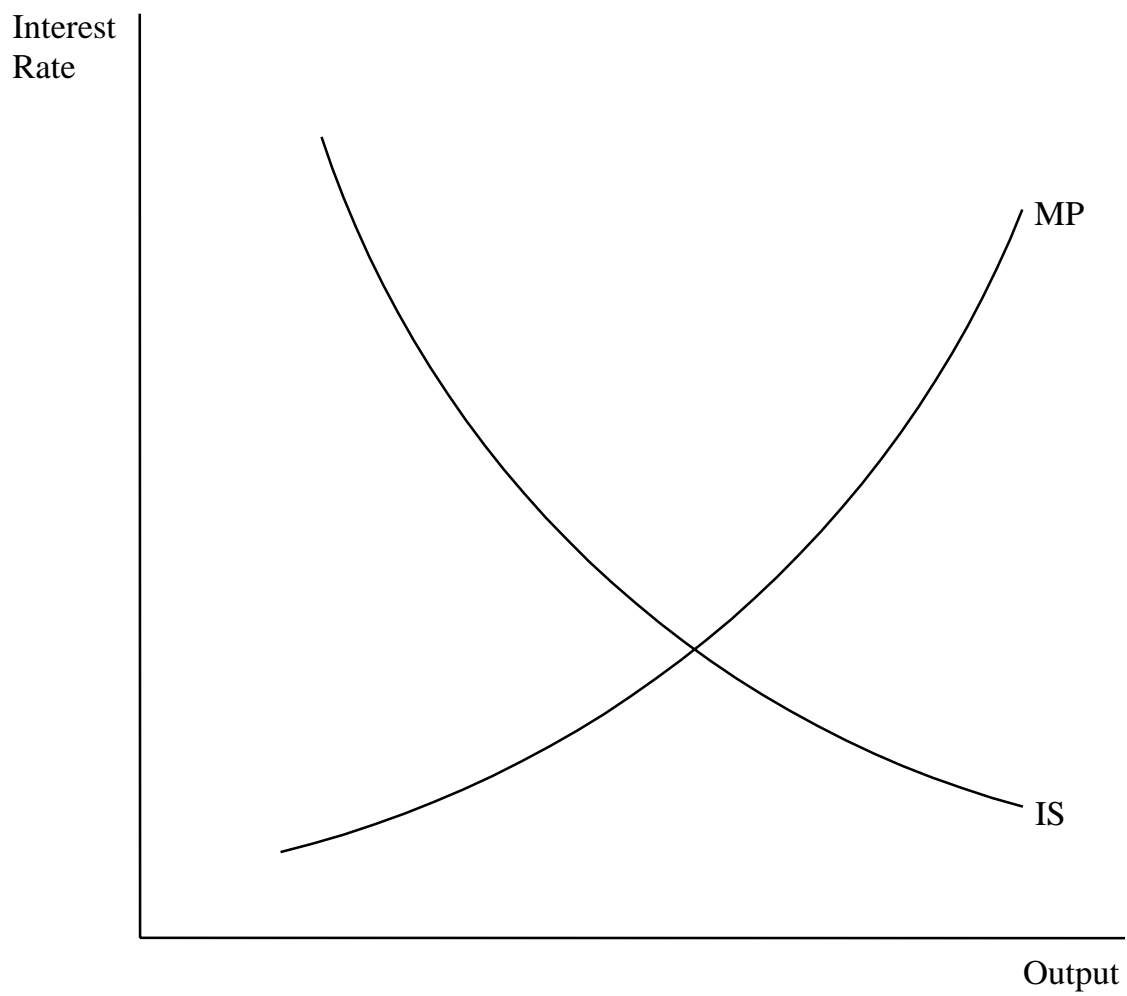


Figure I-3. The IS-MP Diagram

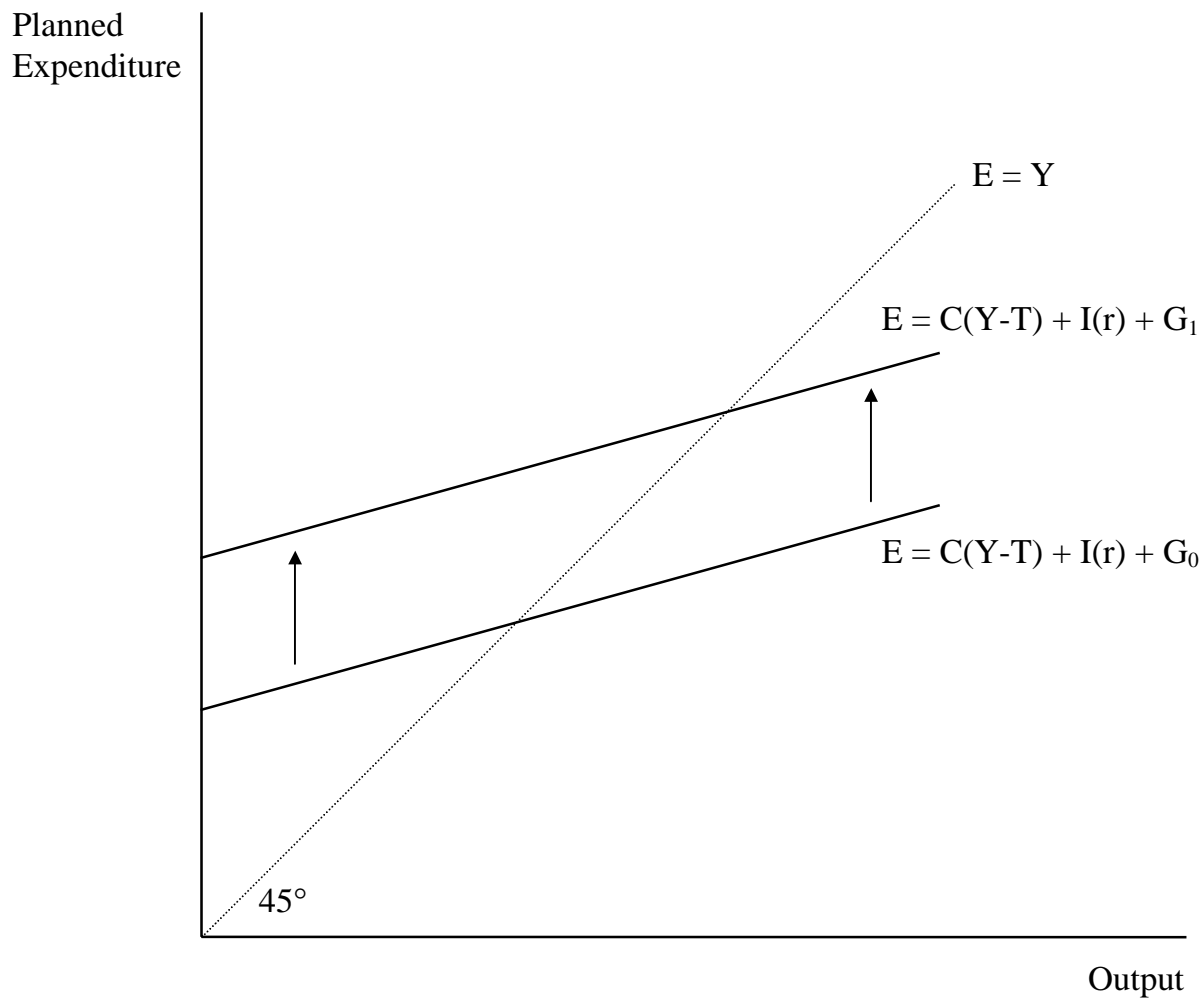


Figure I-4. The Effect of an Increase in Government Purchases on Output at a Given Interest Rate

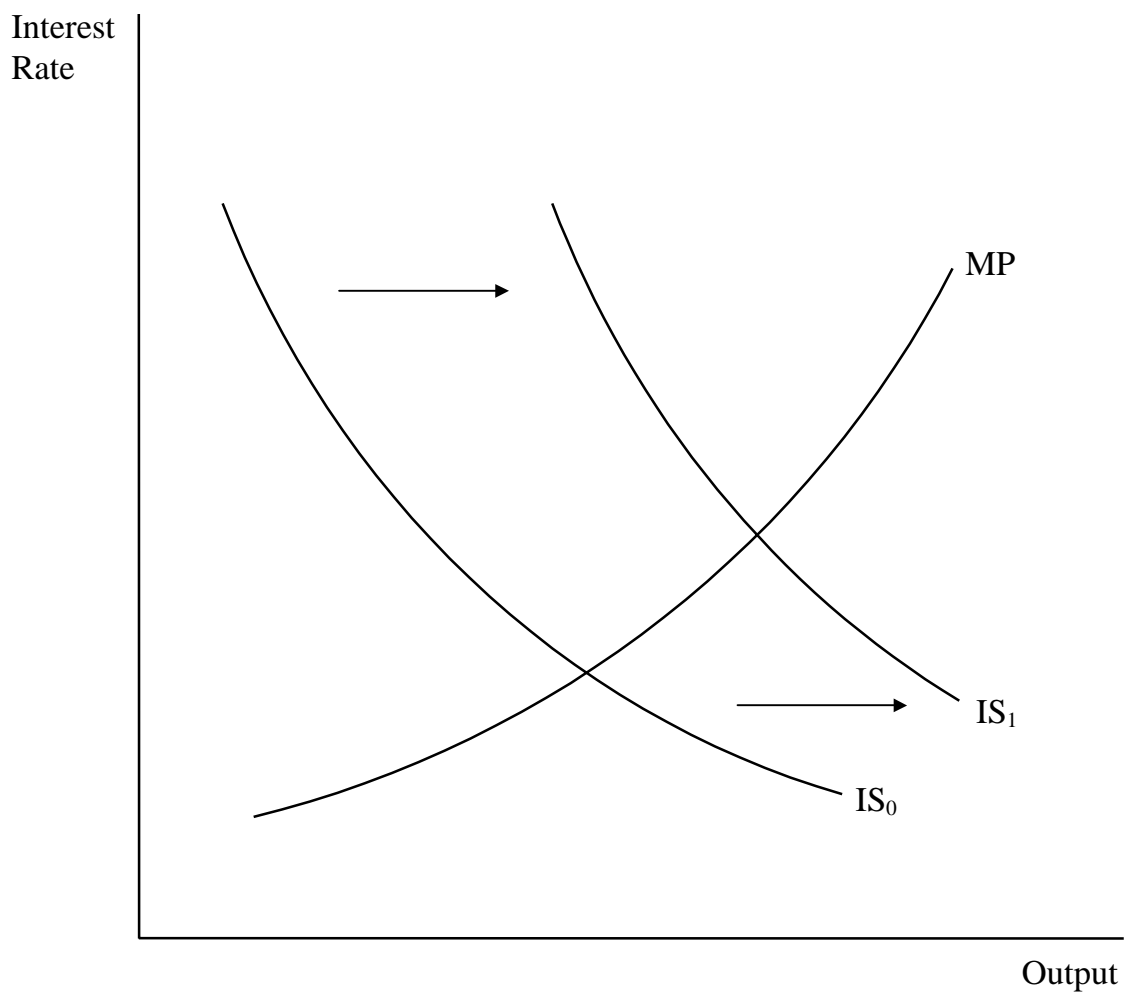


Figure I-5. The Effects of an Increase in Government Purchases on Output and the Interest Rate

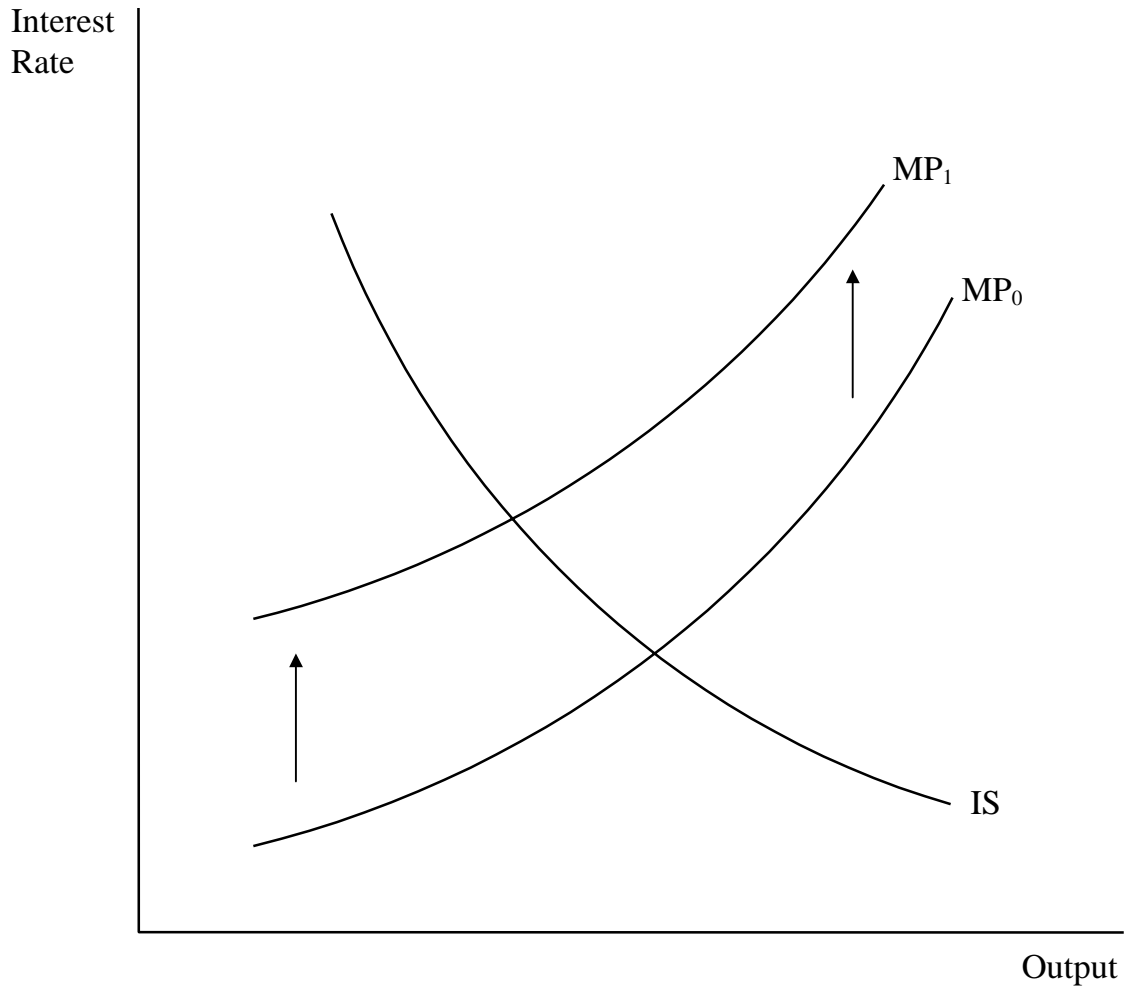


Figure I-6. The Effects of a Shift to Tighter Monetary Policy

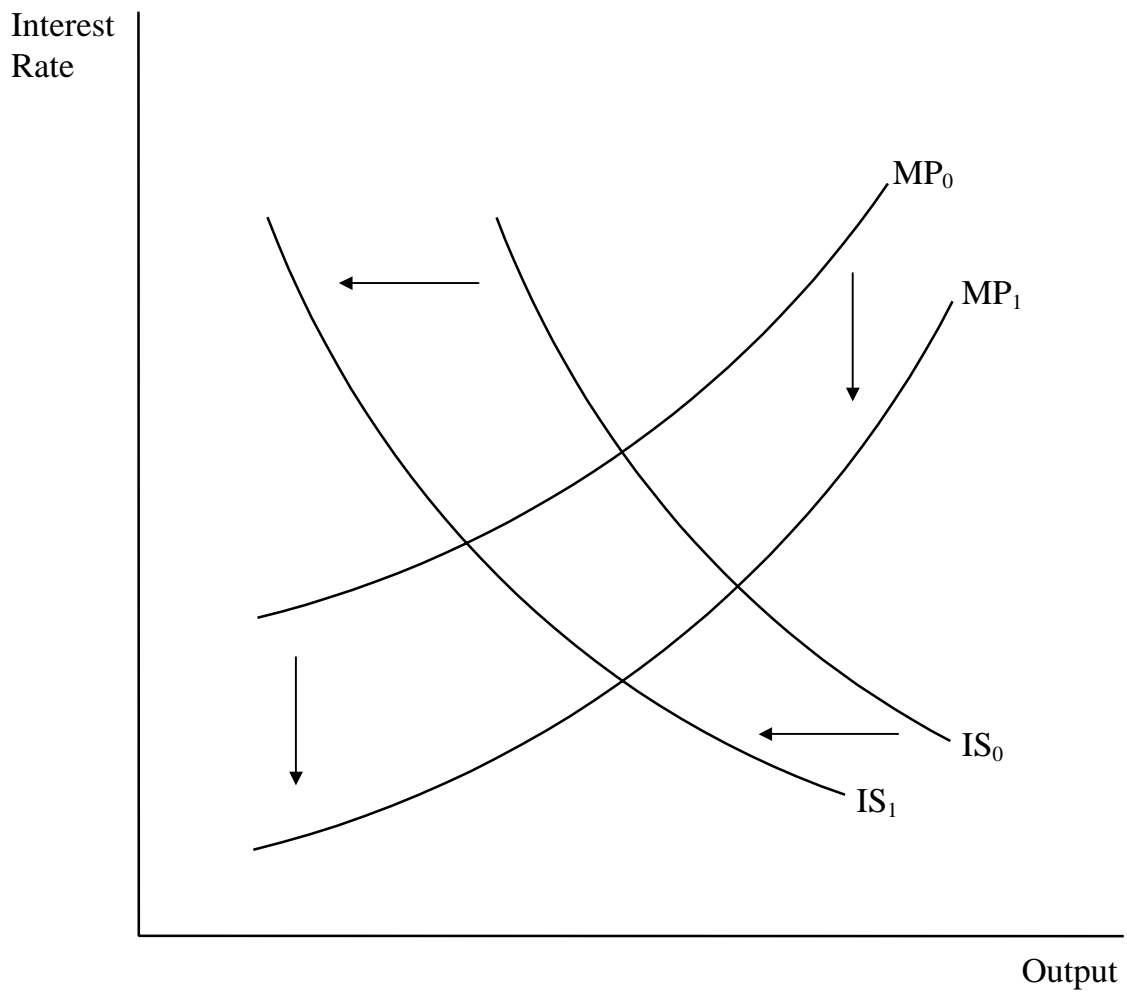


Figure I-7. The Effects of Simultaneous Changes in Fiscal and Monetary Policy that Leave Output Unchanged

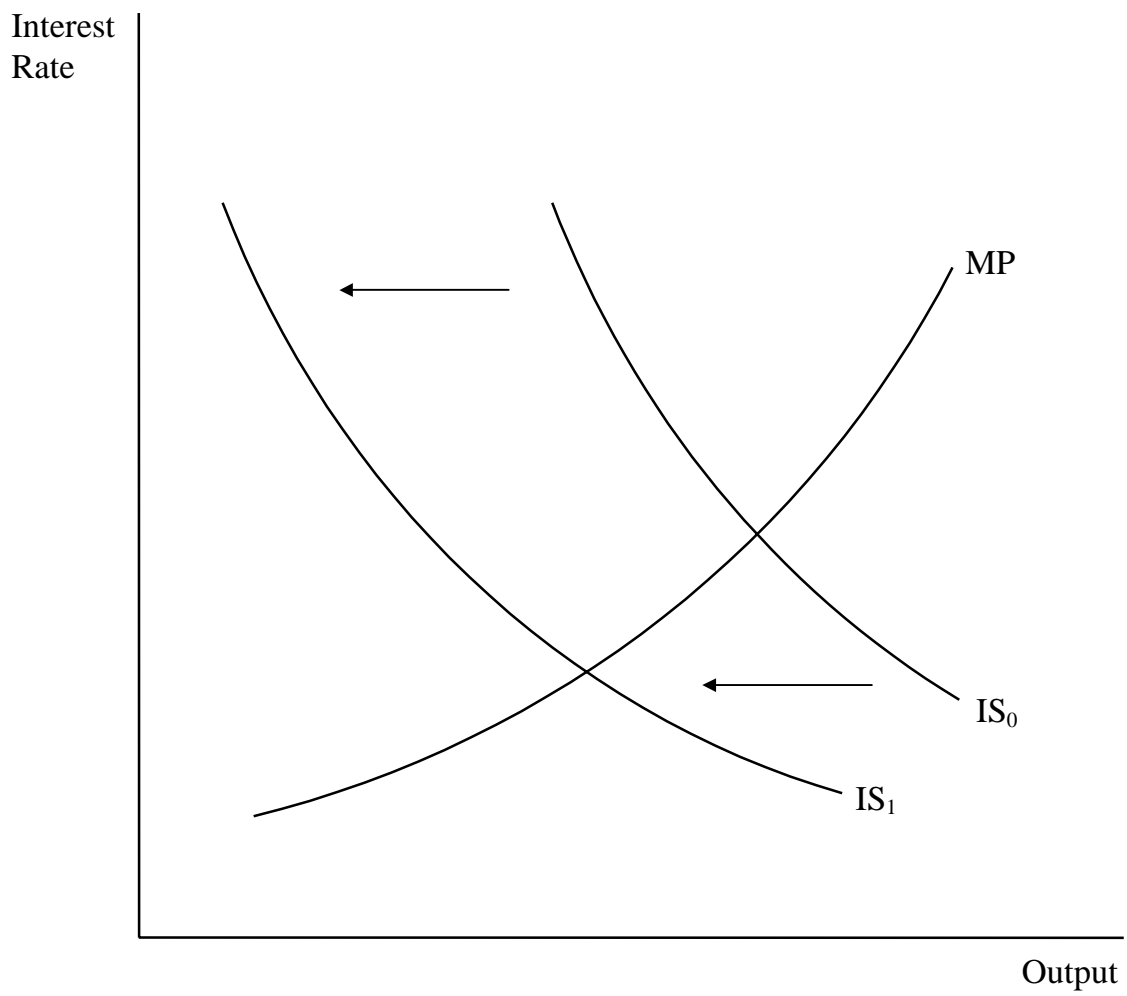


Figure I-8. The Effects of a Fall in Consumer Confidence



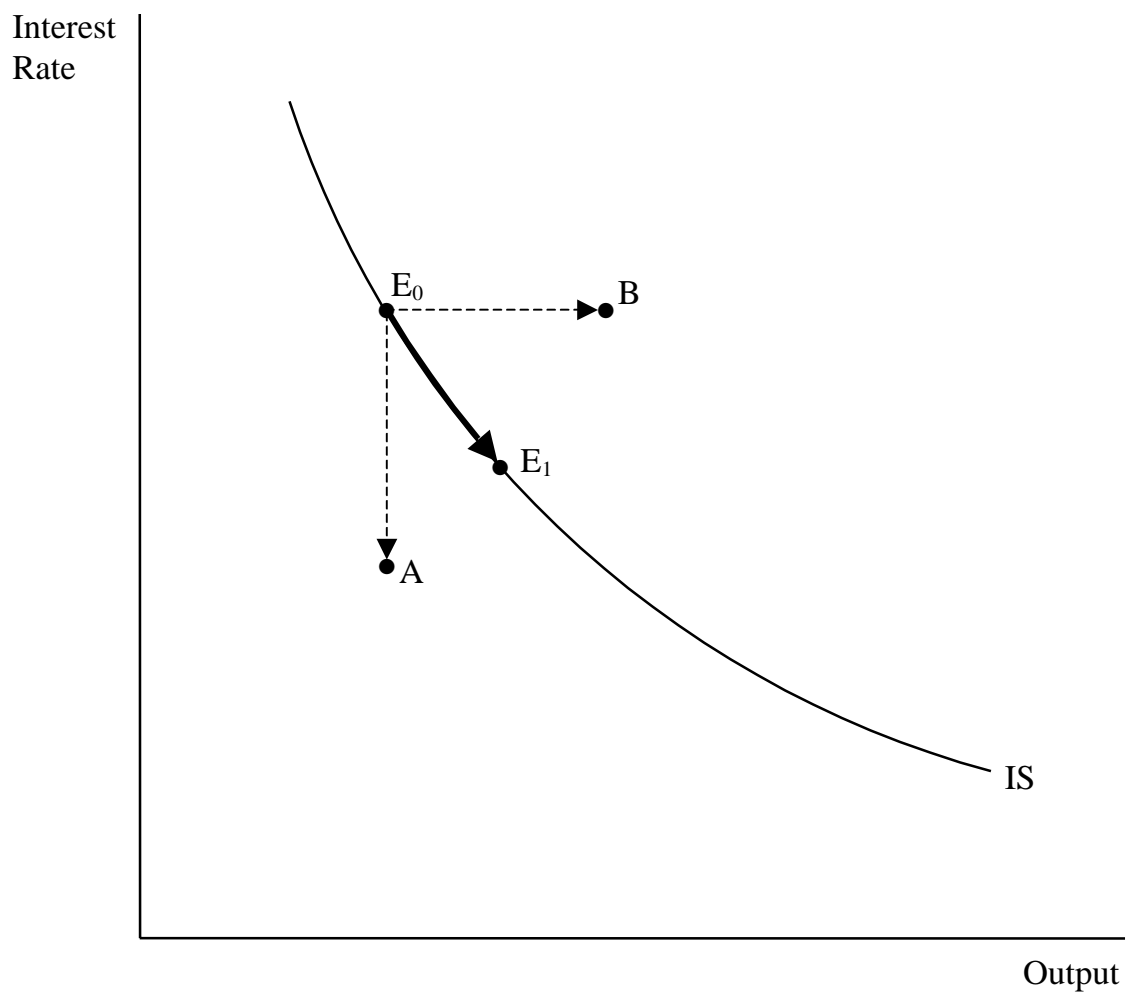


Figure I-9. The Effects of an Increase in the Money Supply

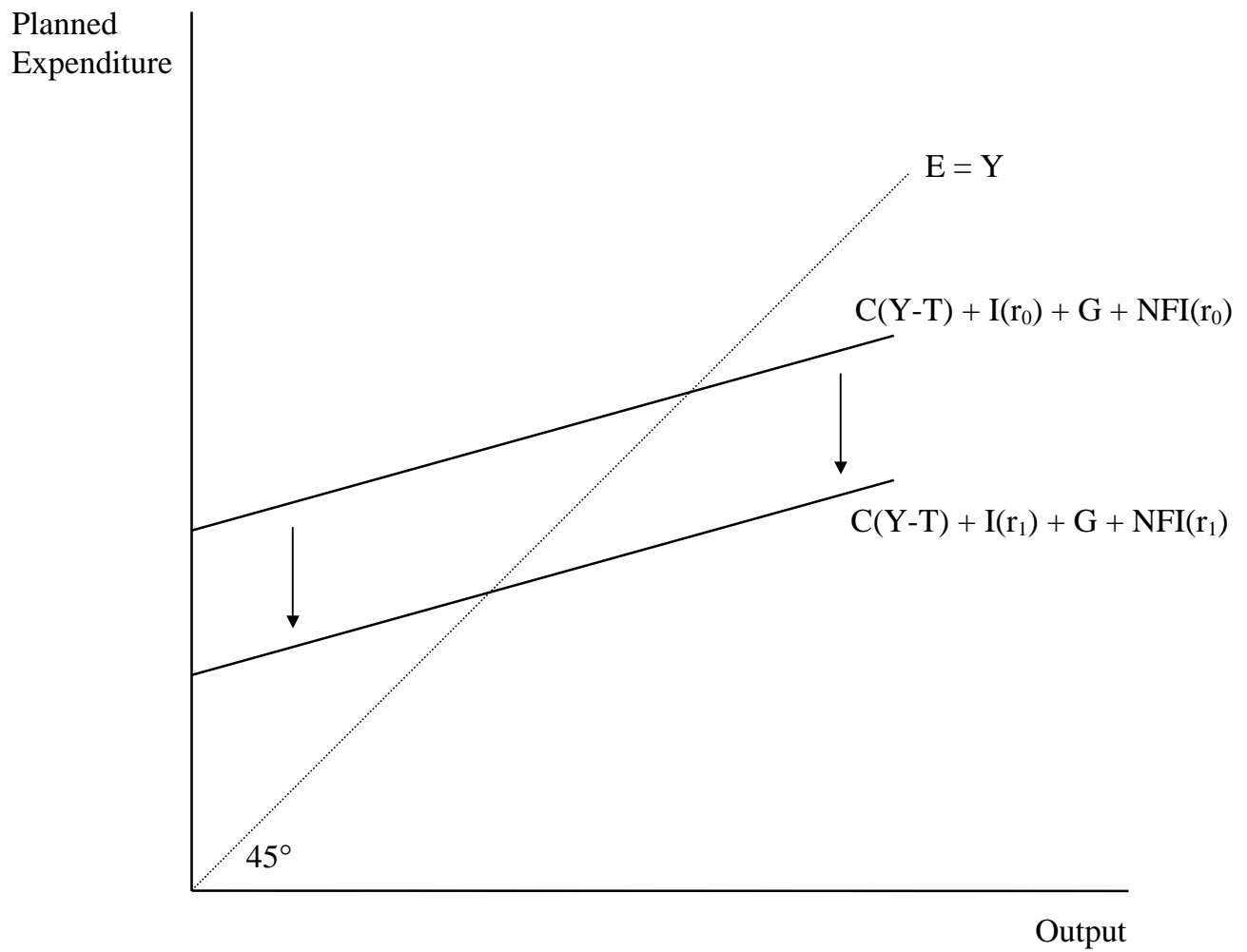


Figure II-1. The Effects of a Rise in the Interest Rate on Equilibrium Output in the Goods Market with Floating Exchange Rates

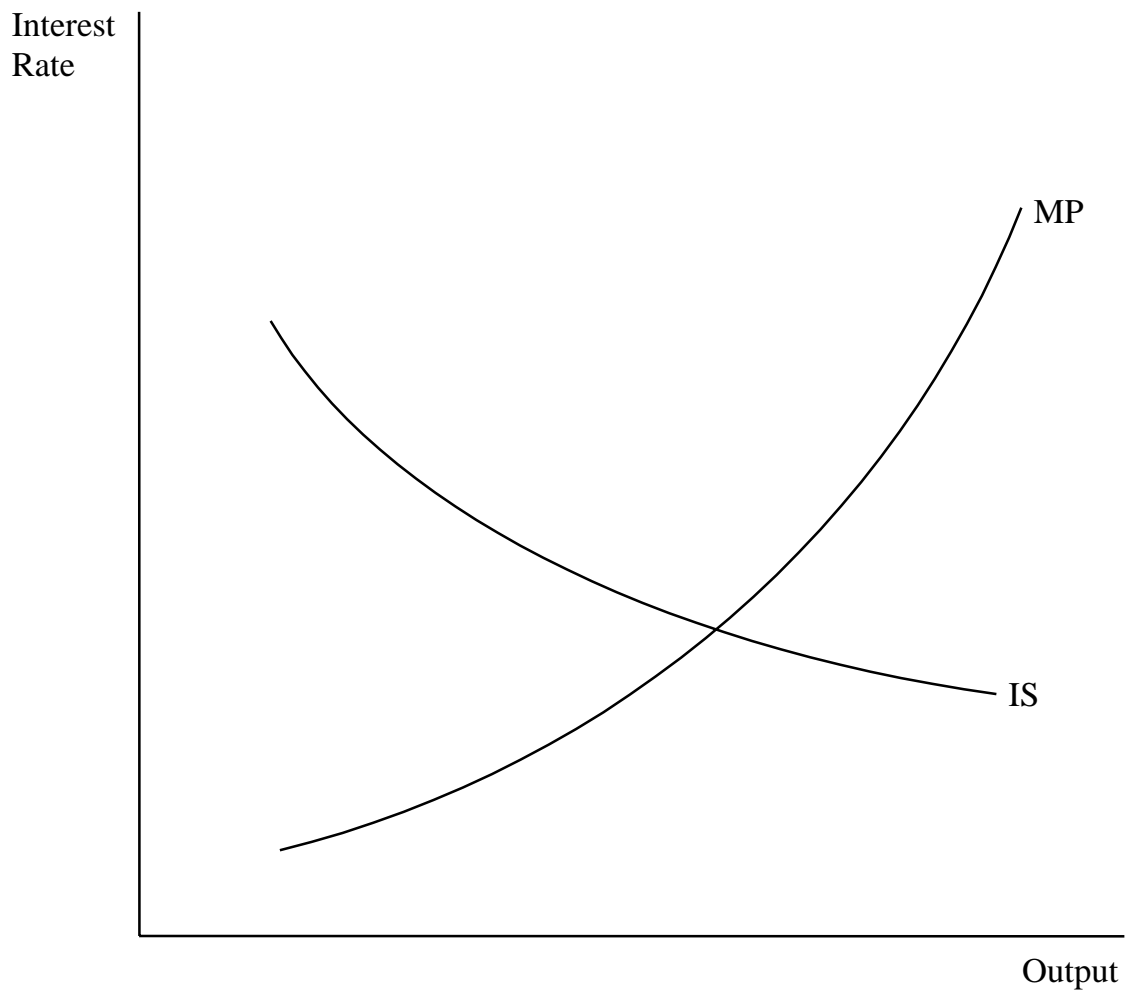


Figure II-2. The IS-MP Diagram for an Open Economy with Floating Exchange Rates

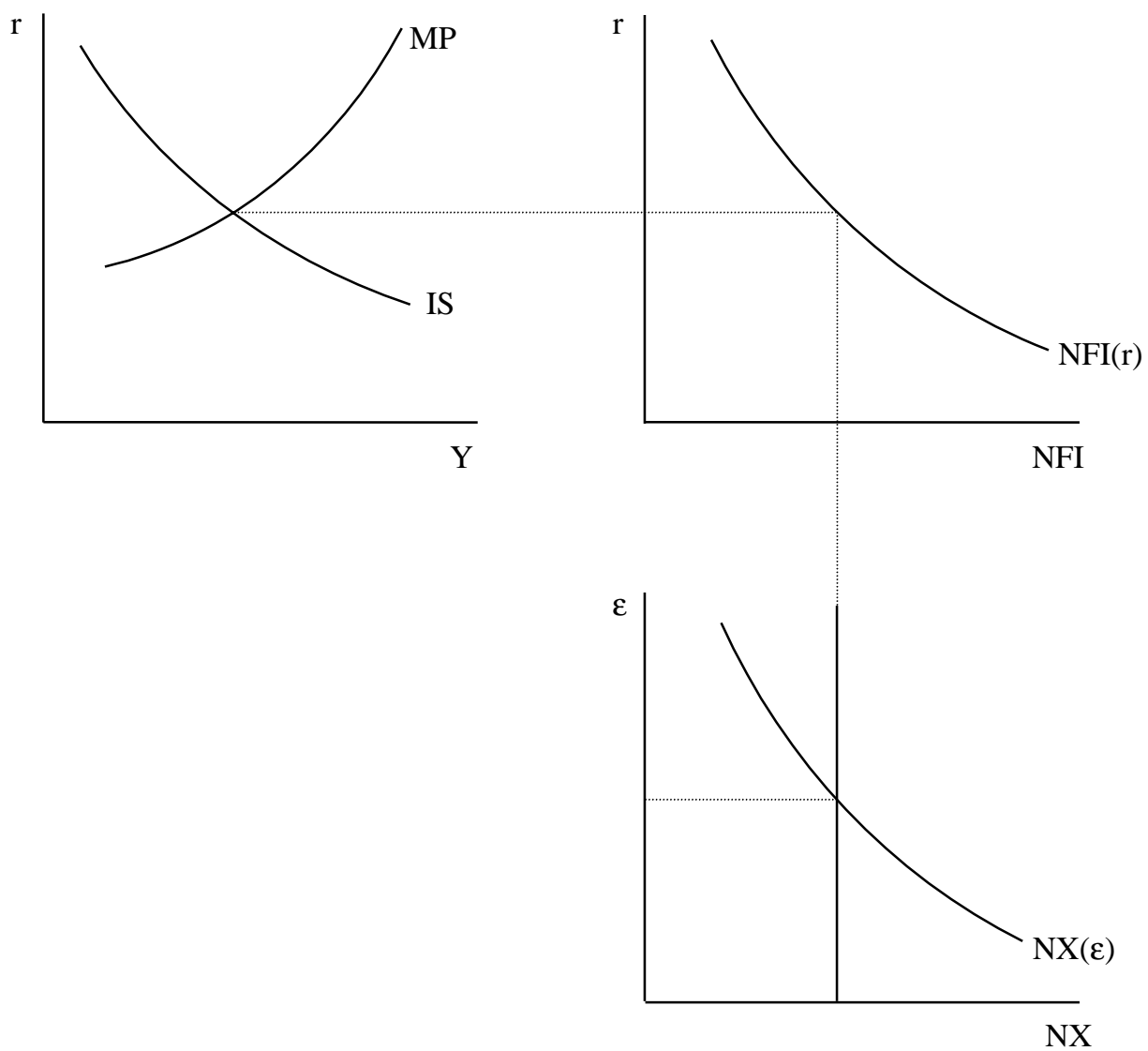


Figure II-3. The Determination of Net Exports and the Exchange Rate Under Floating Exchange Rates

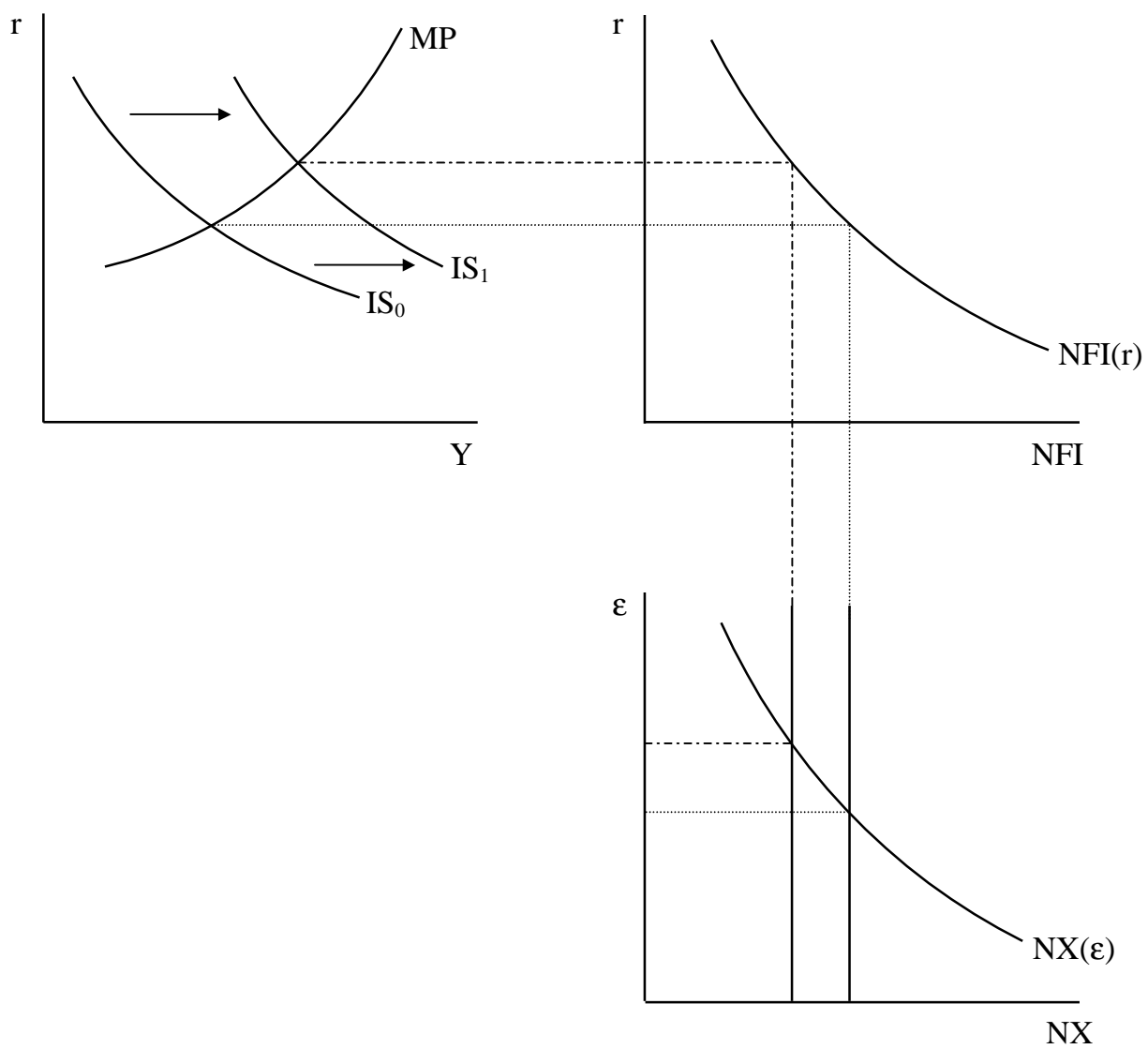


Figure II-4. The Effects of an Increase in Government Purchases with Floating Exchange Rates

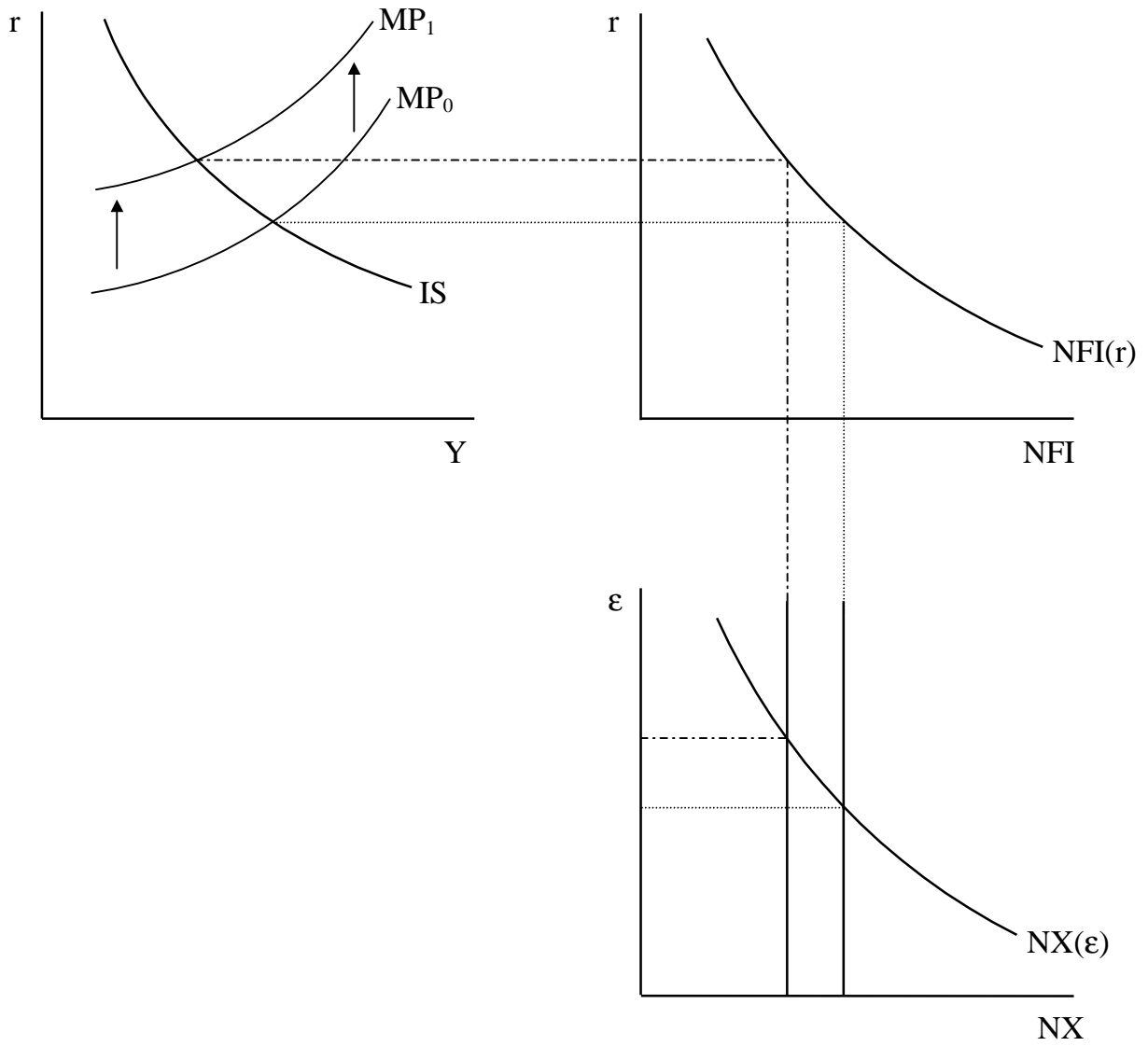


Figure II-5. The Effects of a Shift to Tighter Monetary Policy with Floating Exchange Rates

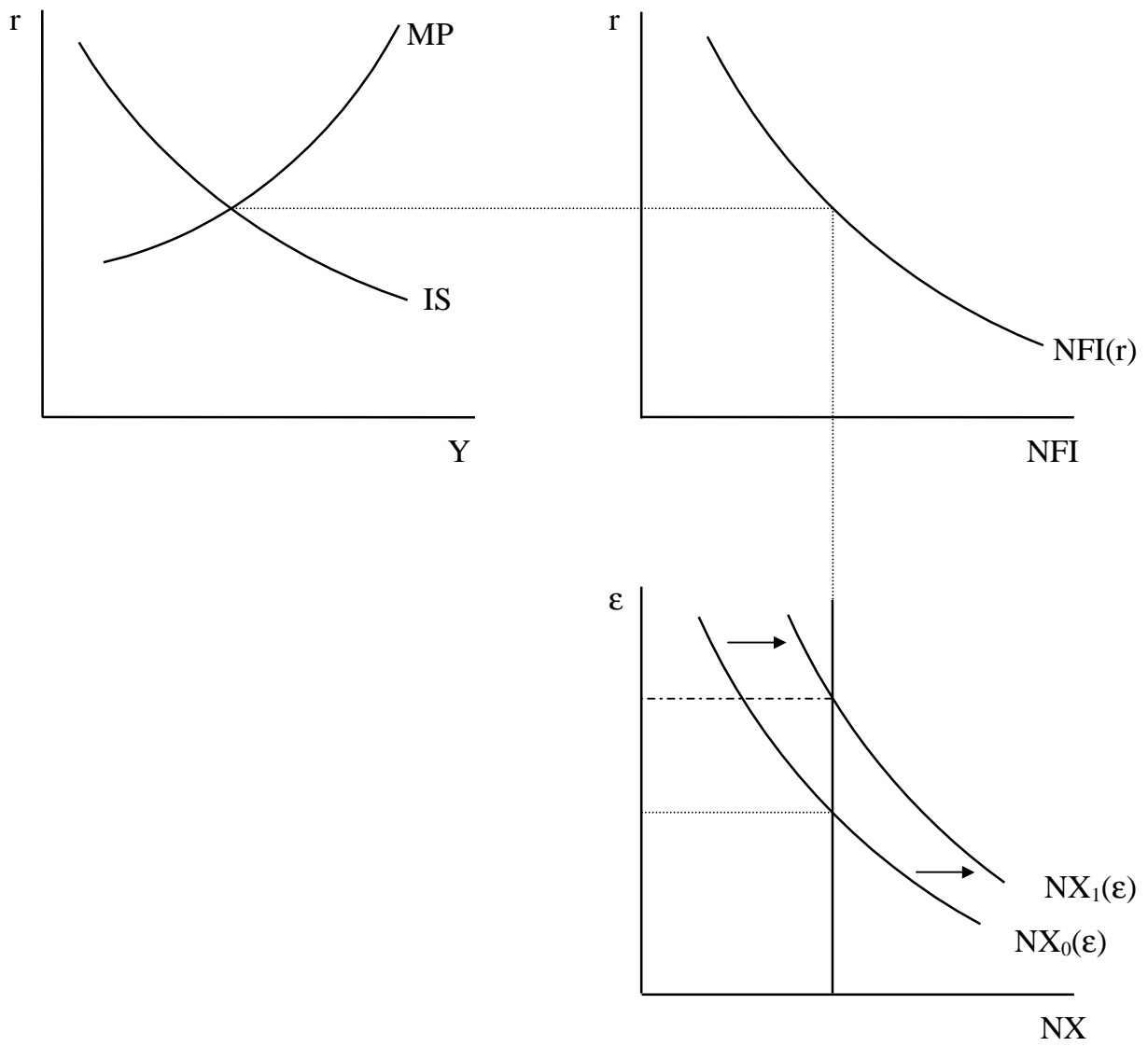


Figure II-6. The Effects of Protectionist Policies with Floating Exchange Rates

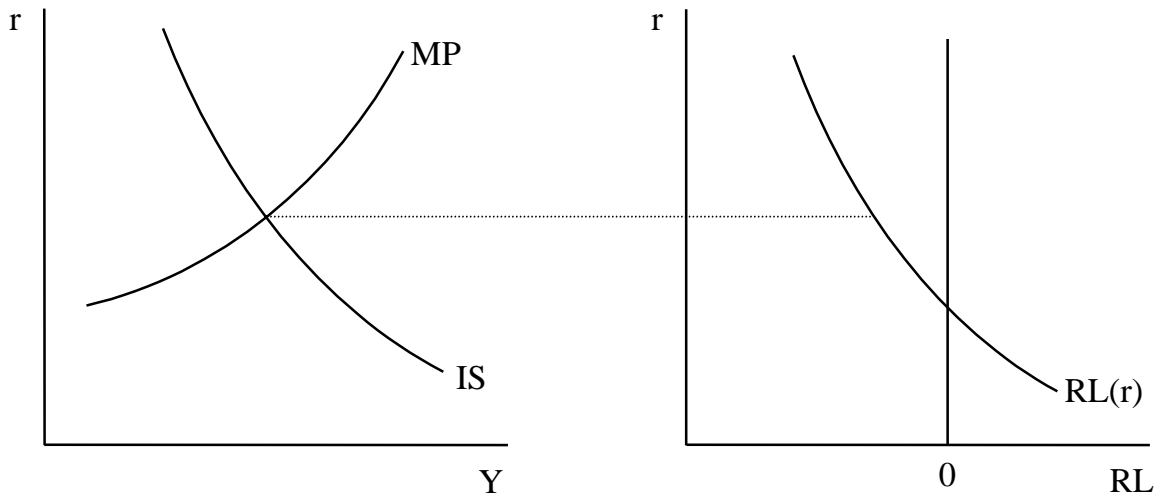


Figure II-7. The Open Economy with Fixed Exchange Rates



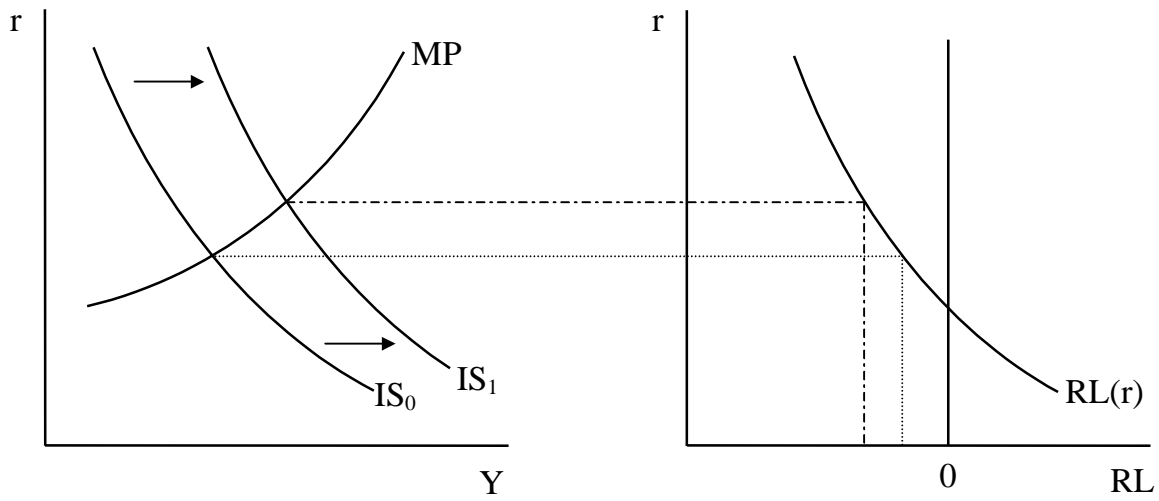


Figure II-8. The Effects of an Increase in Government Purchases with Fixed Exchange Rates

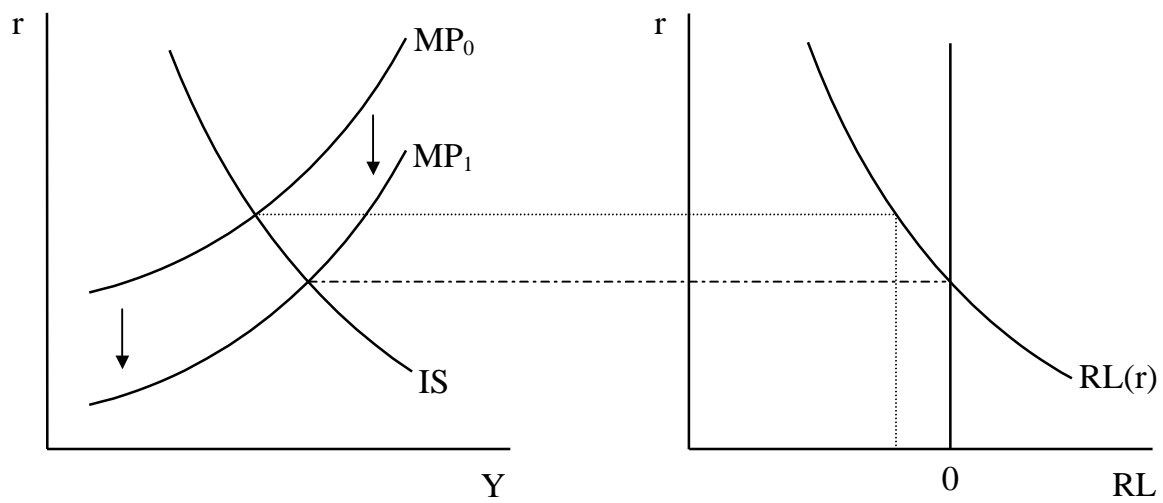


Figure II-9. The Effects of Expansionary Monetary Policy with Fixed Exchange Rates

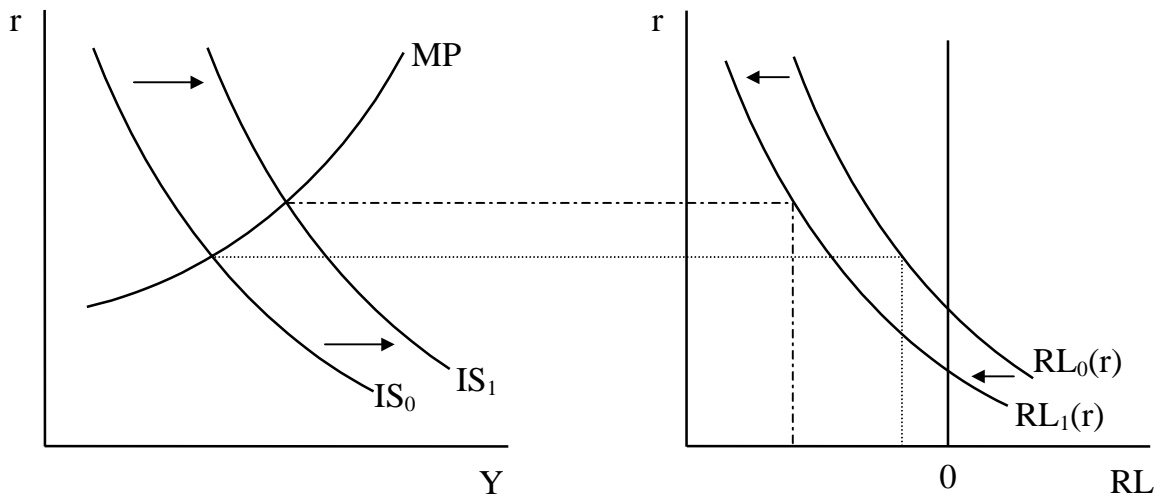


Figure II-10. The Effects of Protectionist Policies with Fixed Exchange Rates

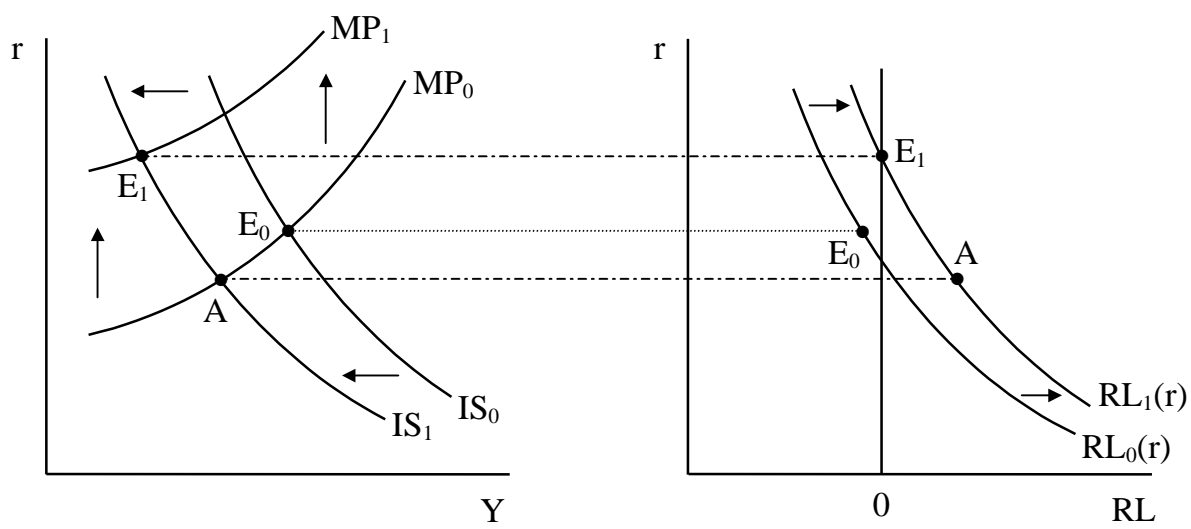


Figure II-11. The Effects of Fall in Export Demand with Fixed Exchange Rates

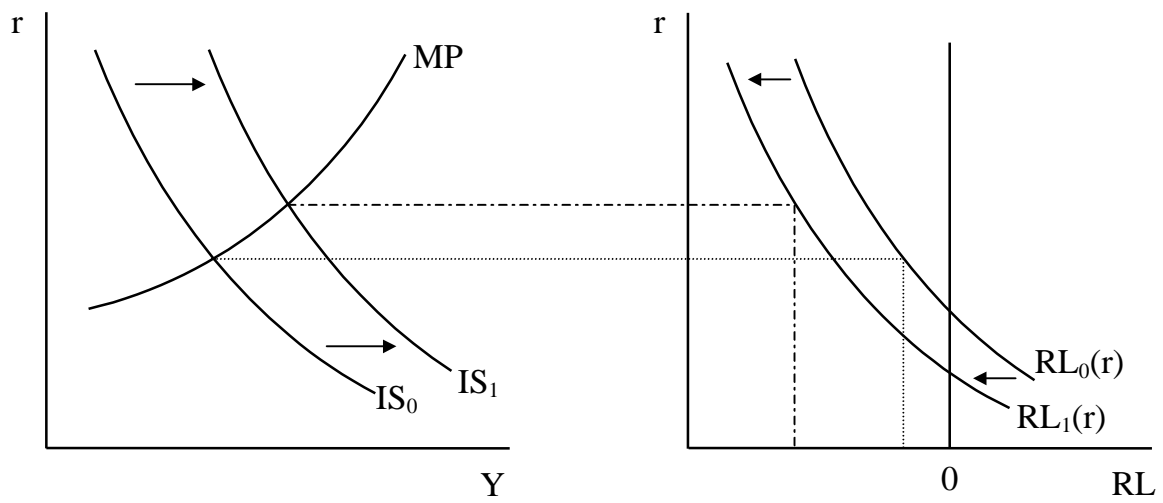


Figure II-12. The Effects of a Devaluation

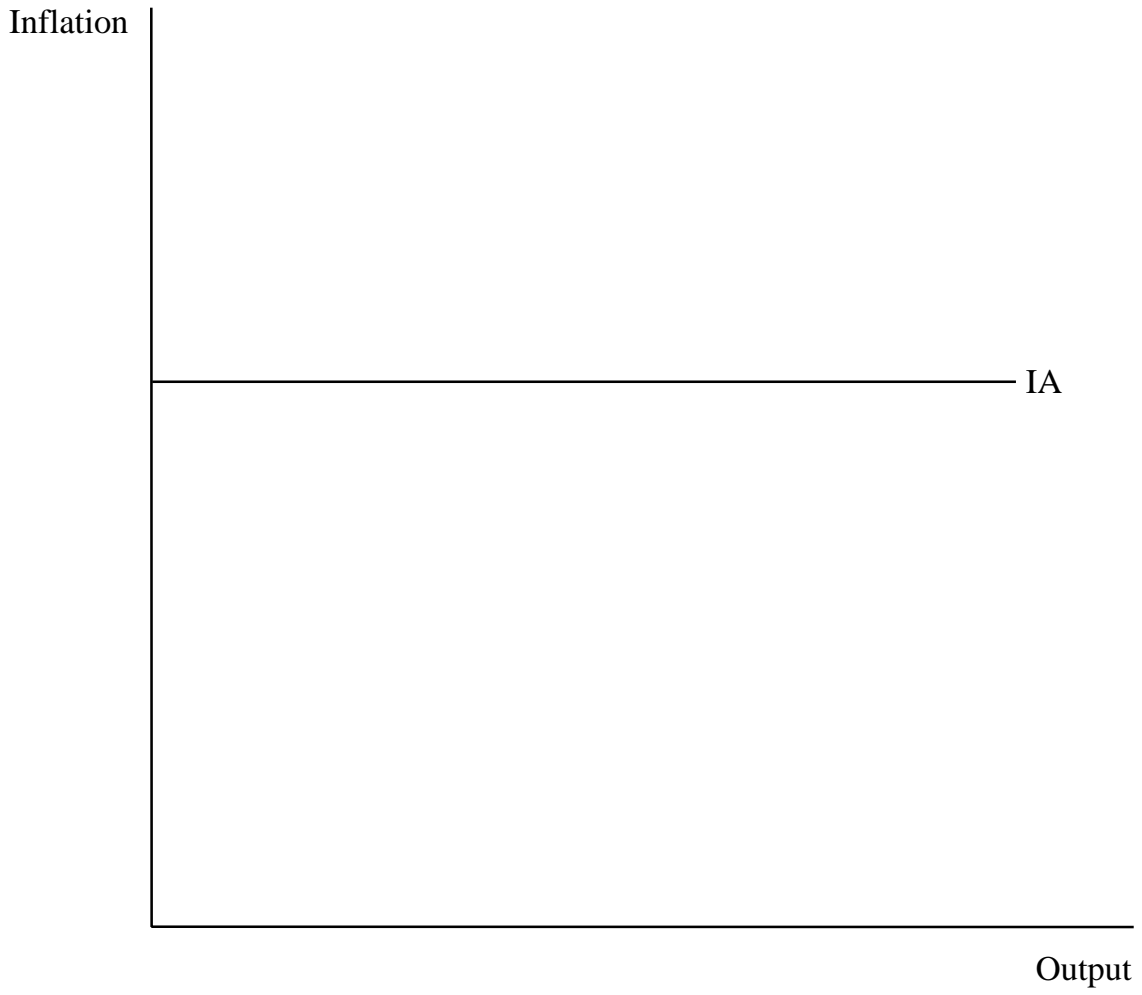


Figure III-1. The Inflation Adjustment Line

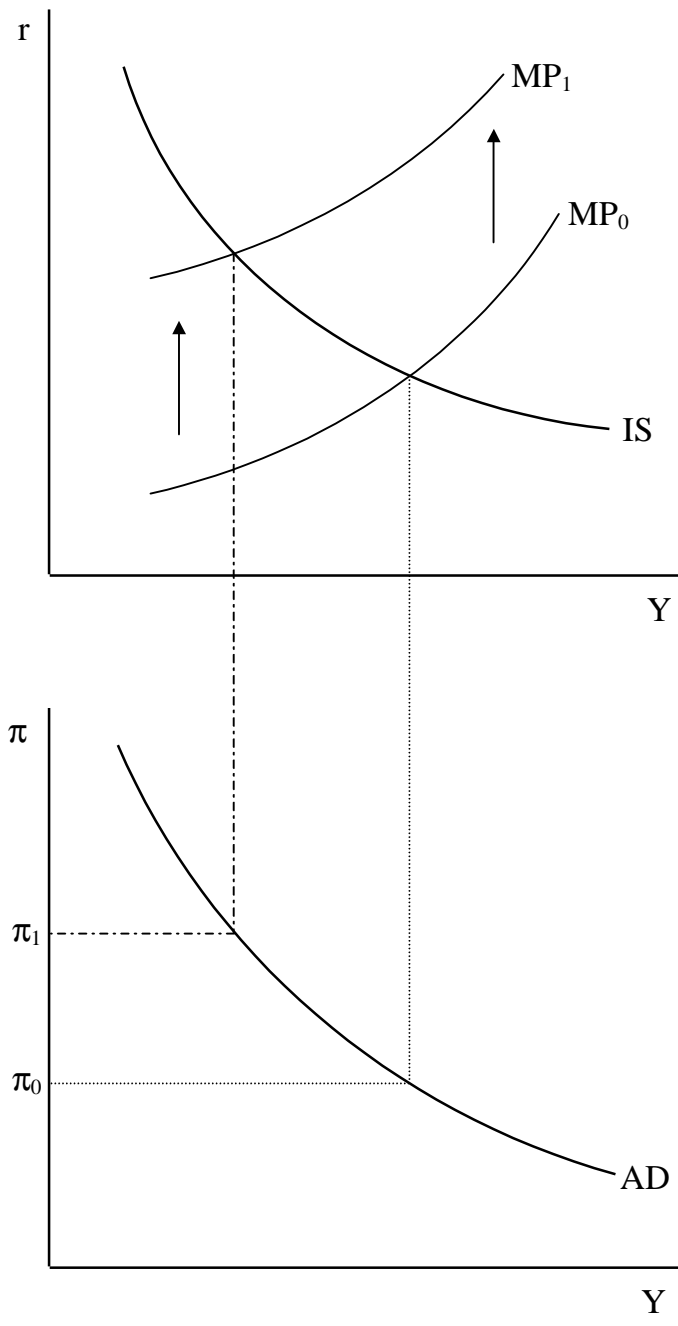


Figure III-2. The Aggregate Demand Curve

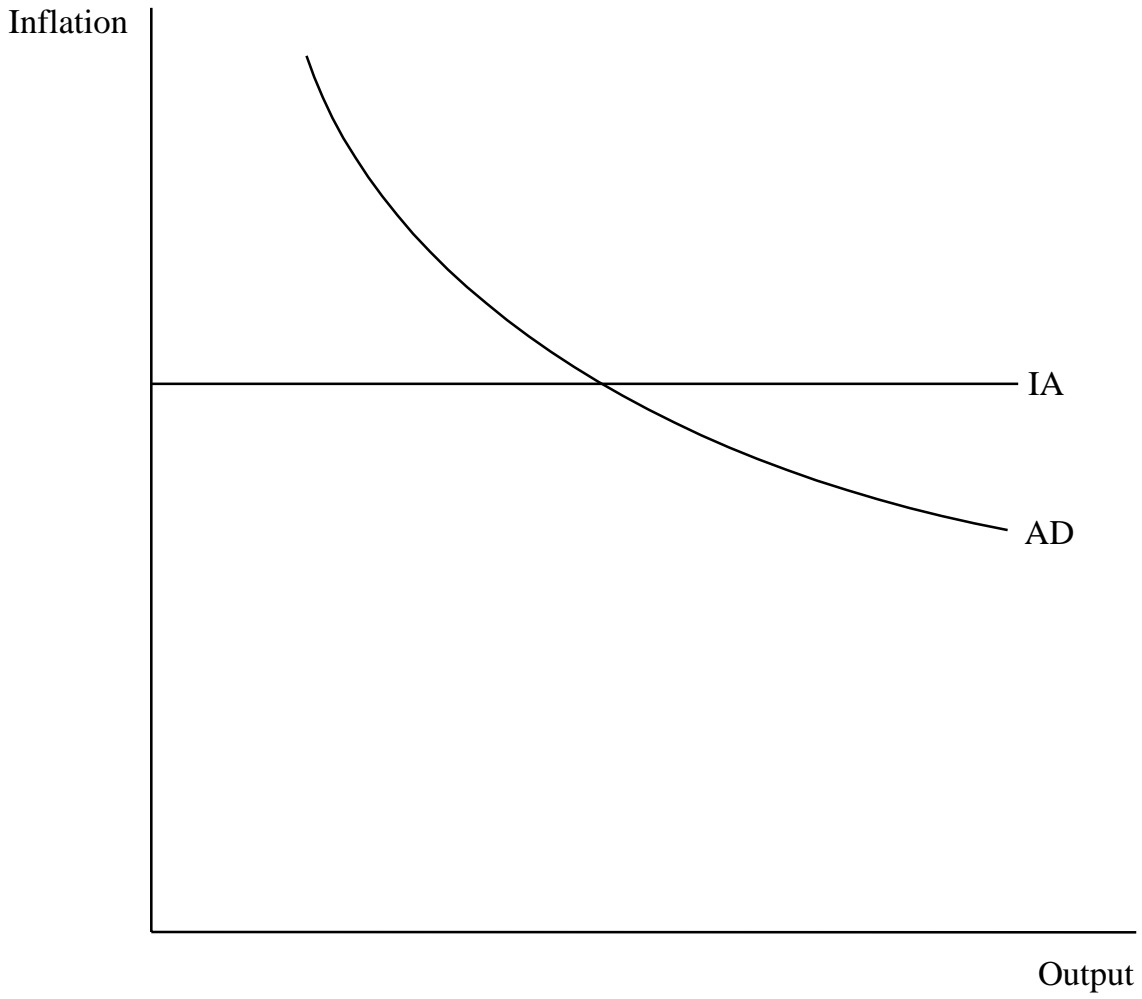


Figure III-3. The AD-IA Diagram



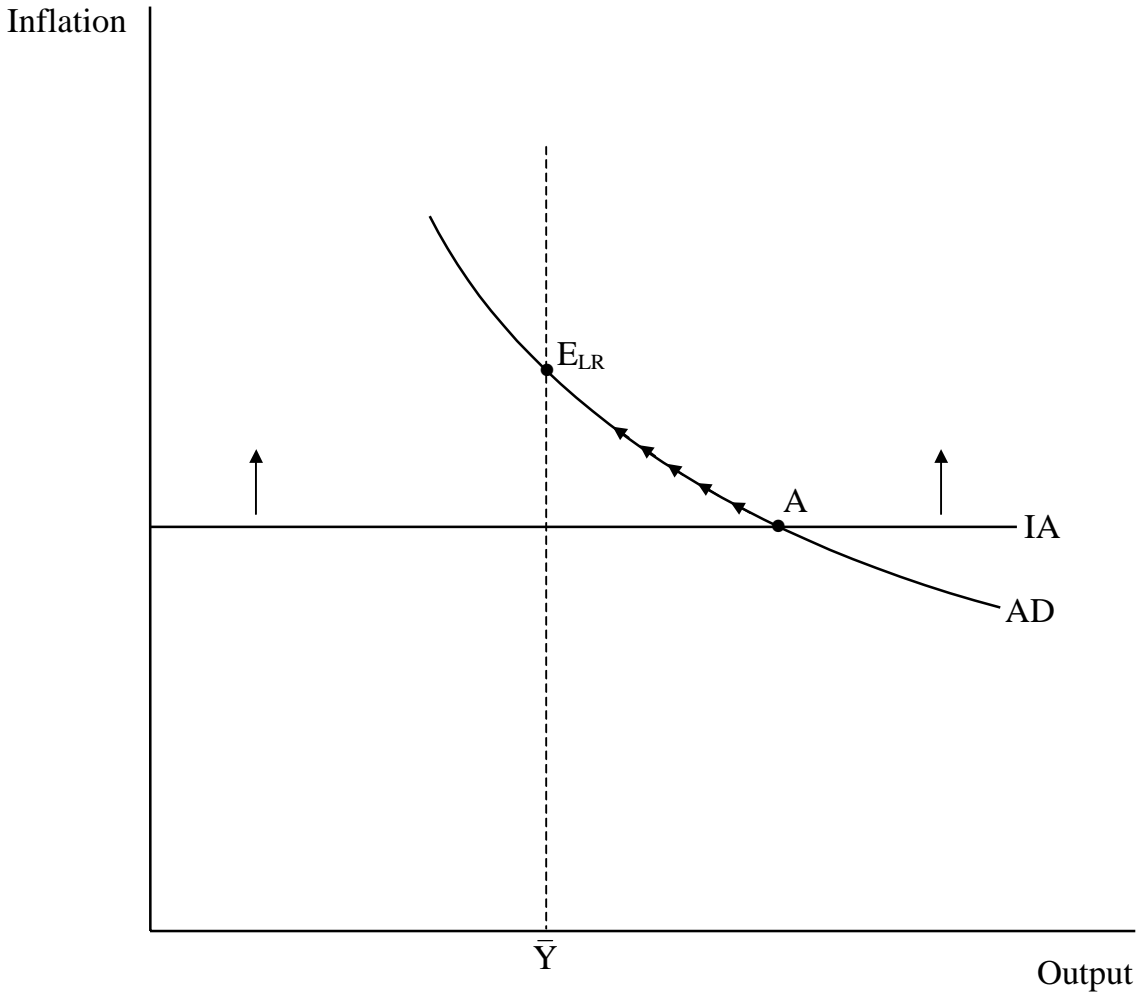


Figure III-4. Adjusting to Long-Run Equilibrium

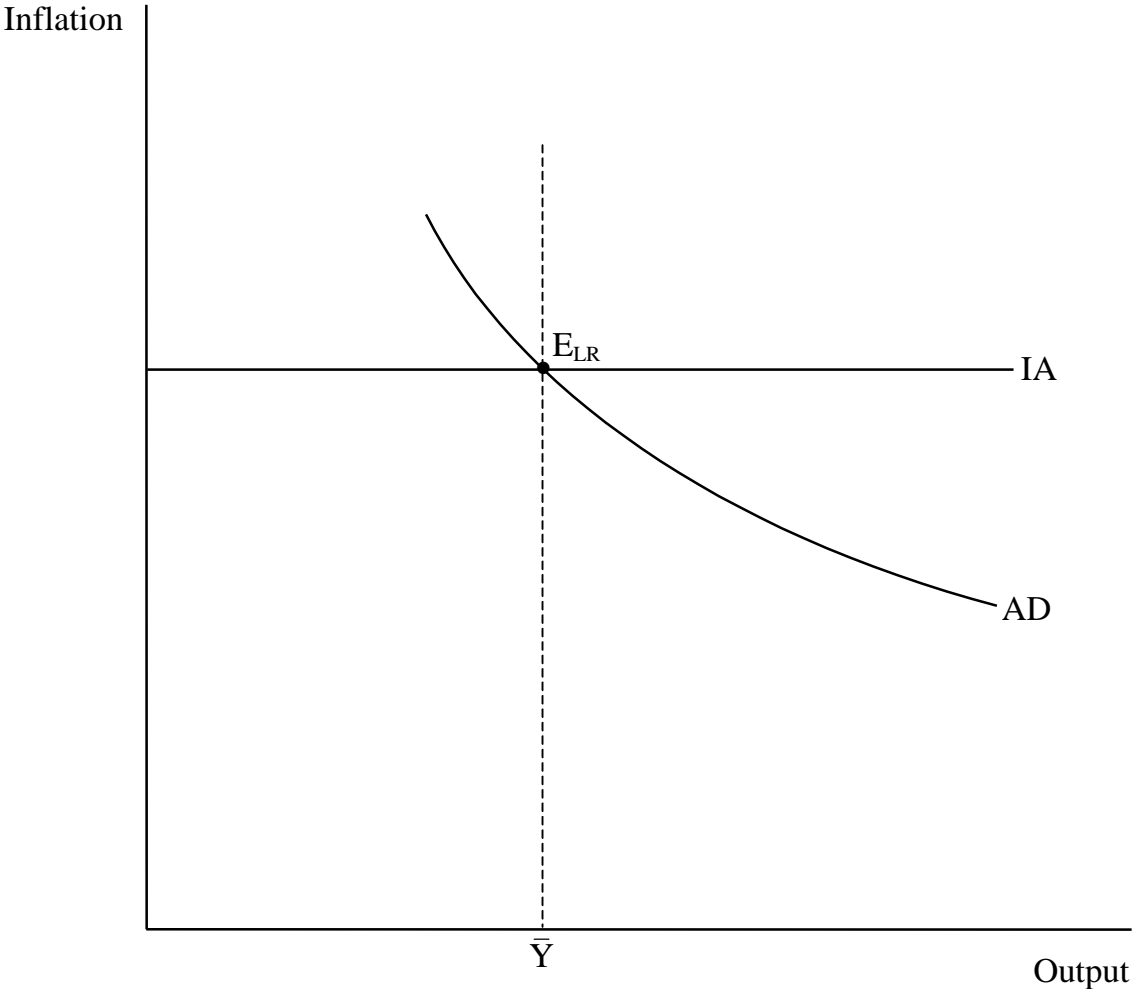


Figure III-5. Long-Run Equilibrium

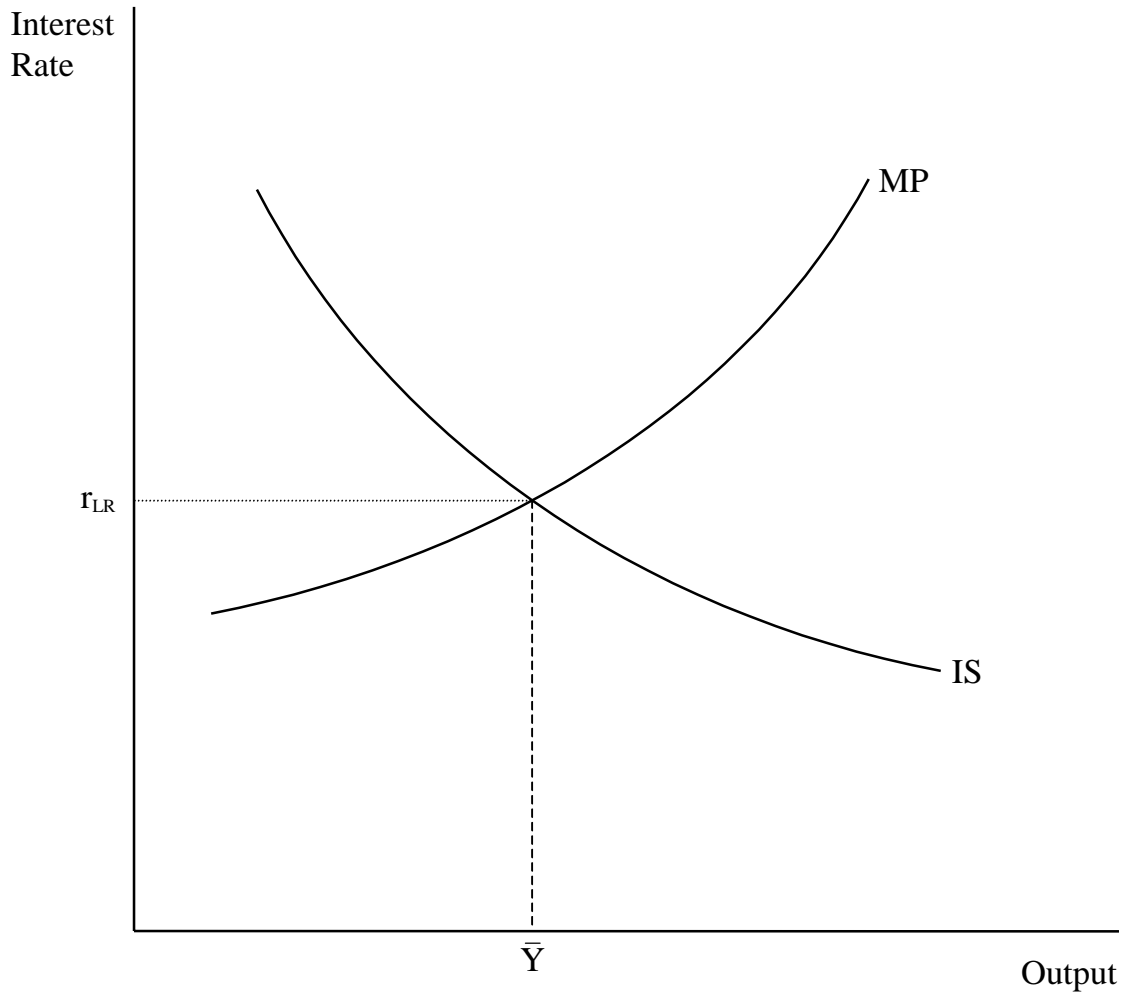


Figure III-6. The Real Interest Rate When the Economy Is in Long-Run Equilibrium

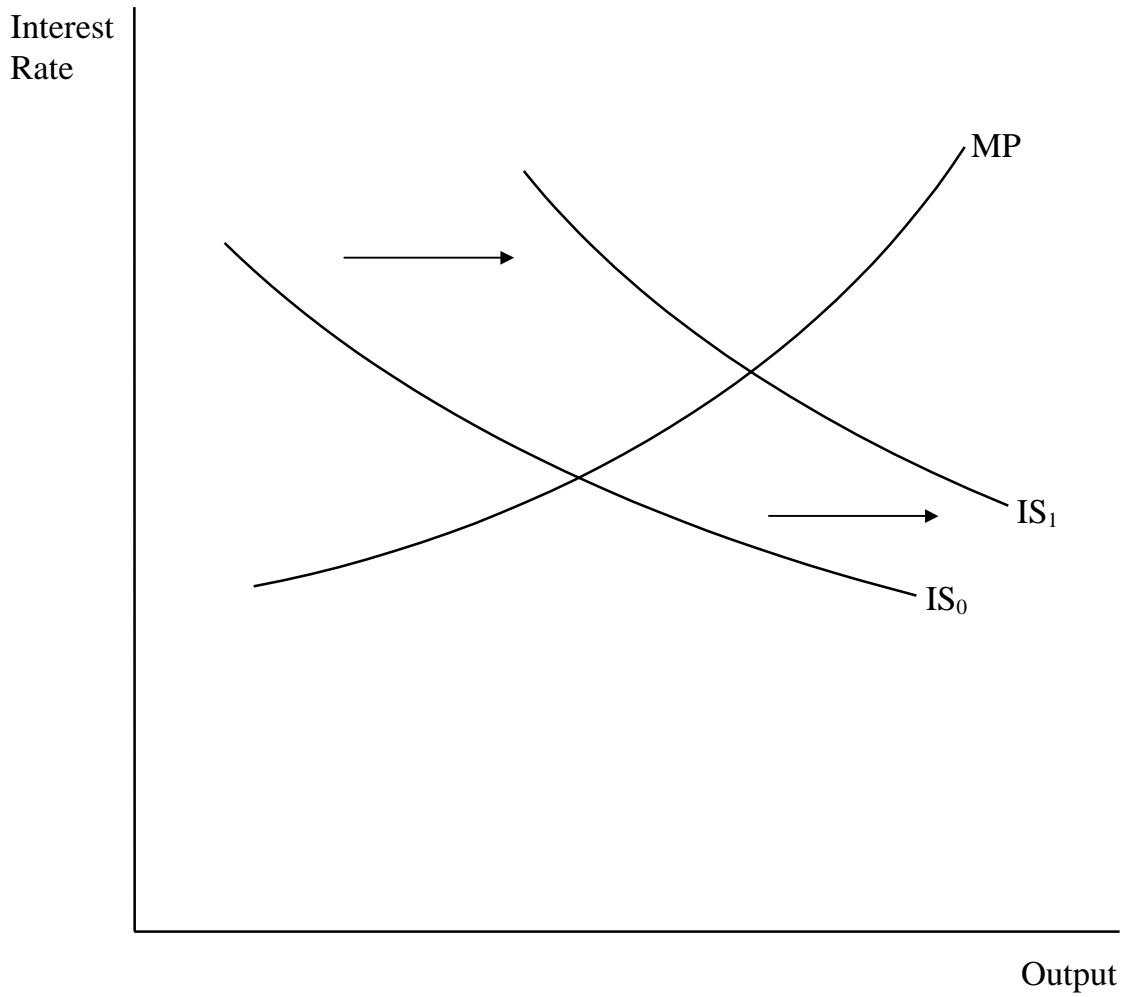


Figure III-7. The Immediate Effects of an Increase in Government Purchases

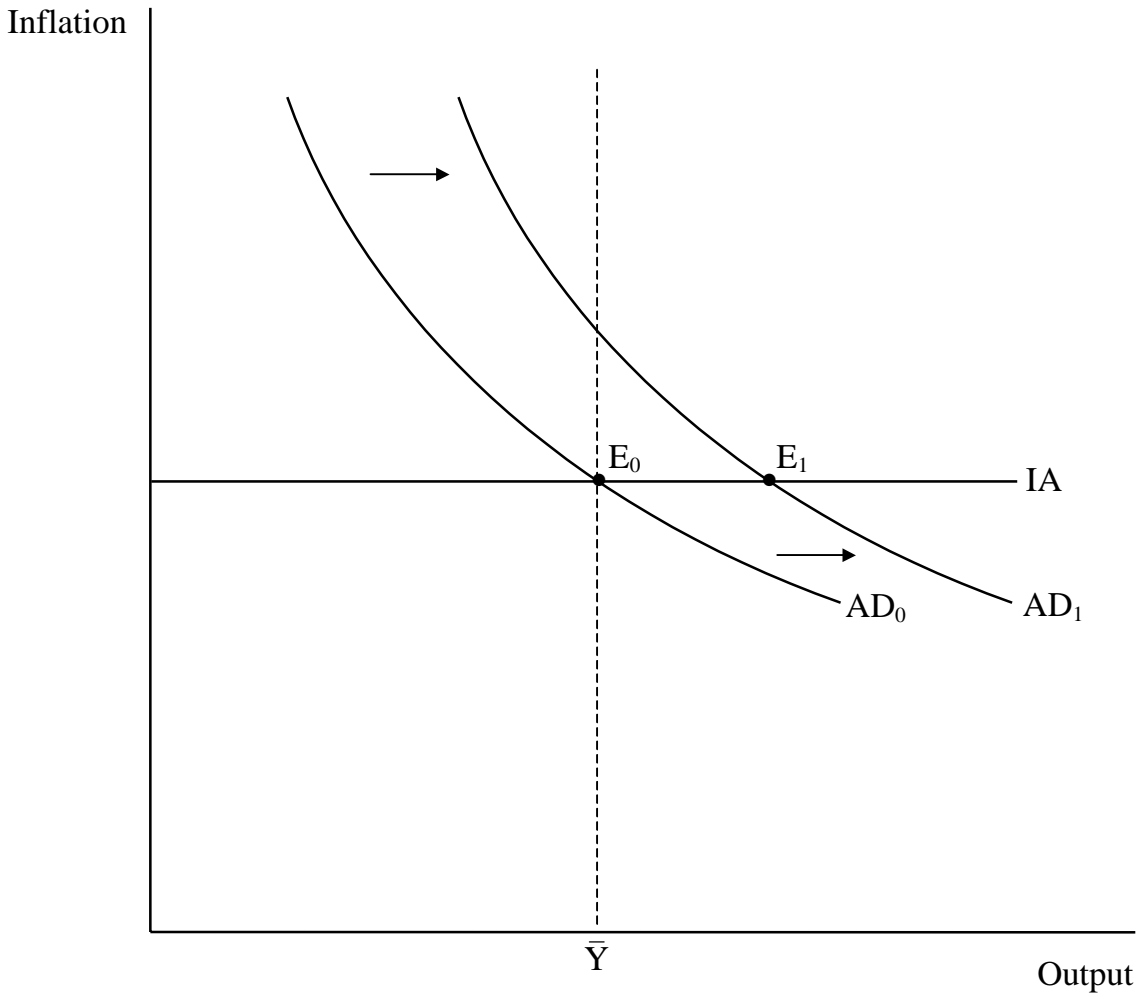


Figure III-8. The Immediate Effects of an Increase in Government Purchases in Terms of the AD-IA Diagram

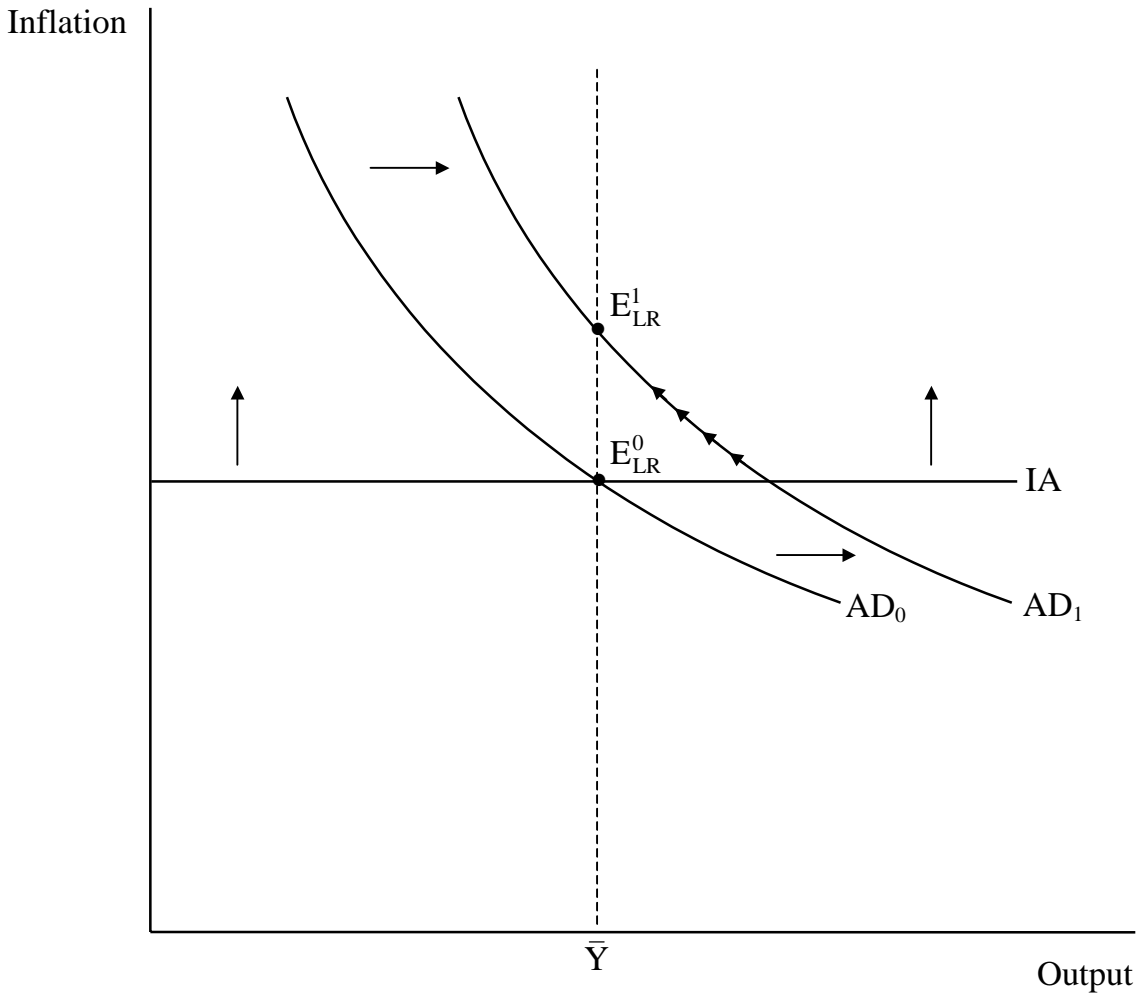


Figure III-9. The Effects of an Increase in Government Purchases

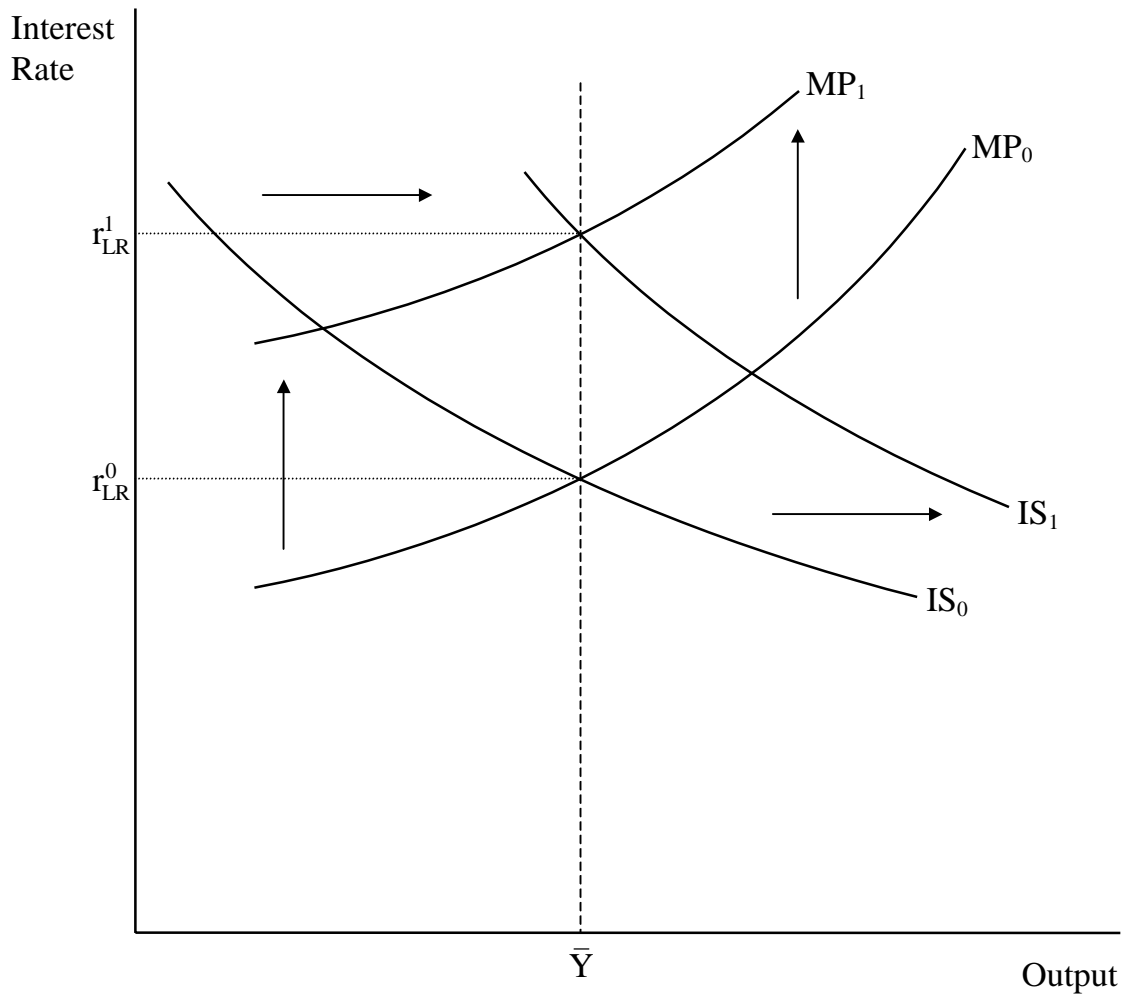


Figure III-10. The Long-Run Effects of an Increase in Government Purchases in Terms of the IS-MP Diagram

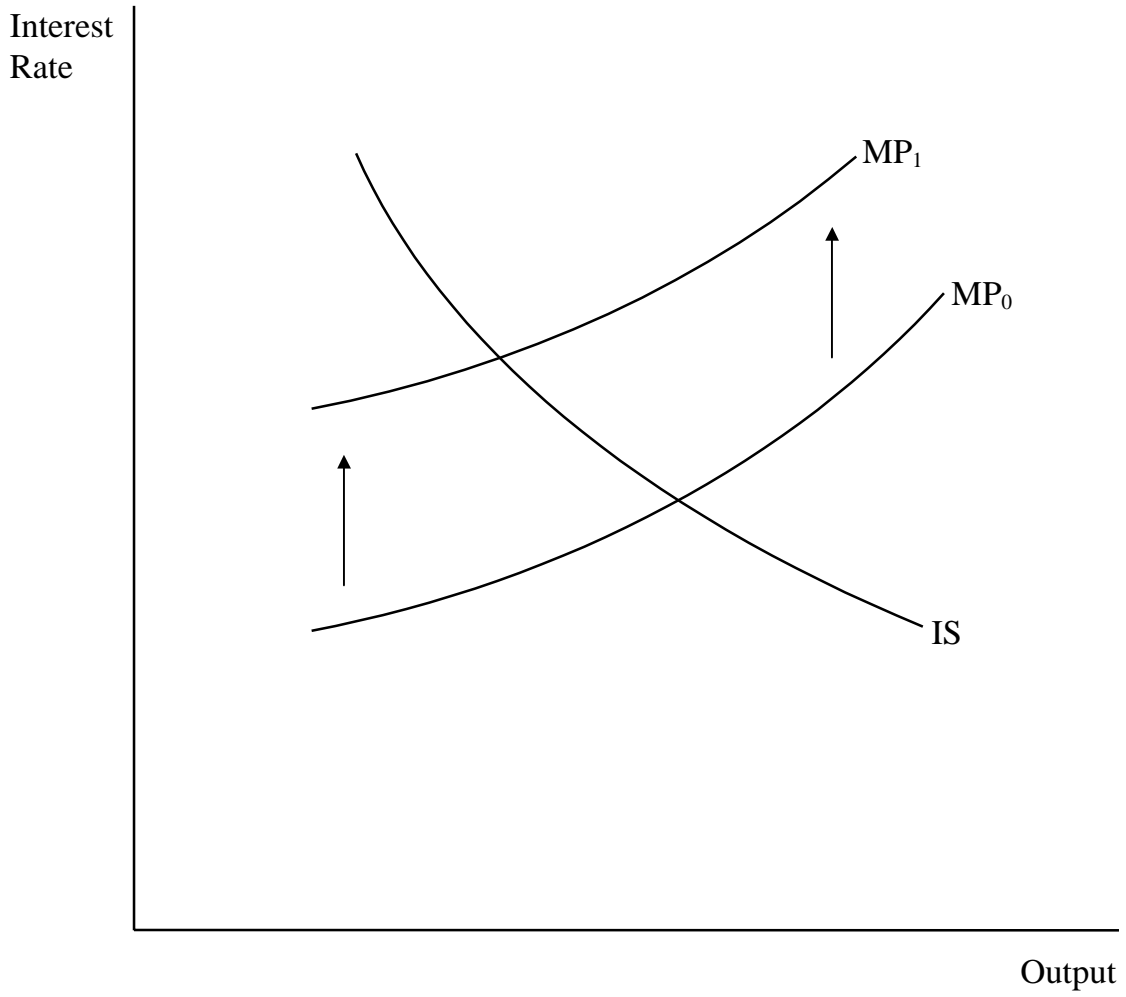


Figure III-11. The Immediate Effects of a Shift to Tighter Monetary Policy



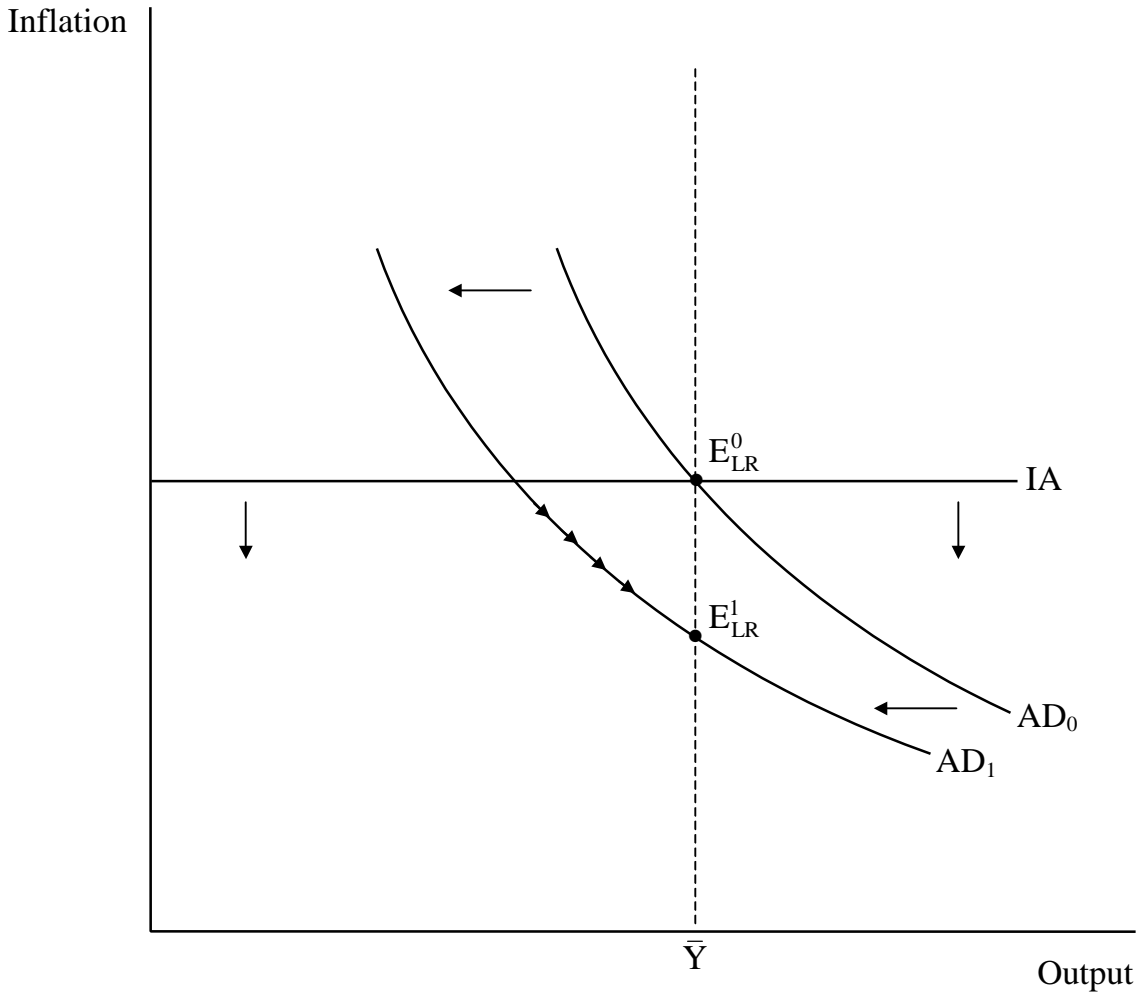


Figure III-12. The Effects of a Shift to Tighter Monetary Policy

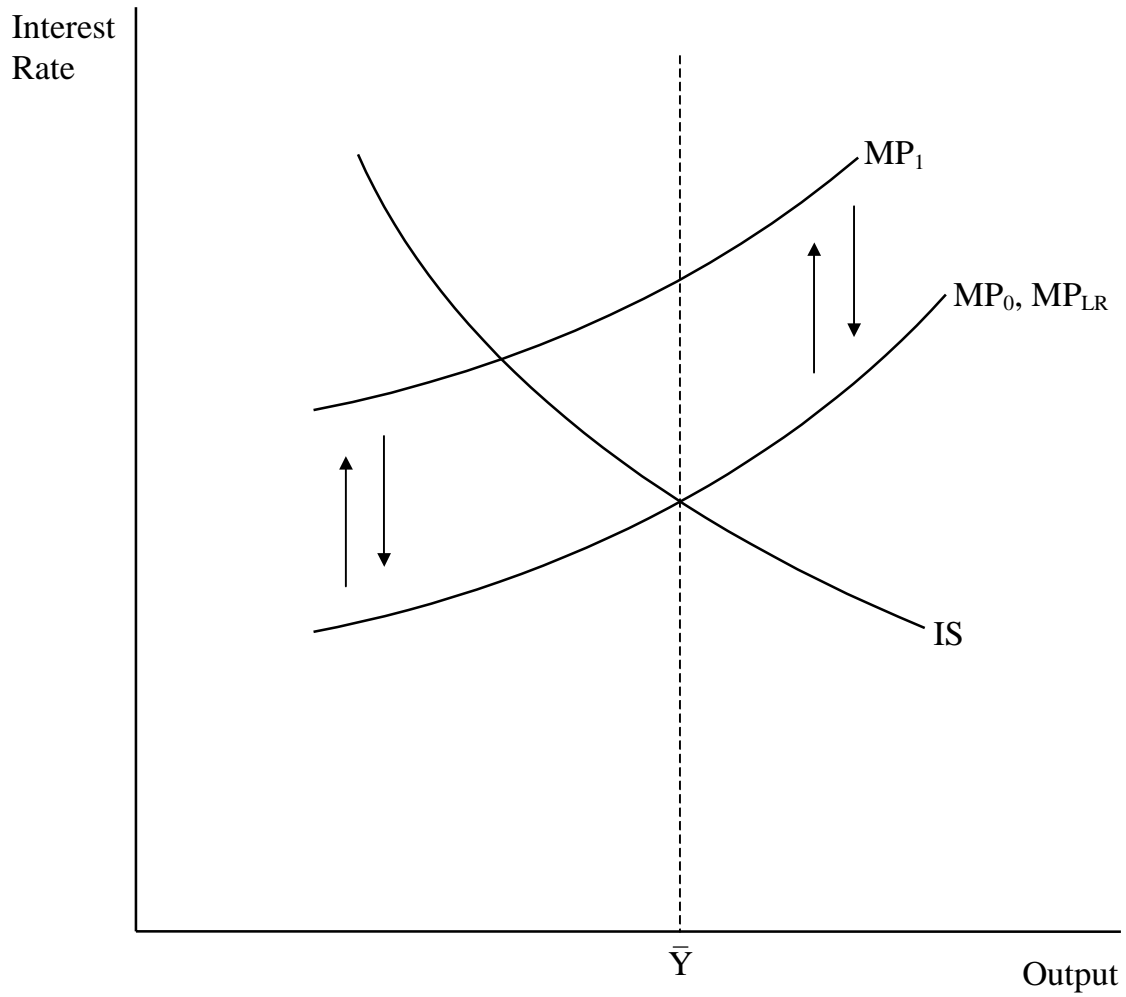


Figure III-13. The Long-Run Effects of a Shift to Tighter Monetary Policy in Terms of the IS-MP Diagram

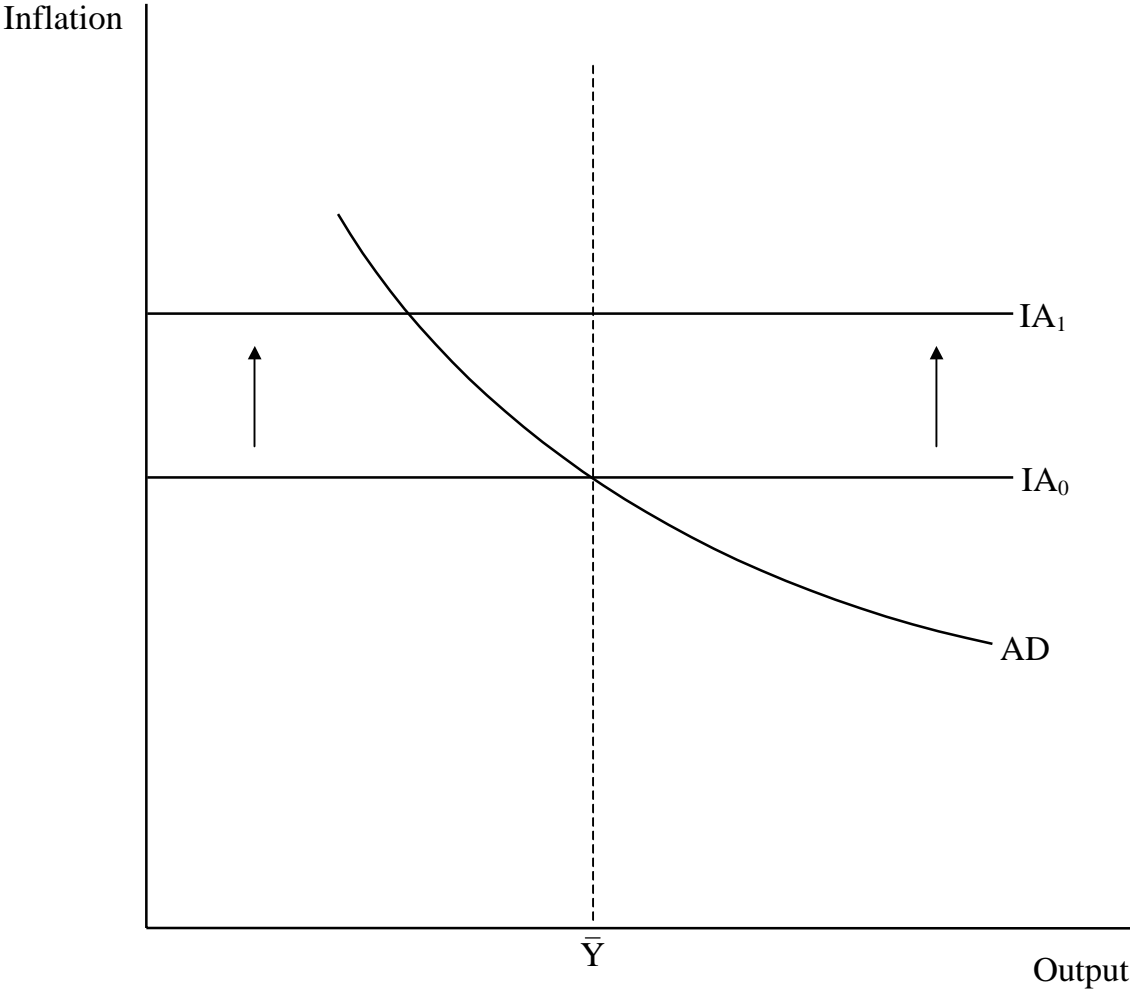


Figure III-14. The Immediate Effects of an Unfavorable Inflation Shock

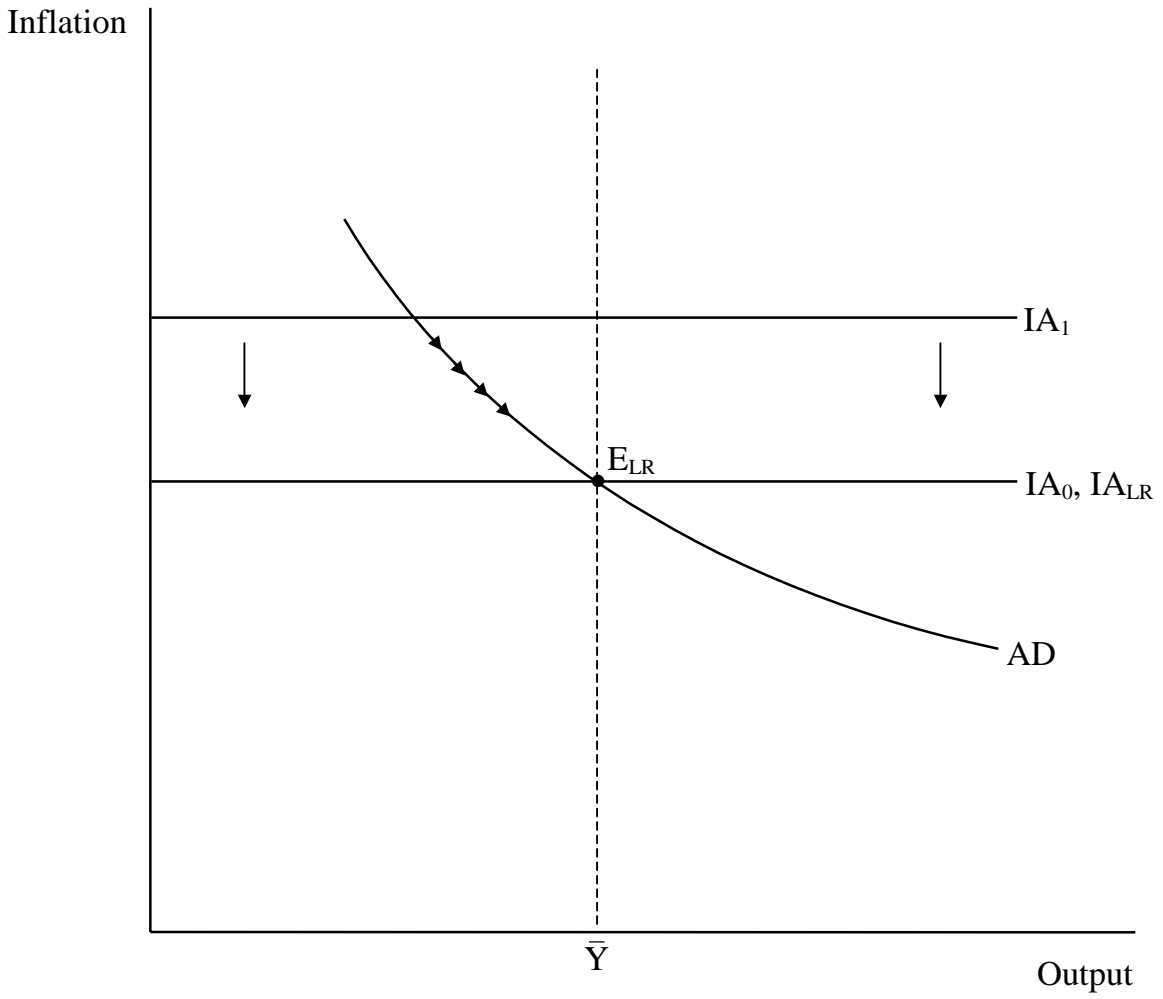


Figure III-15. The Effects of an Unfavorable Inflation Shock

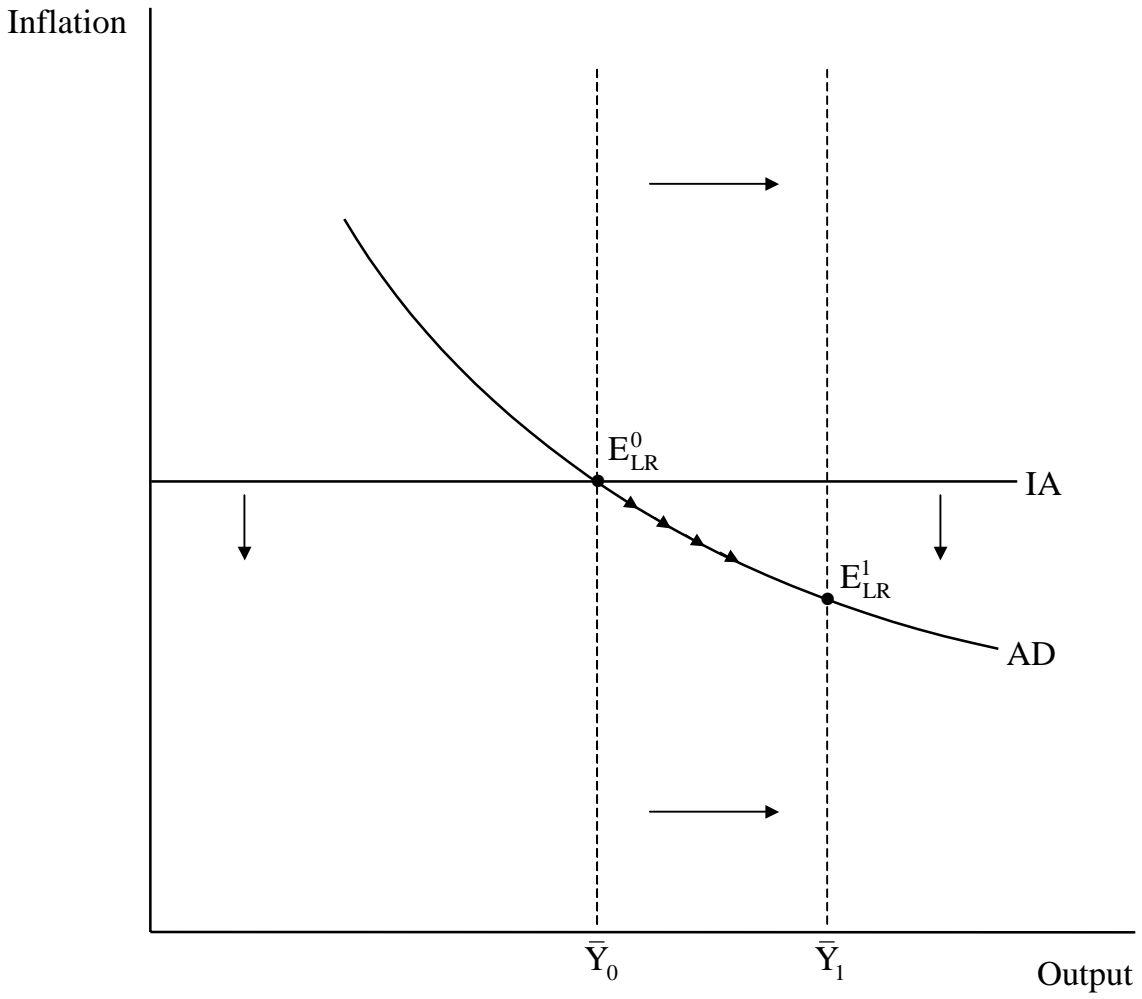


Figure III-16. The Effects of a Fall in the Natural Rate of Unemployment

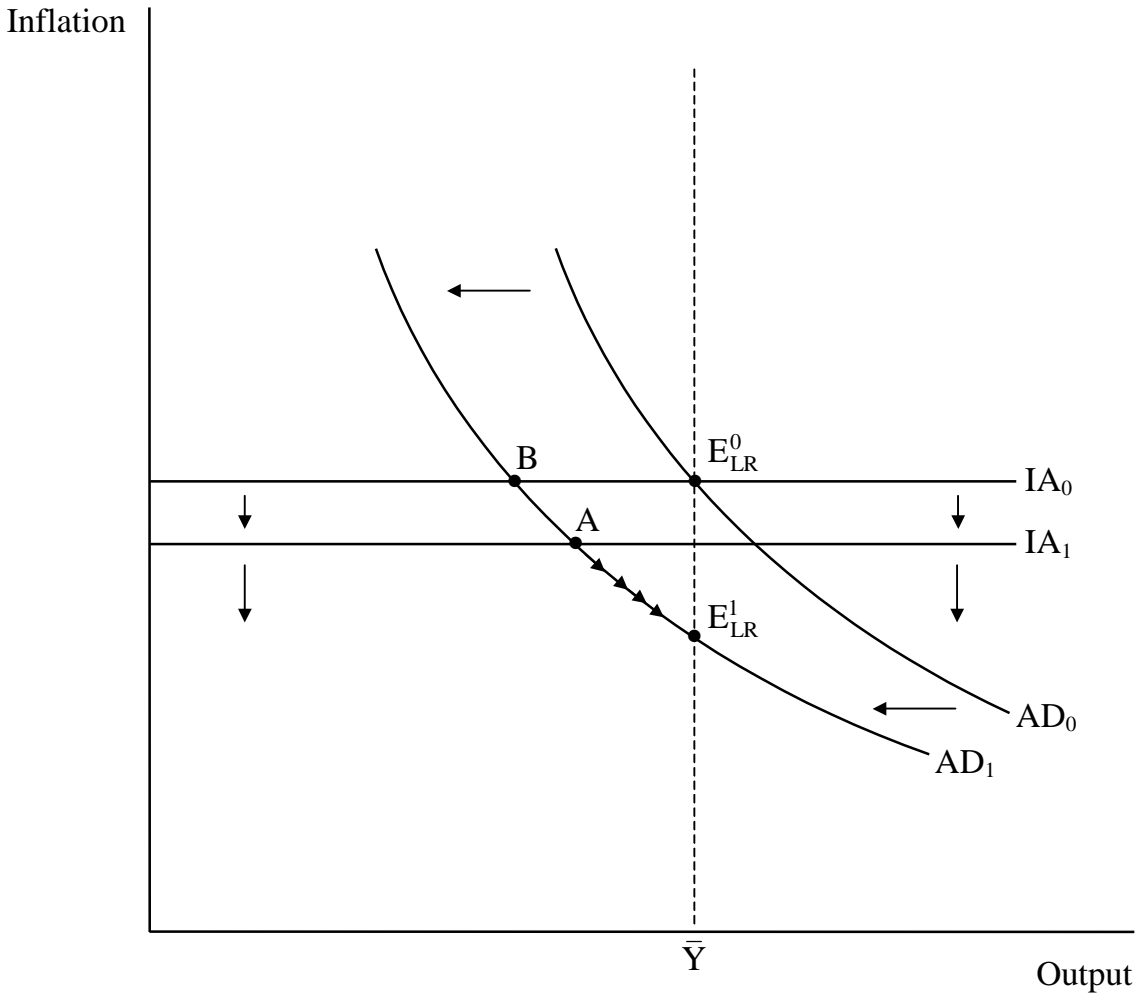


Figure III-17. The Effects of a Credible Shift to Tighter Monetary Policy