

FIGURE 1

INTEREST RATE RESPONSE TO INCREASE IN MONEY GROWTH RATE  
ACCORDING TO CLASSICAL THEORY..

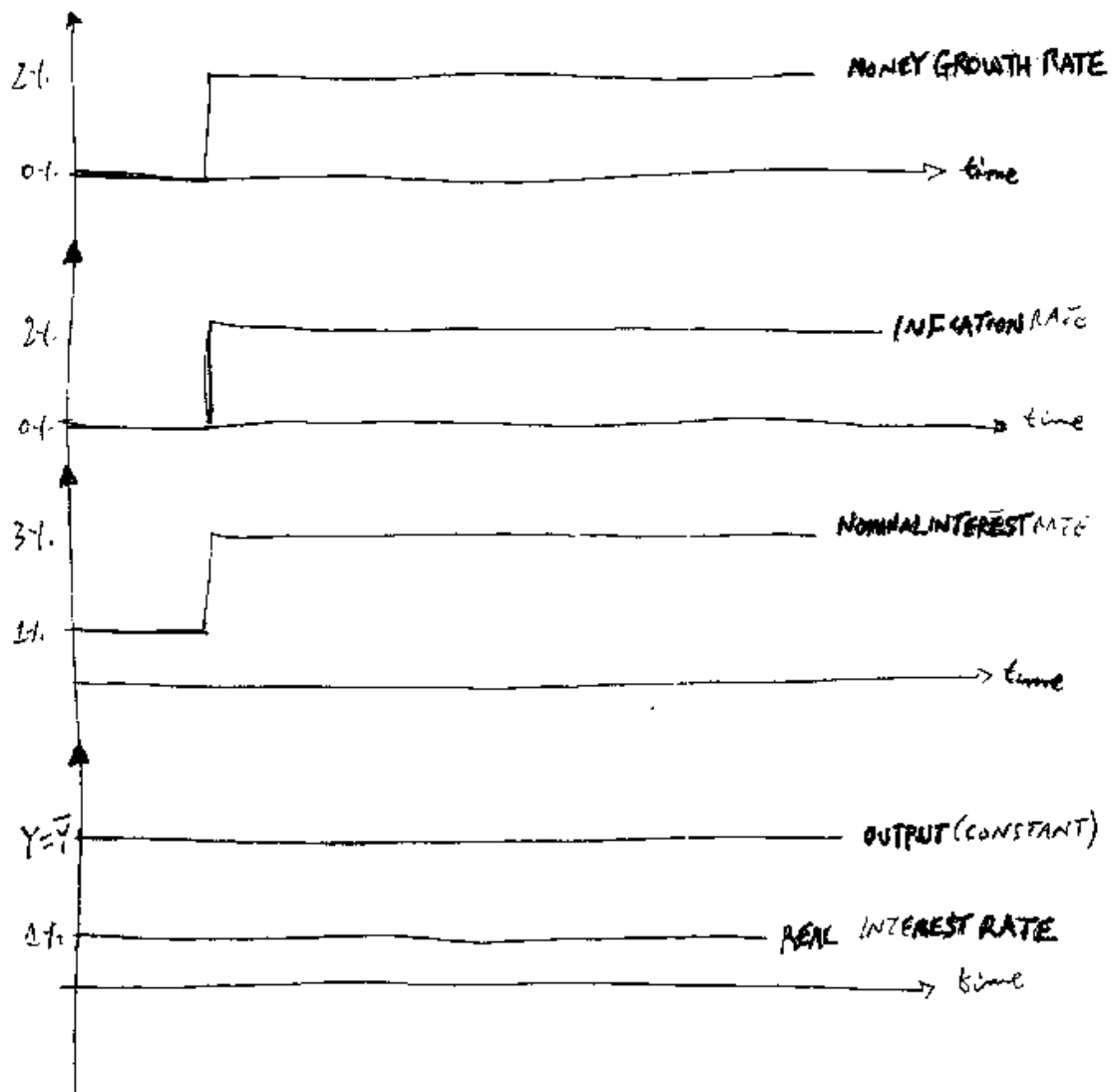


Figure 2  
Interest Rate Response to Increase in Money Growth Rate  
ACCORDING TO THE DATA

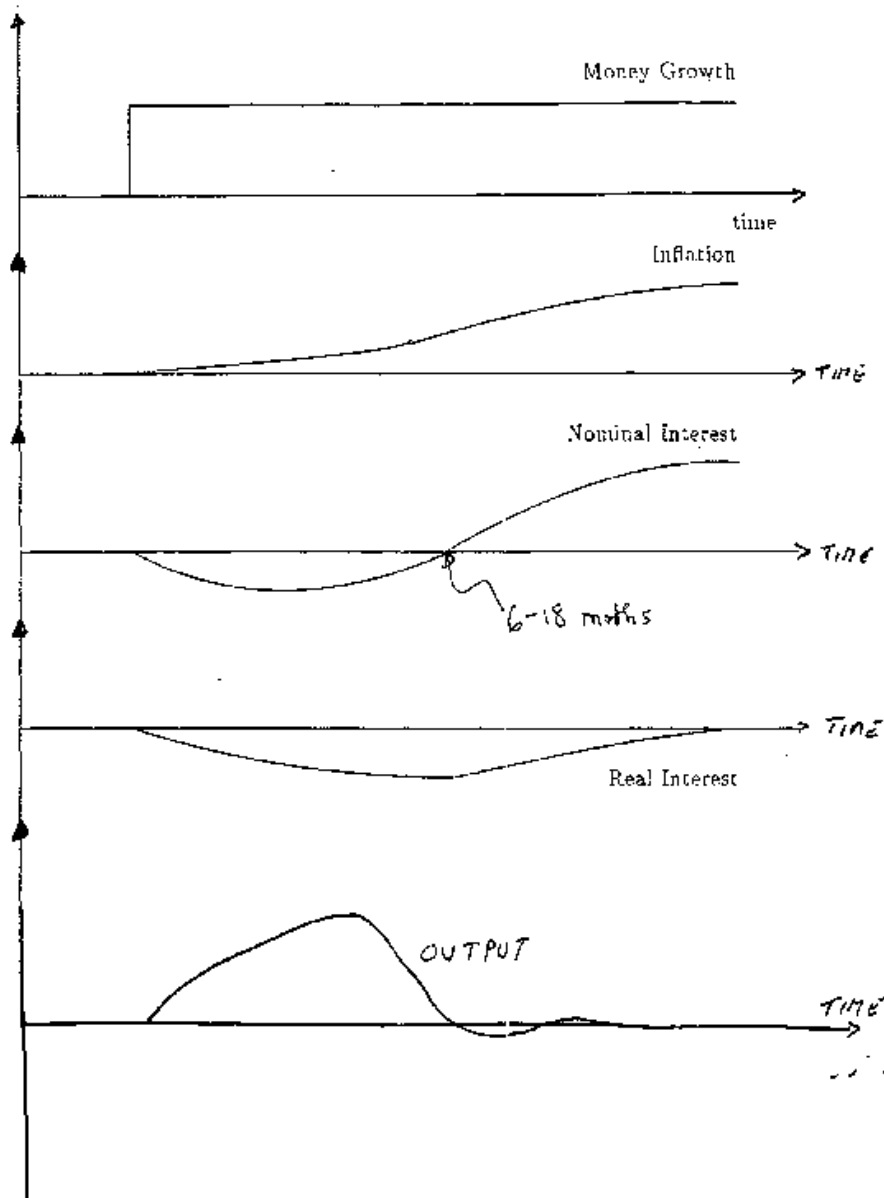


FIGURE 3. CLASSICAL THEORY

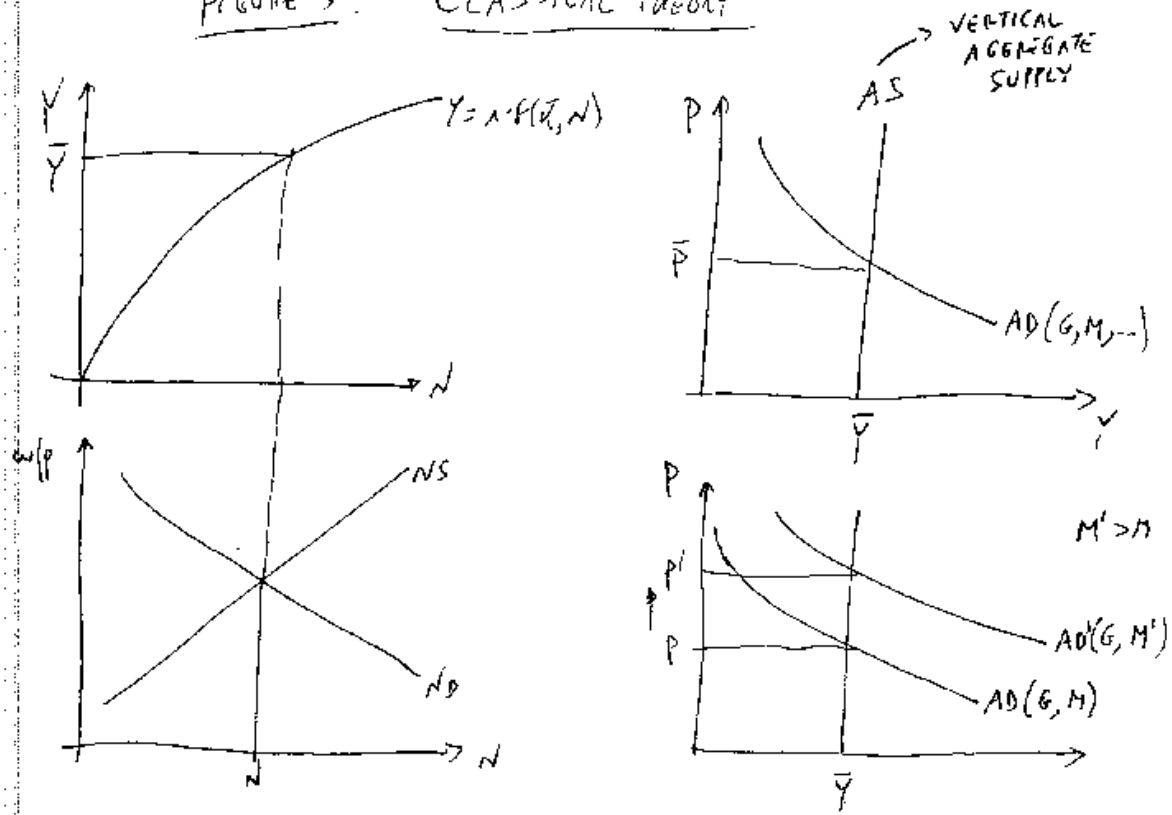


FIGURE 4. KEYNESIAN THEORY

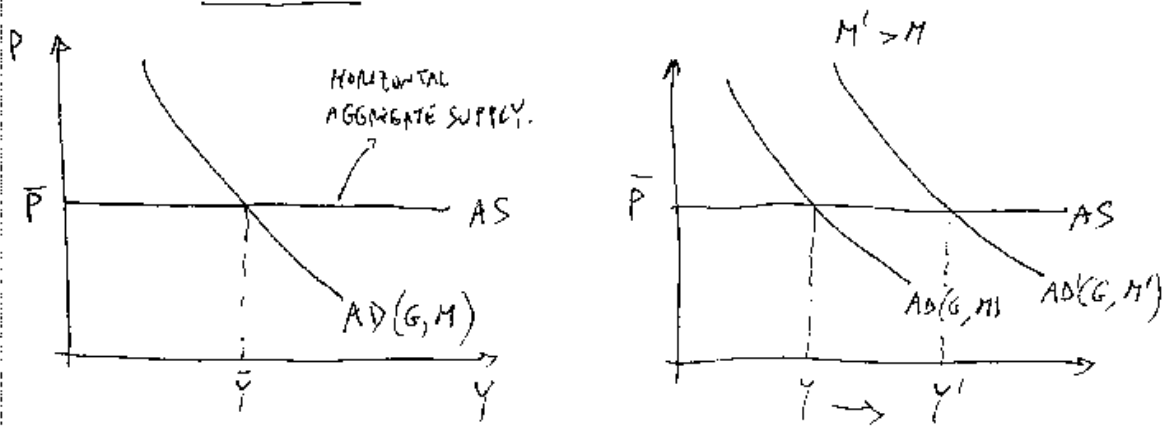


FIGURE 5

NEO-KEYNESIAN THEORY WITH FIXED NOMINAL WAGES.

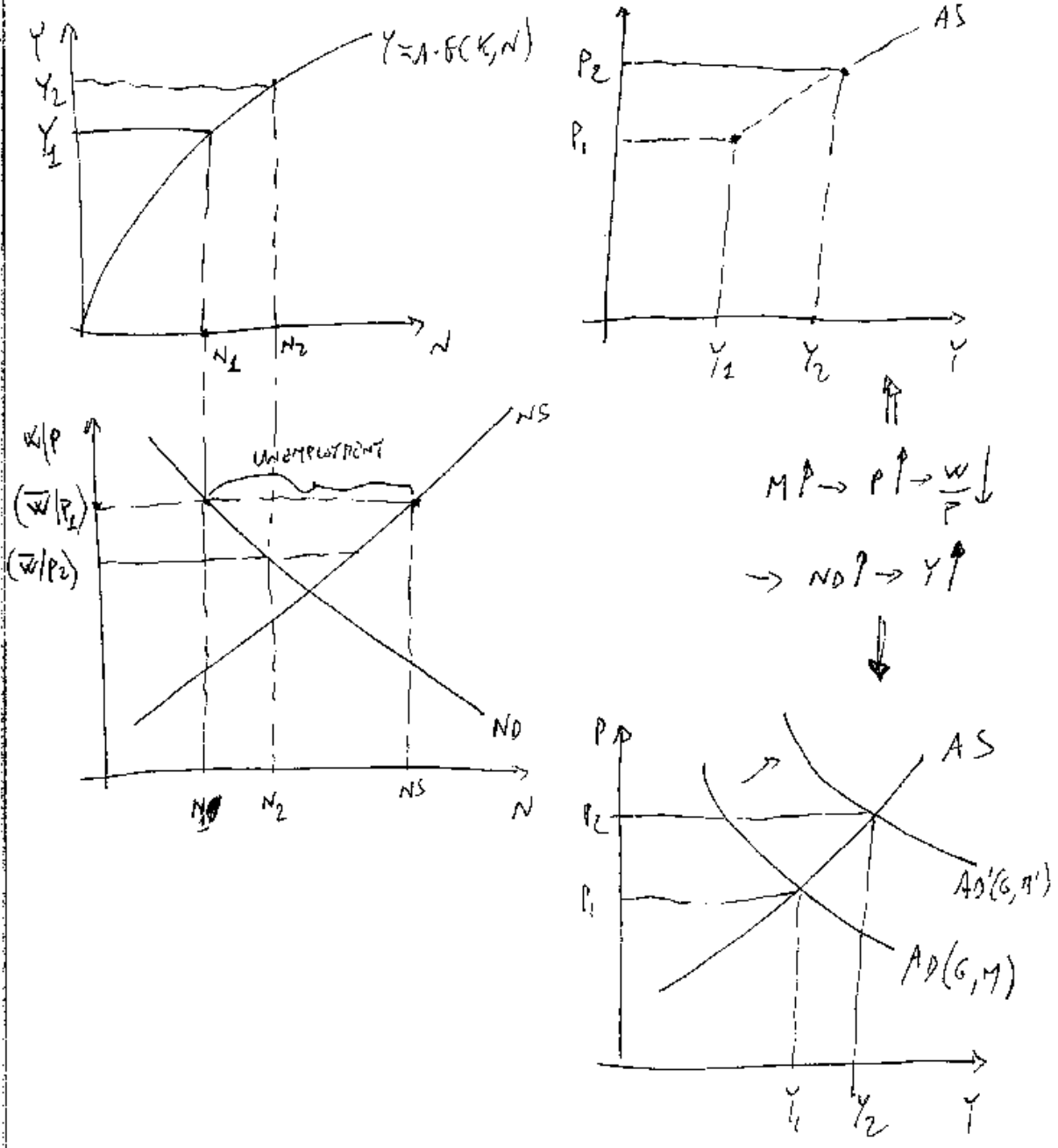


FIGURE 6. THE IS CURVE

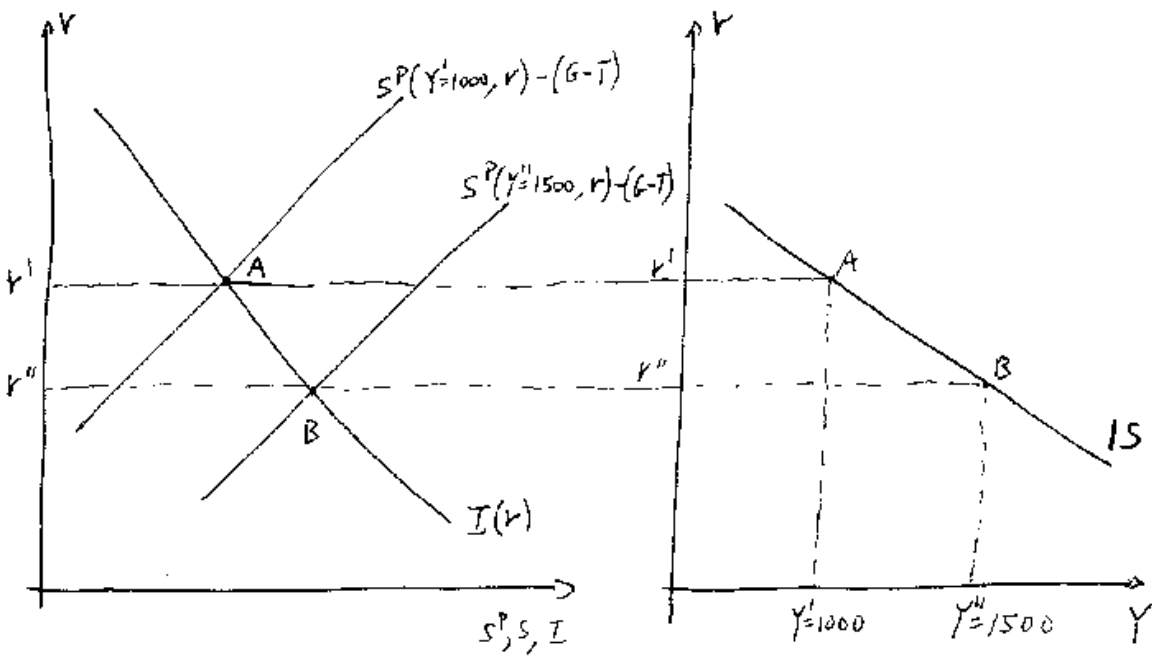


FIGURE 7. IS CURVE SLOPE

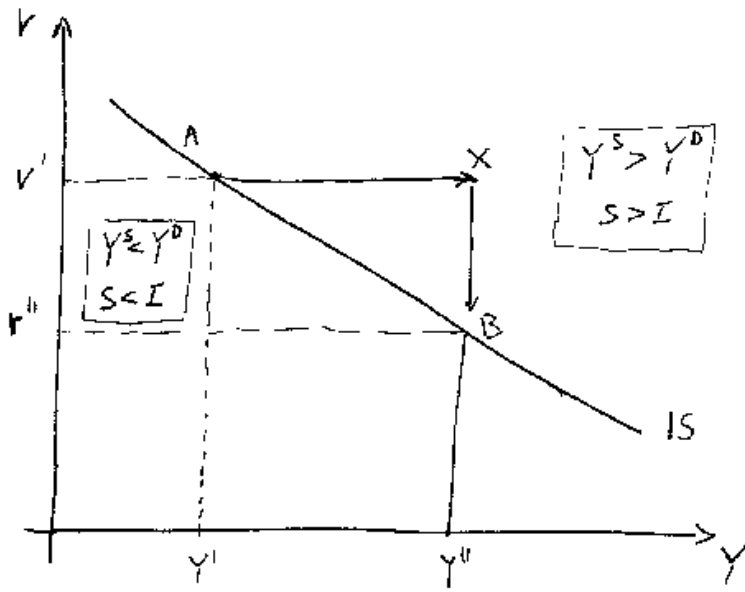


FIGURE 8. EFFECT OF THE IS CURVE OF AN INCREASE IN  $G$

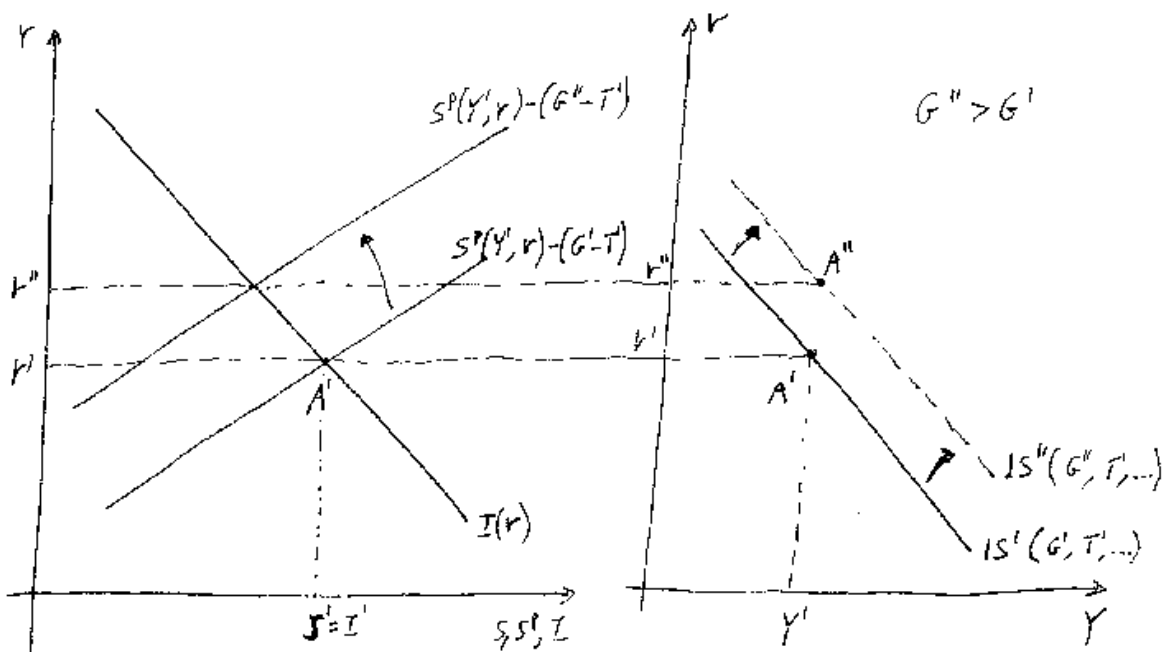


FIGURE 9. THE SHIFT IN THE IS CURVE

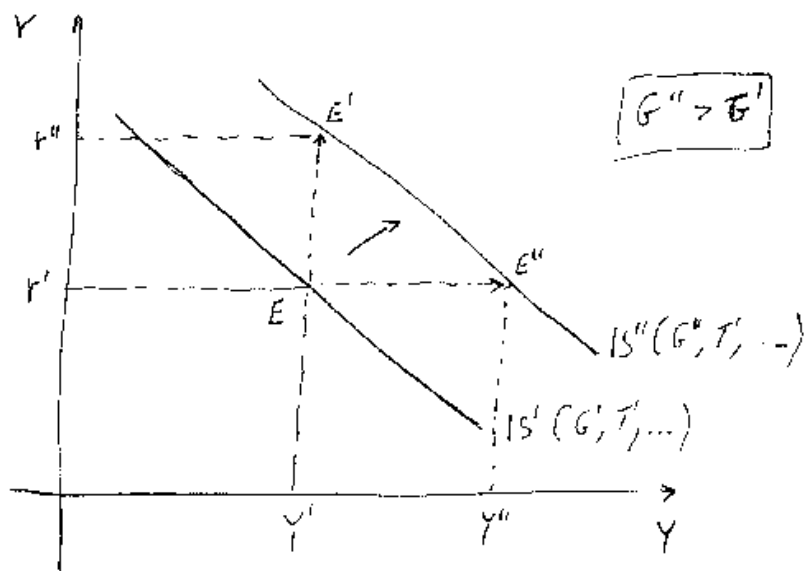


FIGURE 10. EFFECT ON THE IS CURVE OF AN INCREASE IN  $T$ .

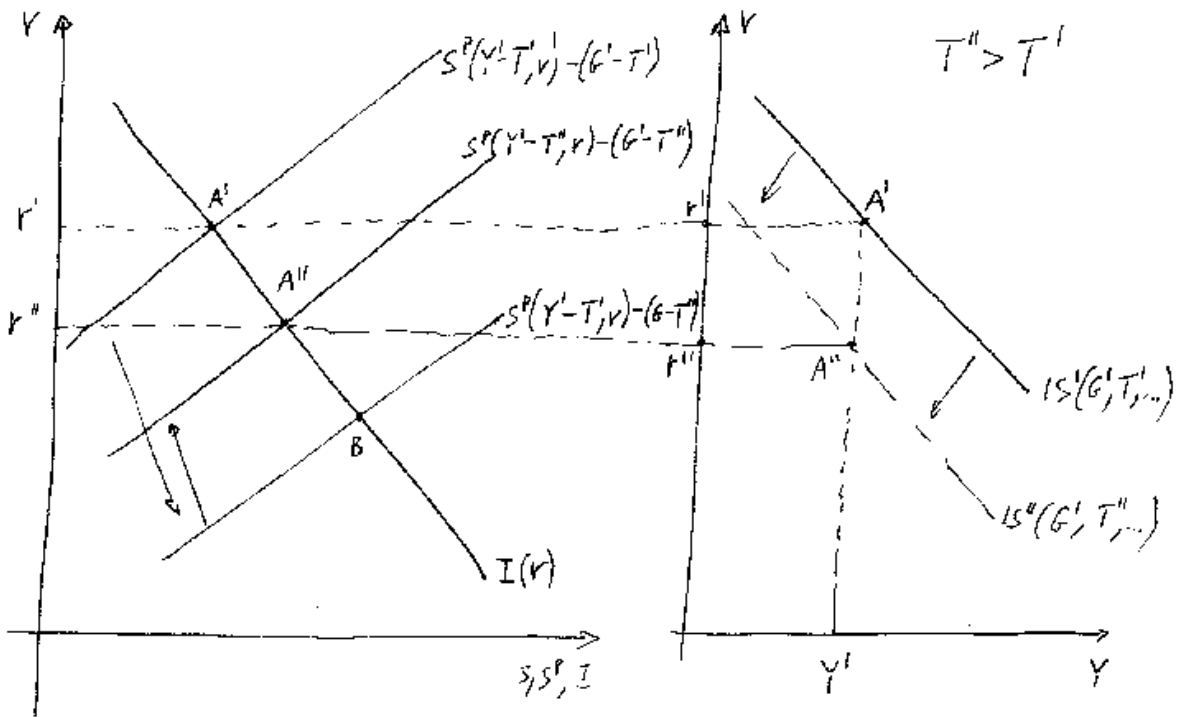


FIGURE 11. THE SHIFT IN THE IS CURVE.

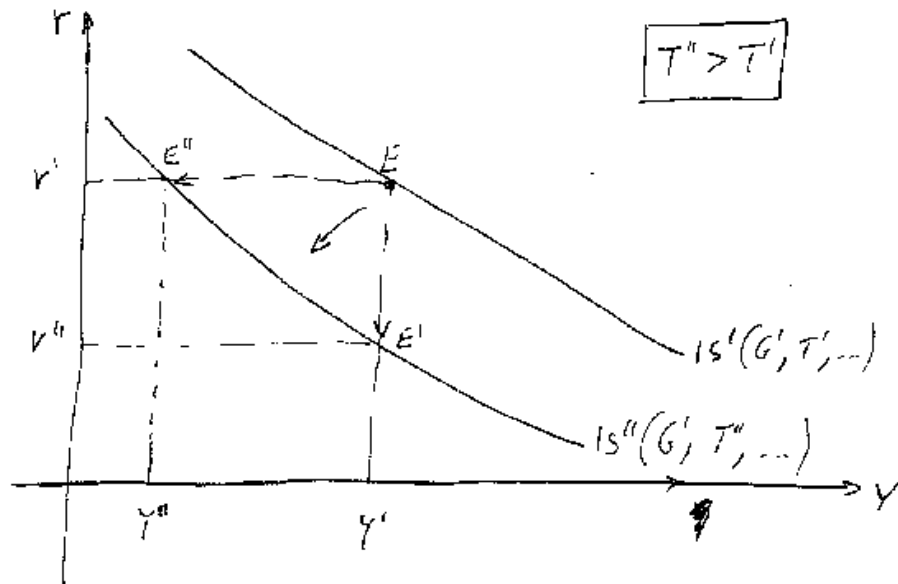


FIGURE 12. EQUILIBRIUM IN THE MONEY MARKET AND THE LM CURVE

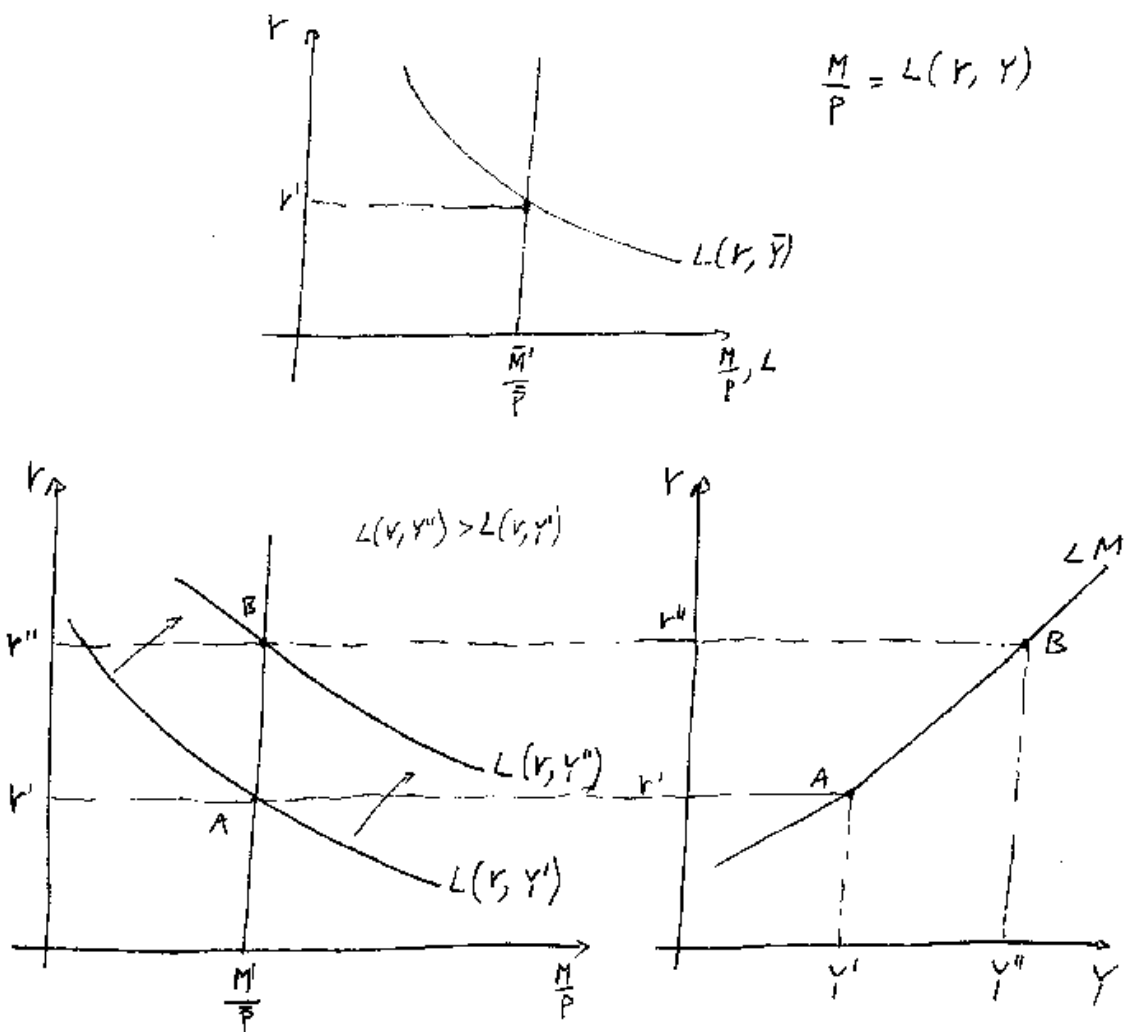


FIGURE 13. THE SLOPE OF THE LM CURVE

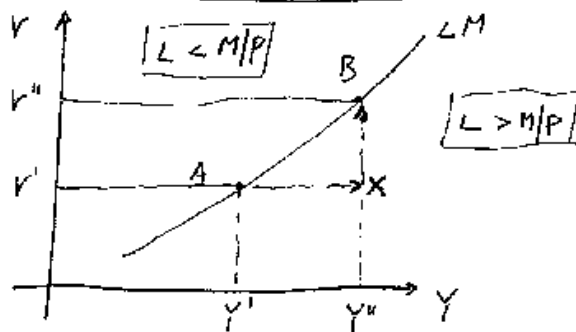


FIGURE 14. SHIFTS OF THE LM CURVE CAUSED BY AN INCREASE IN  $M$ .

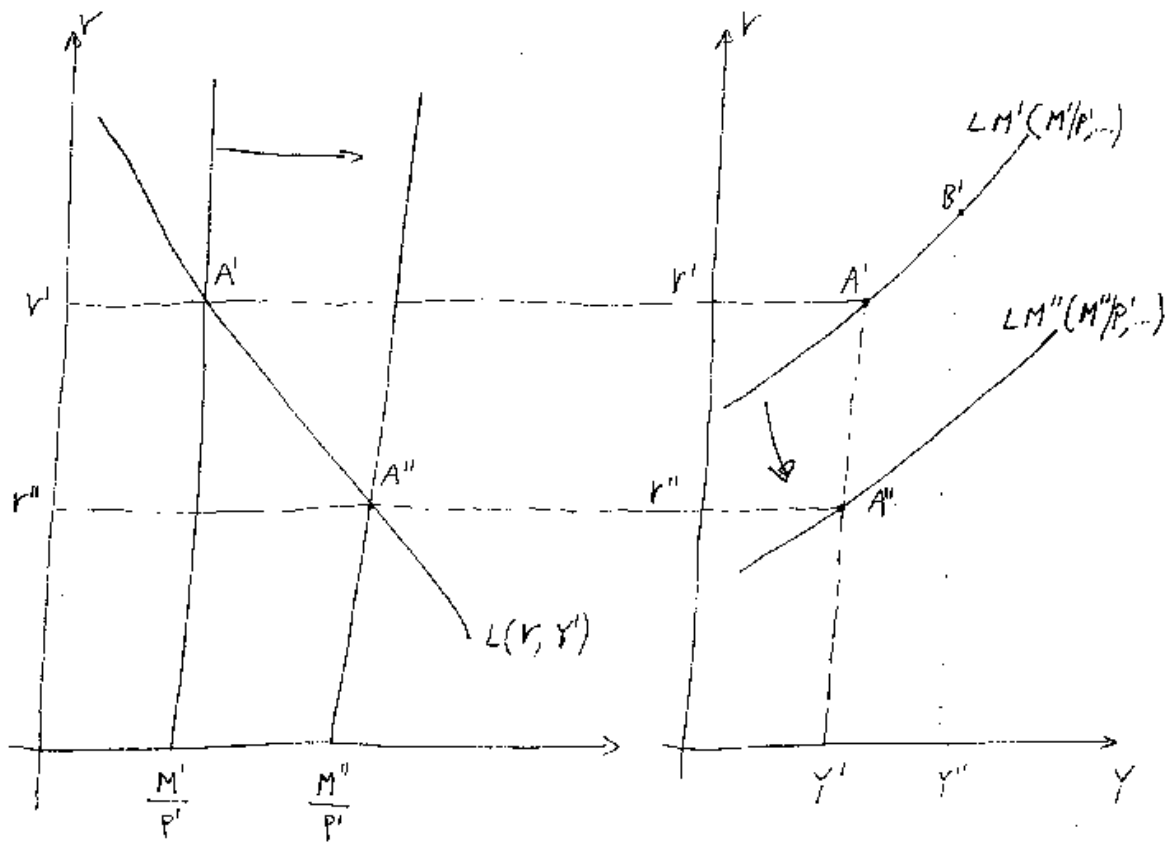


FIGURE 15. IS-LM EQUILIBRIUM

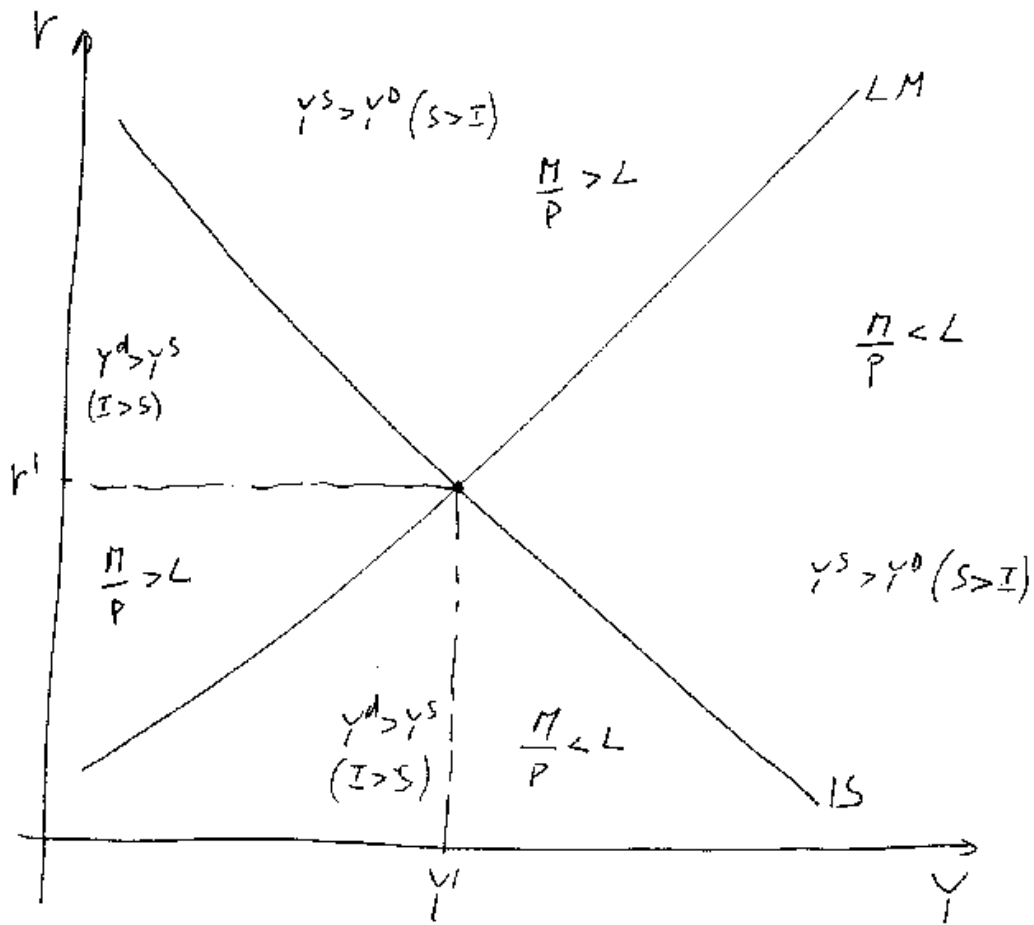


FIGURE 16. EFFECTS OF MONETARY POLICY

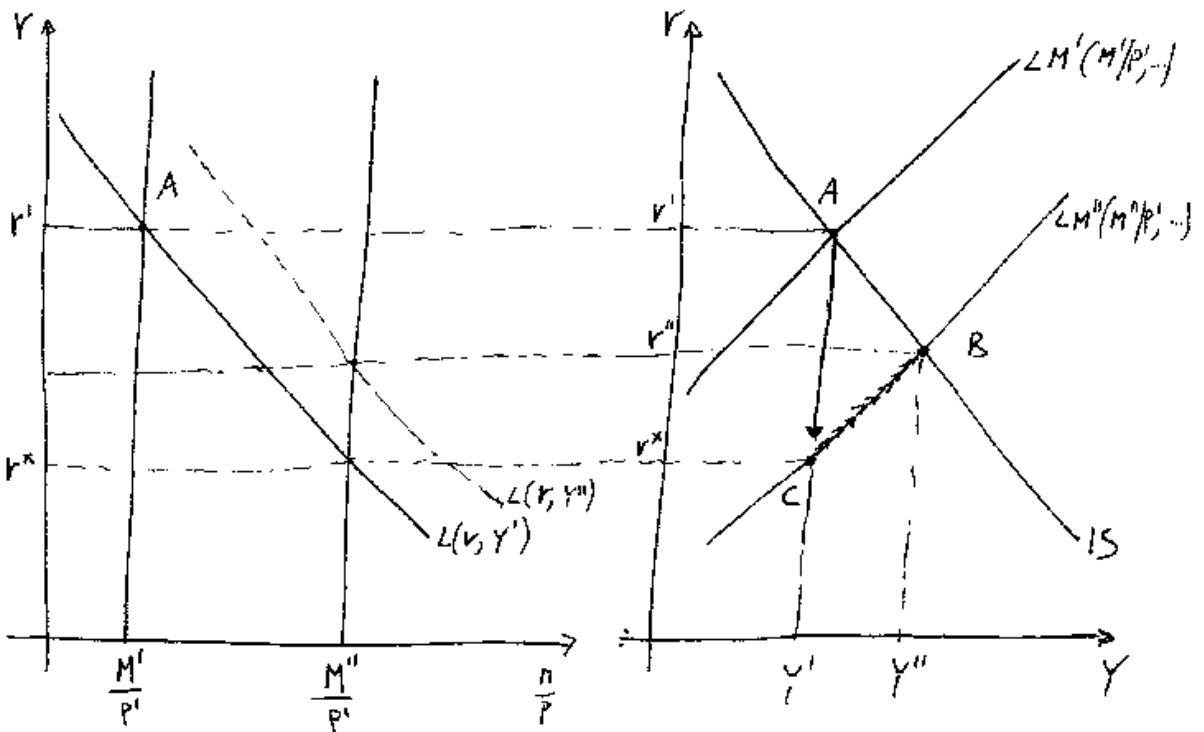


FIGURE 17. LONG-RUN (CLASSICAL) EFFECTS OF AN INCREASE IN  $M$ .

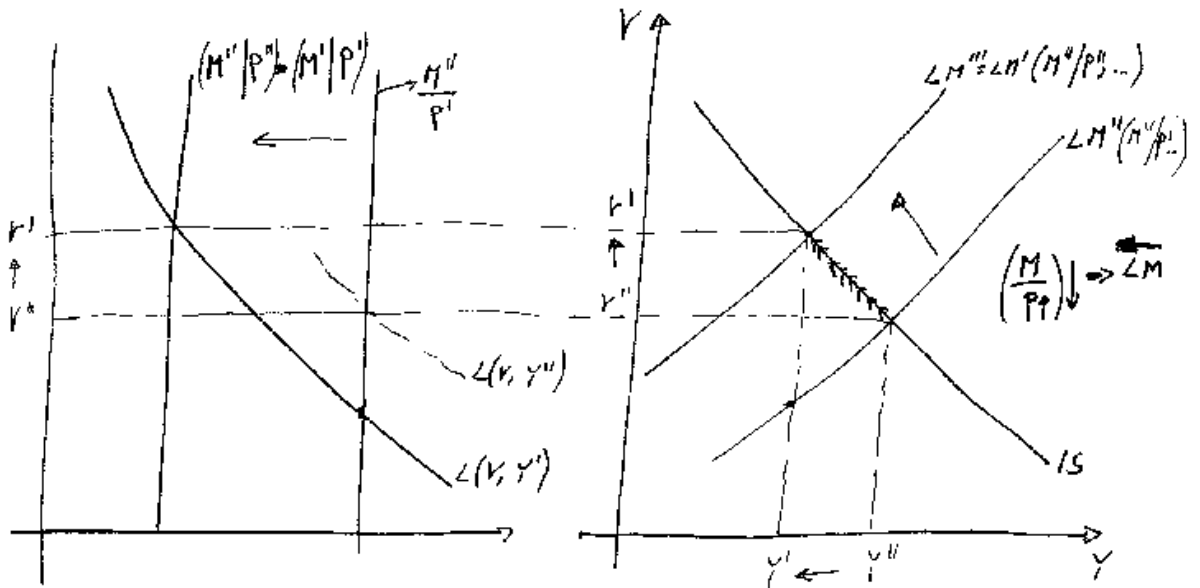


FIGURE 18. EFFECTS OF FISCAL POLICY (INCREASE IN  $G$ )

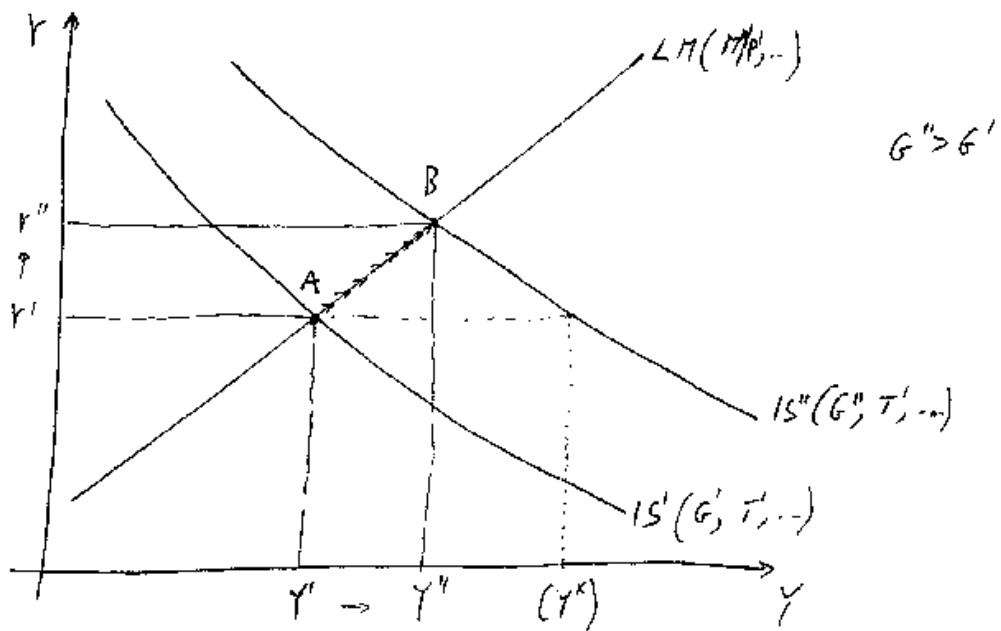


FIGURE 19. LONG-RUN (CLASSICAL) EFFECTS OF AN INCREASE IN  $G$ .

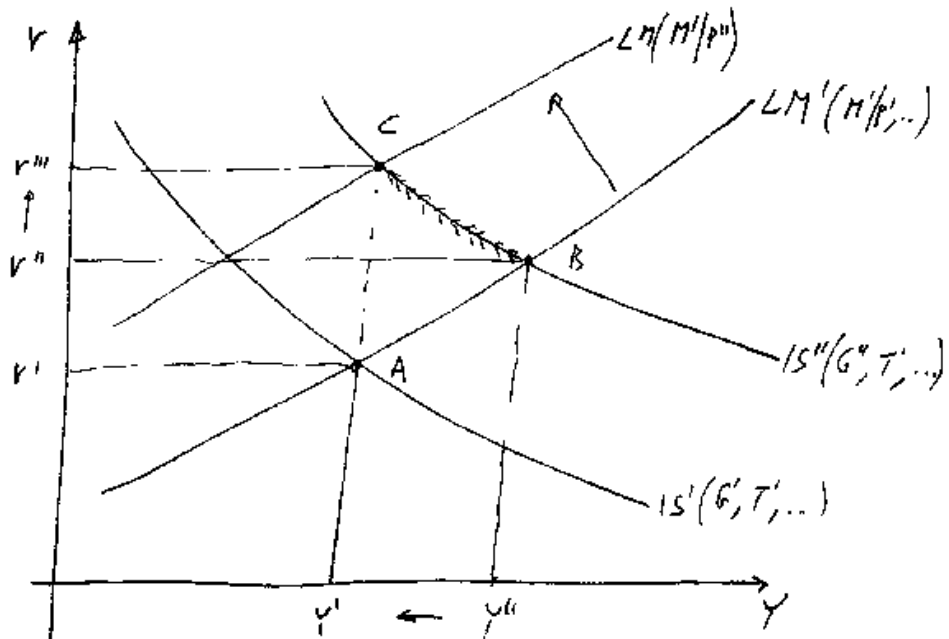
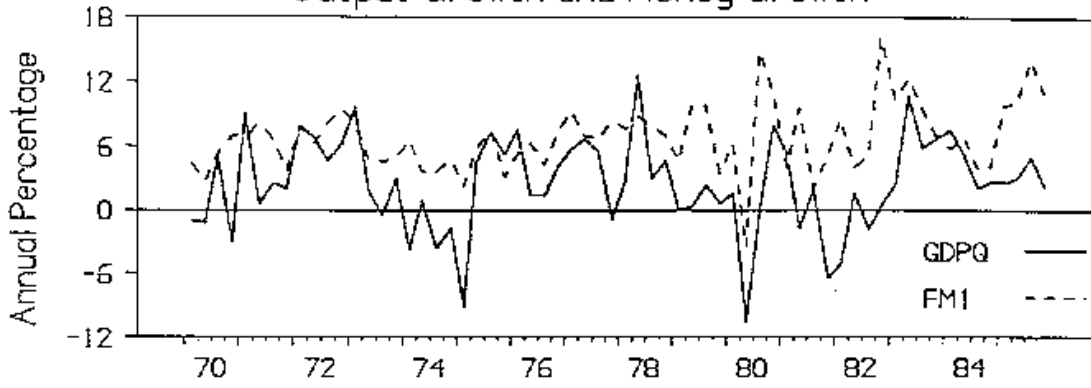
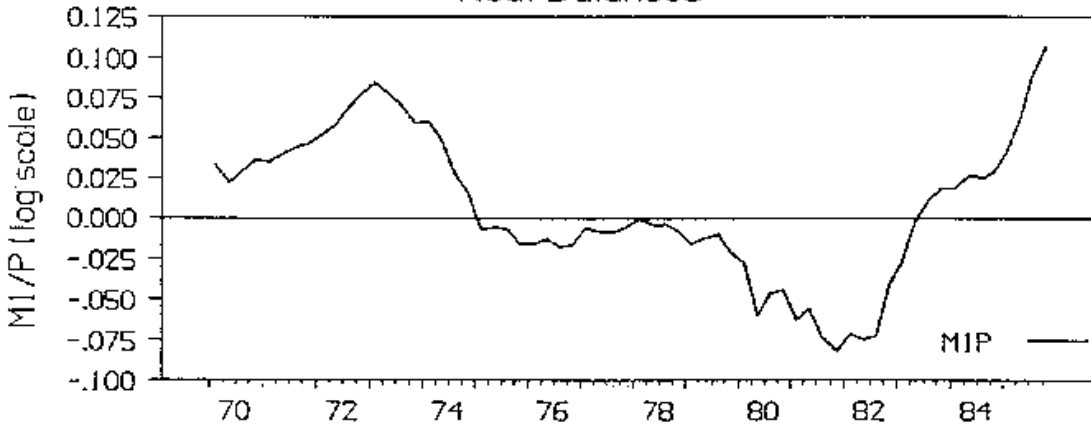


Figure 2.0  
Output Growth and Money Growth



Real Balances



Short Term Interest Rates

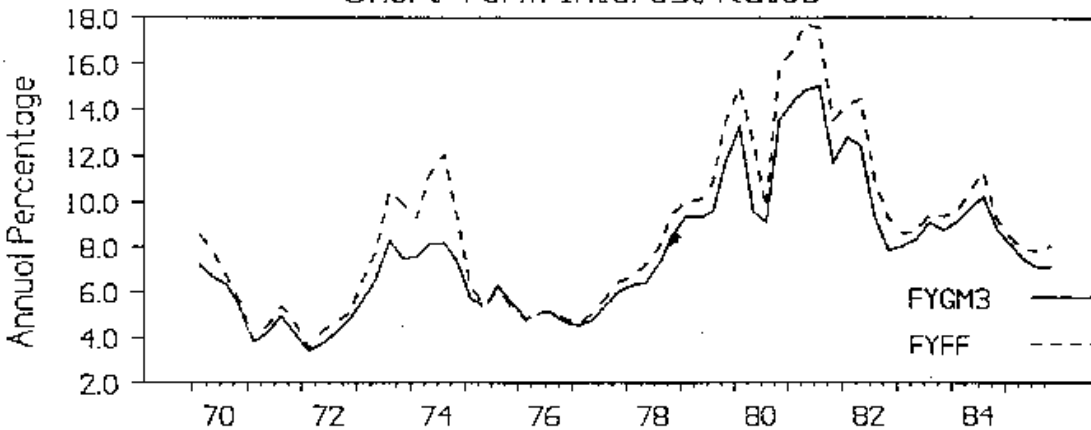


Figure 2.1  
Inflation and Output Growth

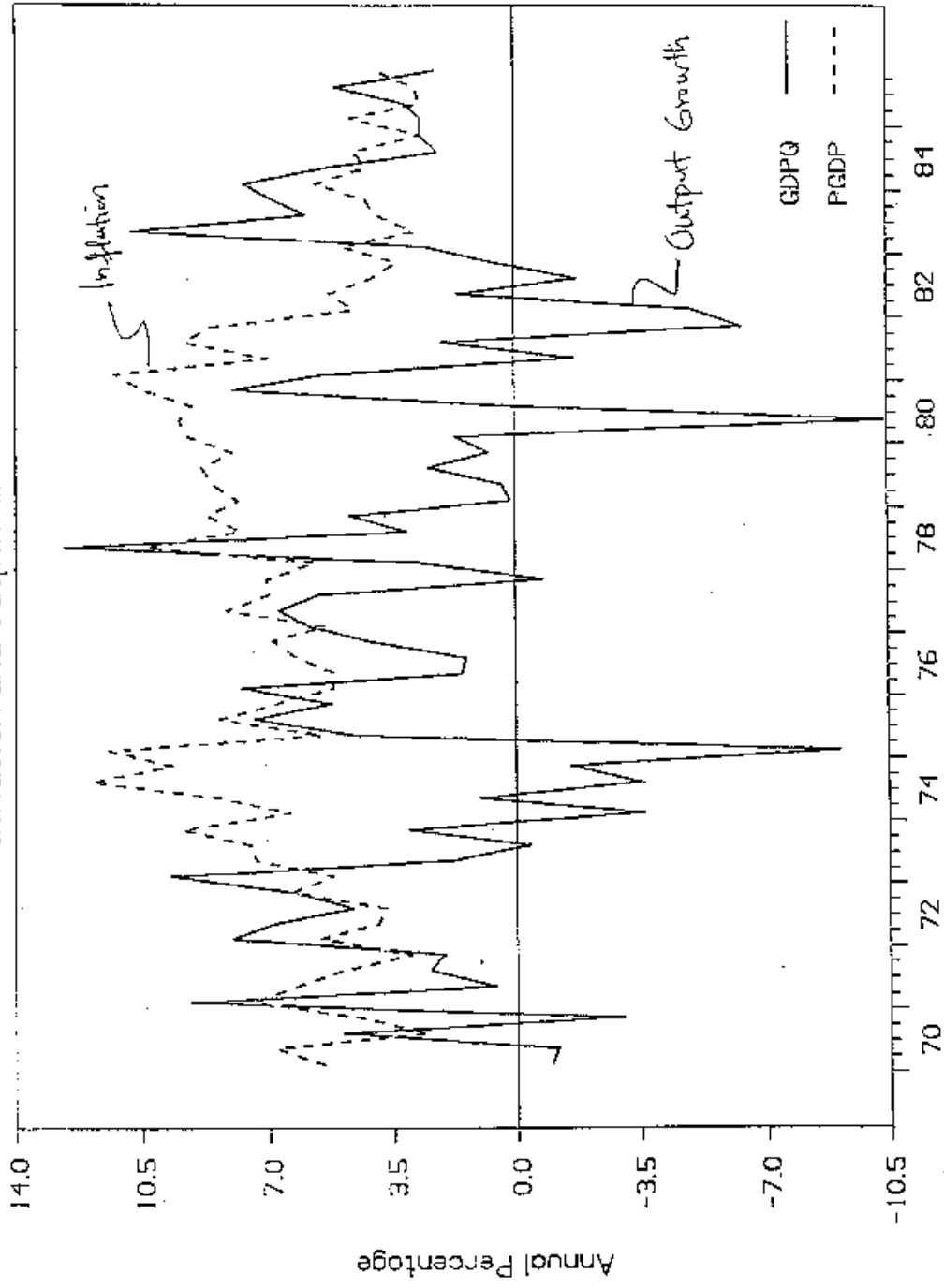
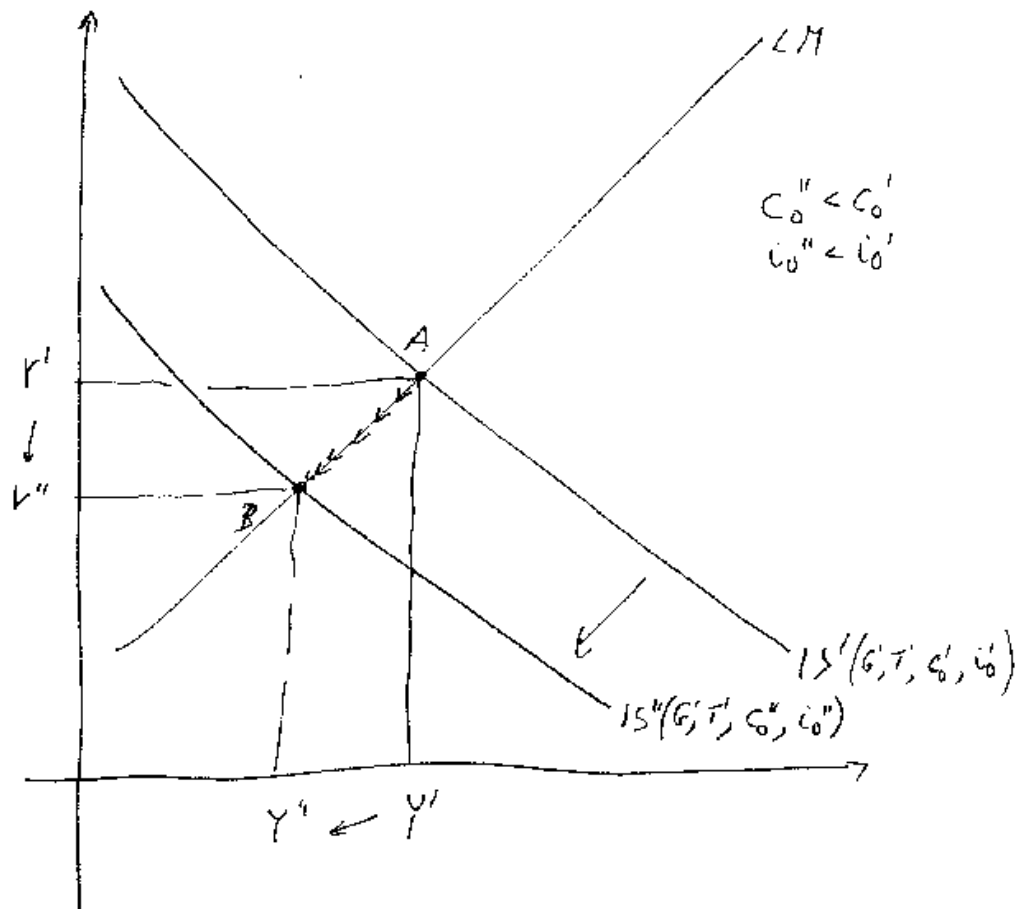


FIGURE 22. SELF-FULLFILLING RECESSION CAUSED BY "ANIMAL SPIRITS"



ANIMAL SPIRITS LEAD TO AN EXOGENOUS FALL IN THE AUTONOMOUS COMPONENTS OF AGGREGATE DEMAND ( $C_0, i_0$ )

$$C = C_0 + b(Y - T) - ar$$

$$I = i_0 - dr$$