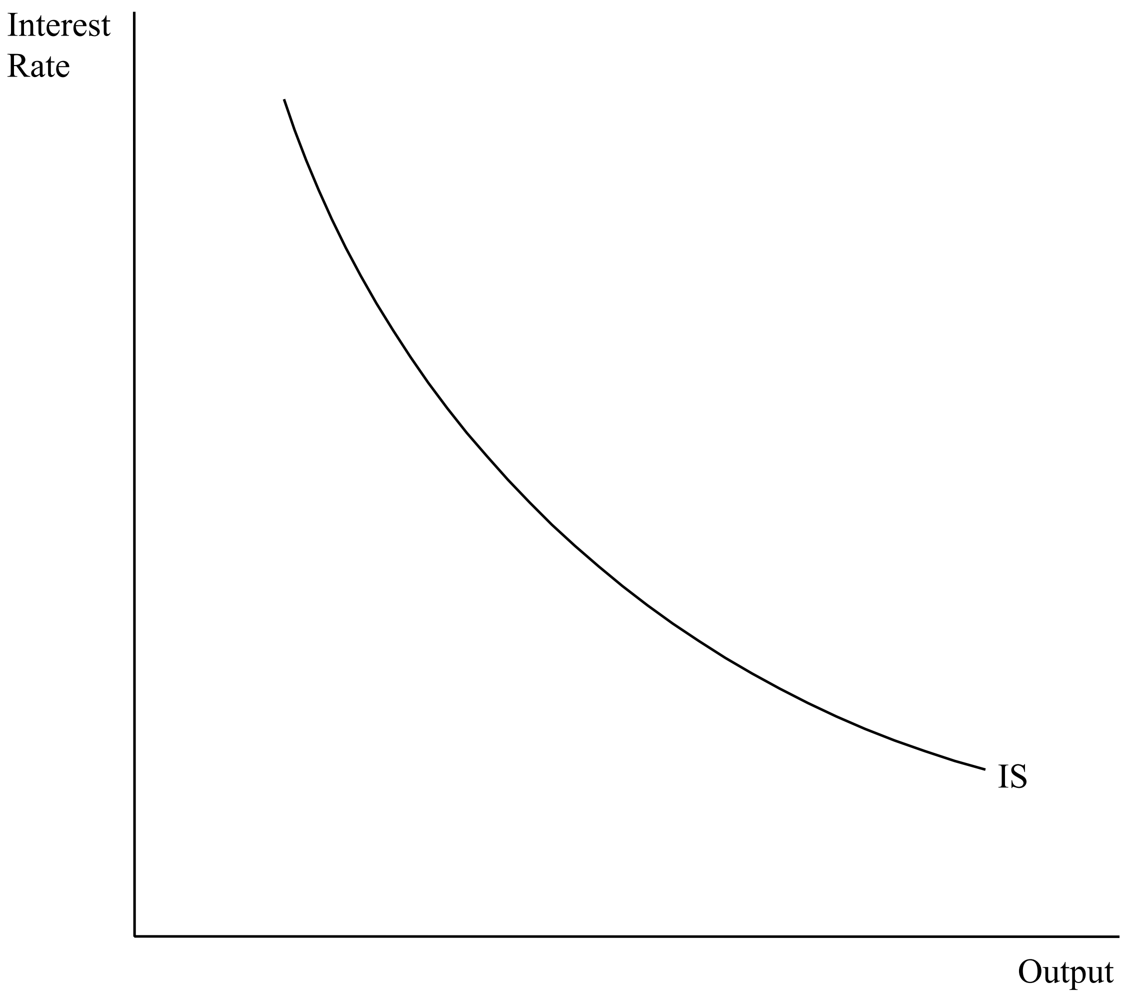

Figure I-1. The IS Curve

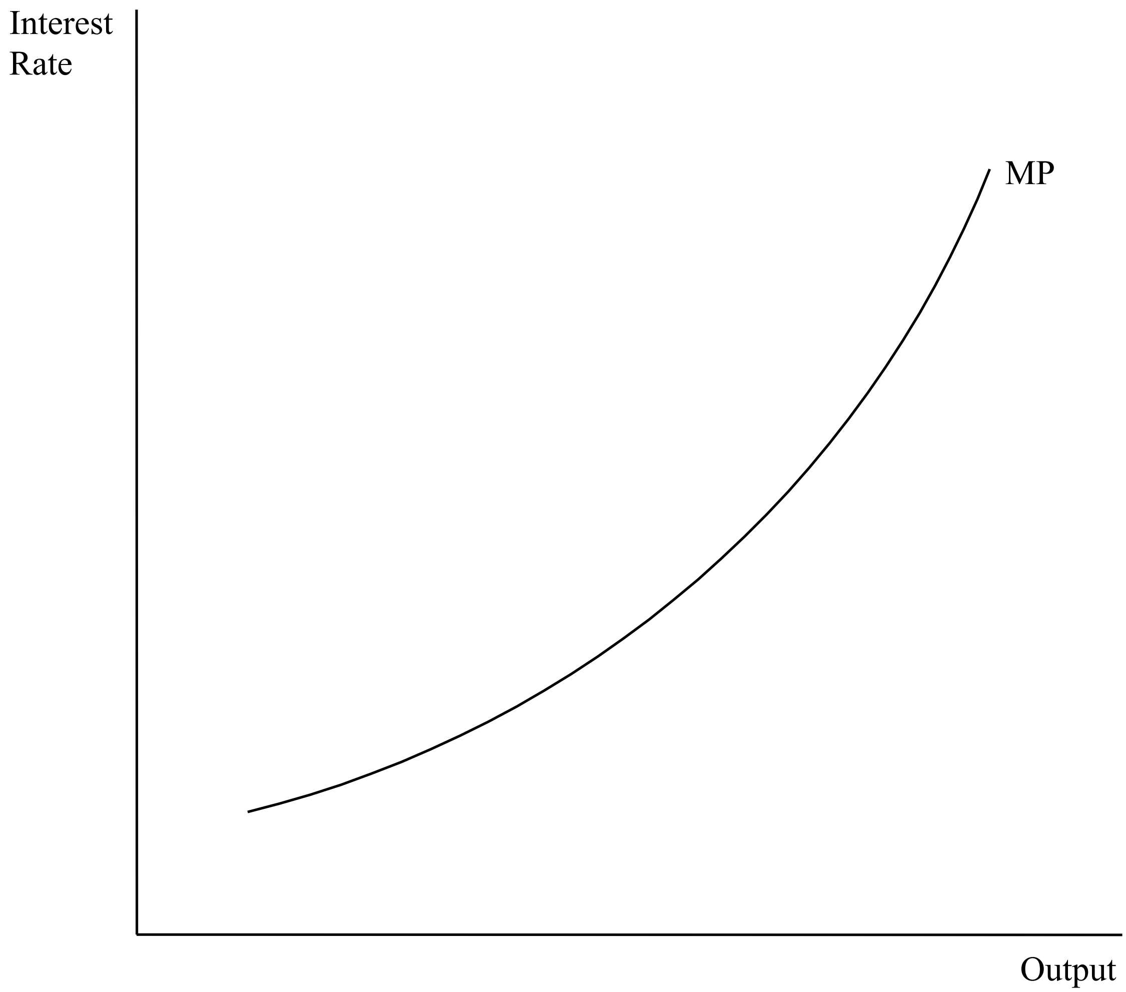

Figure I-2. The MP Curve

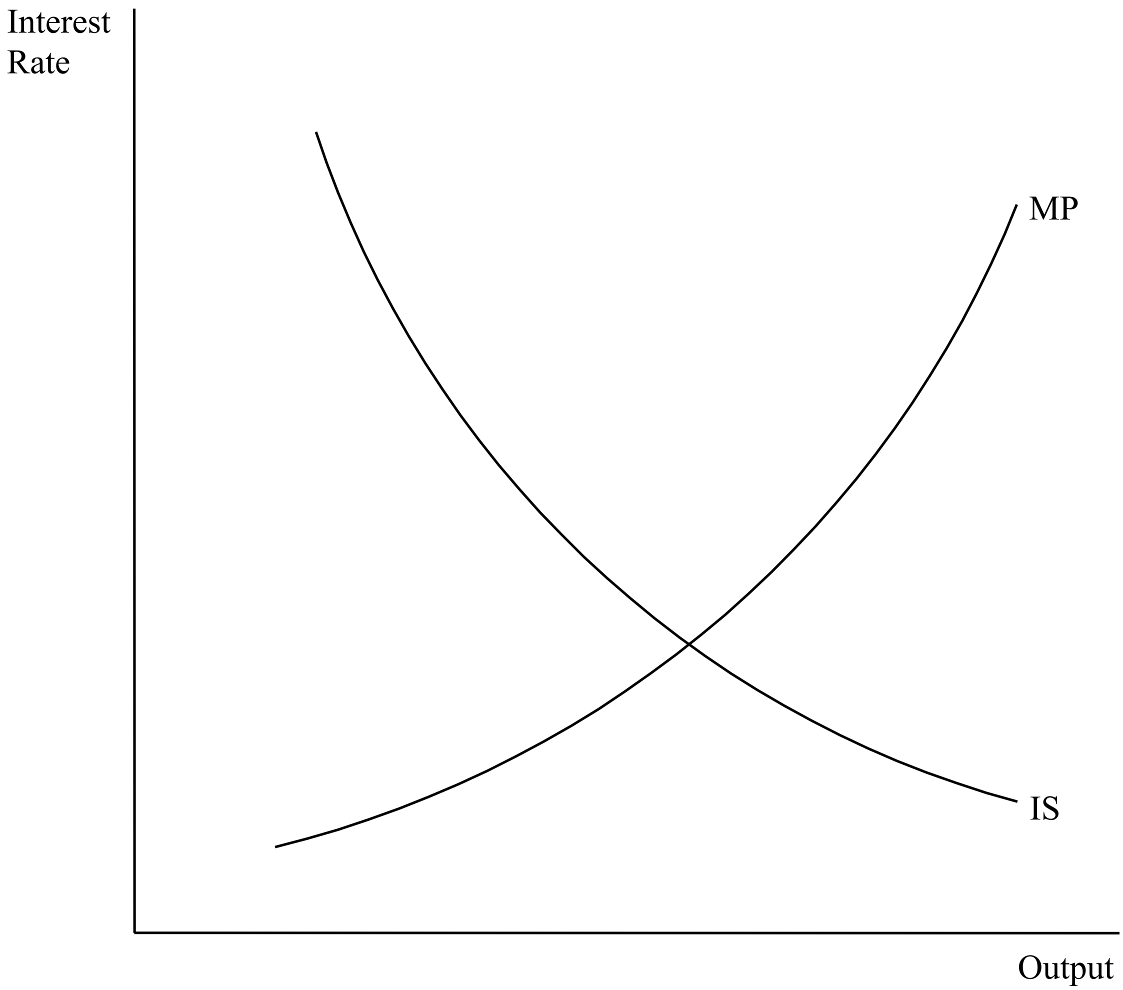

Figure I-3. The IS-MP Diagram

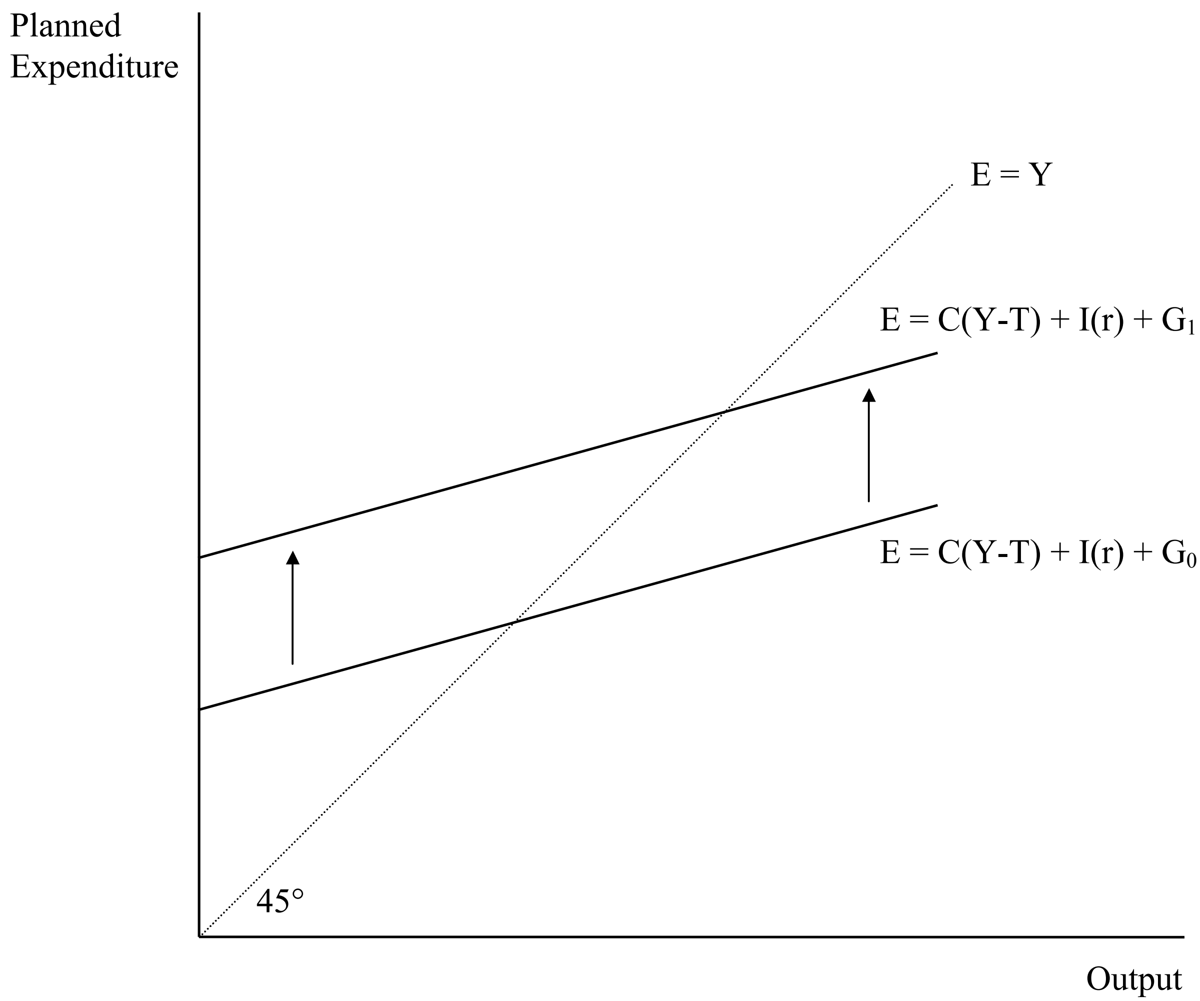

Figure I-4. The Effect of an Increase in Government Purchases on Output at a Given Interest Rate

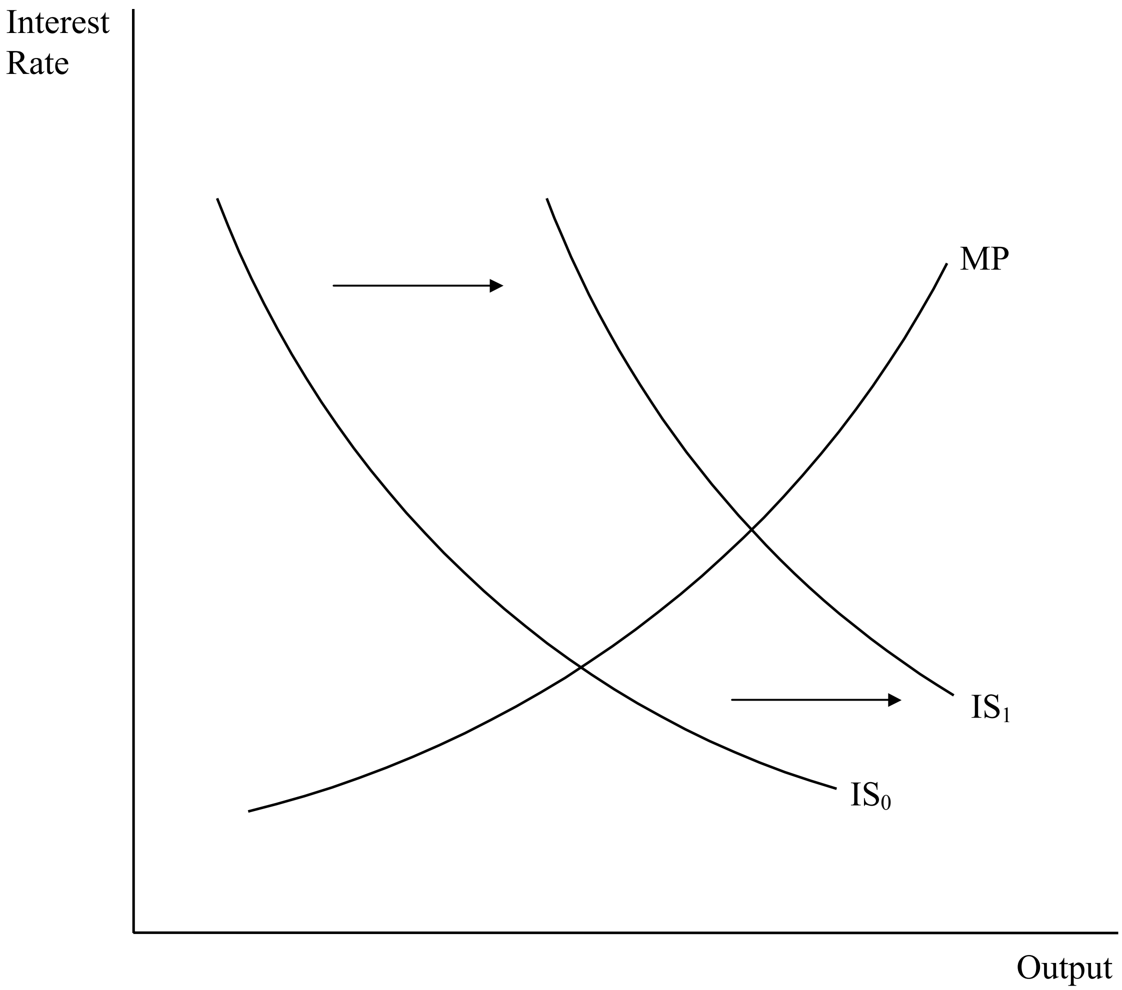

Figure I-5. The Effects of an Increase in Government Purchases on Output and the Interest Rate

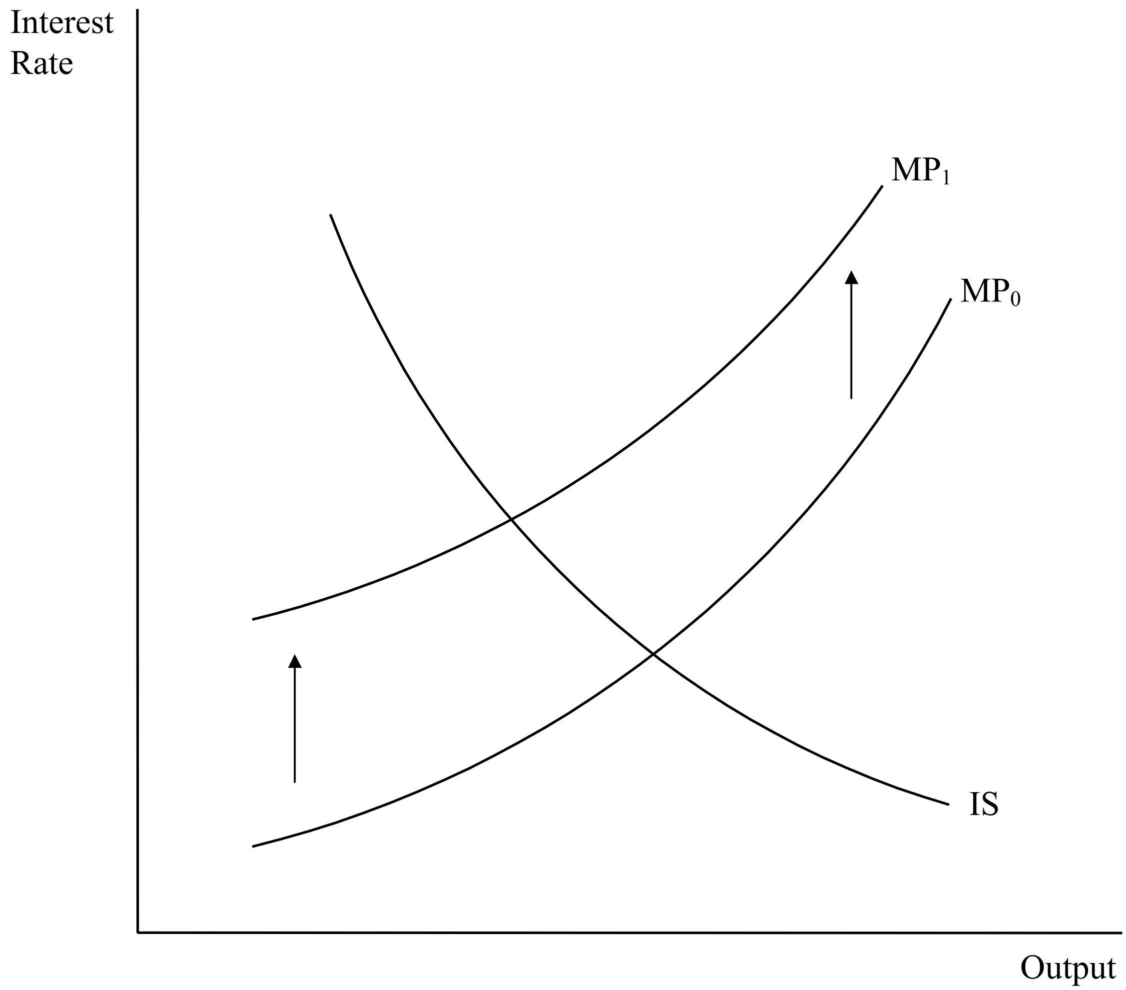

Figure I-6. The Effects of a Shift to Tighter Monetary Policy

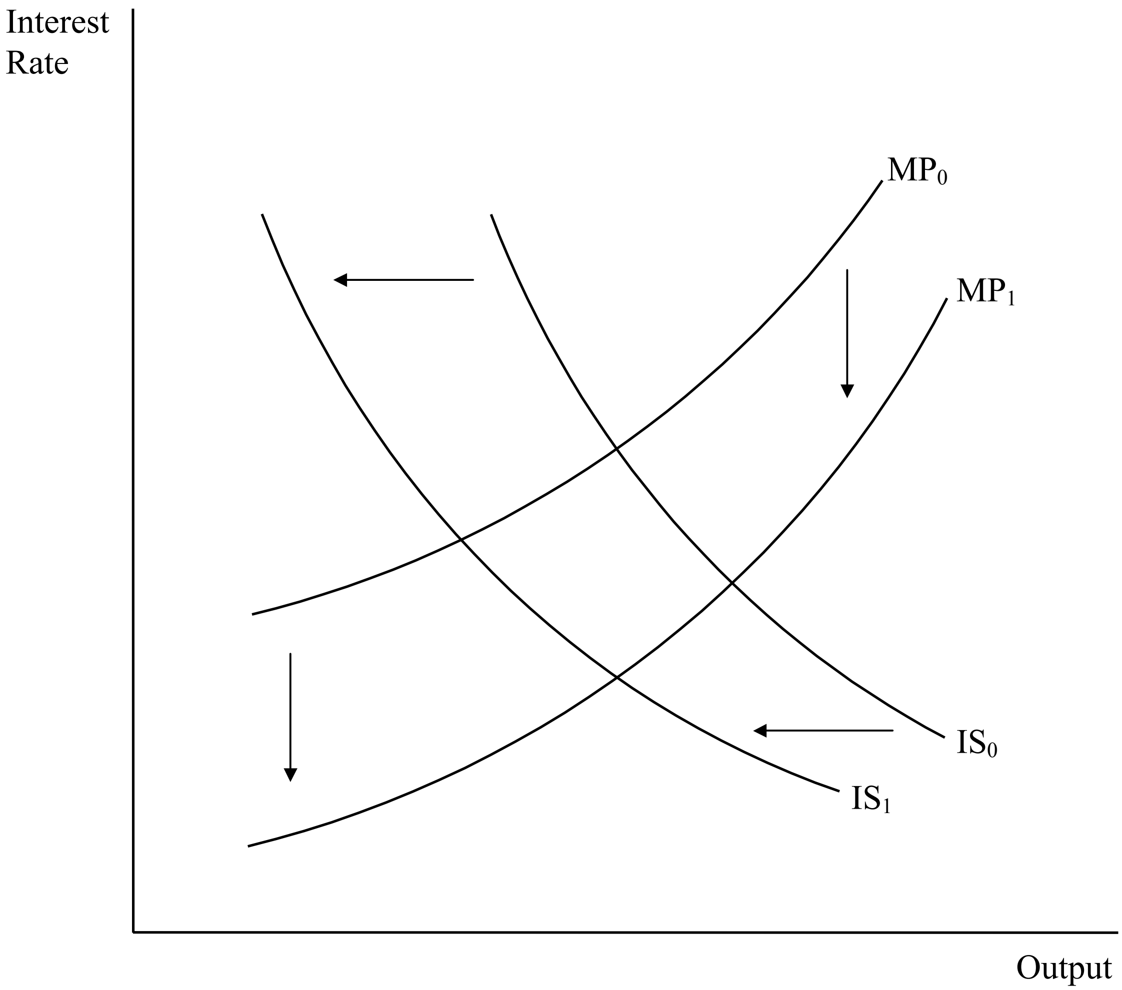

Figure I-7. The Effects of Simultaneous Changes in Fiscal and Monetary Policy that Leave Output Unchanged

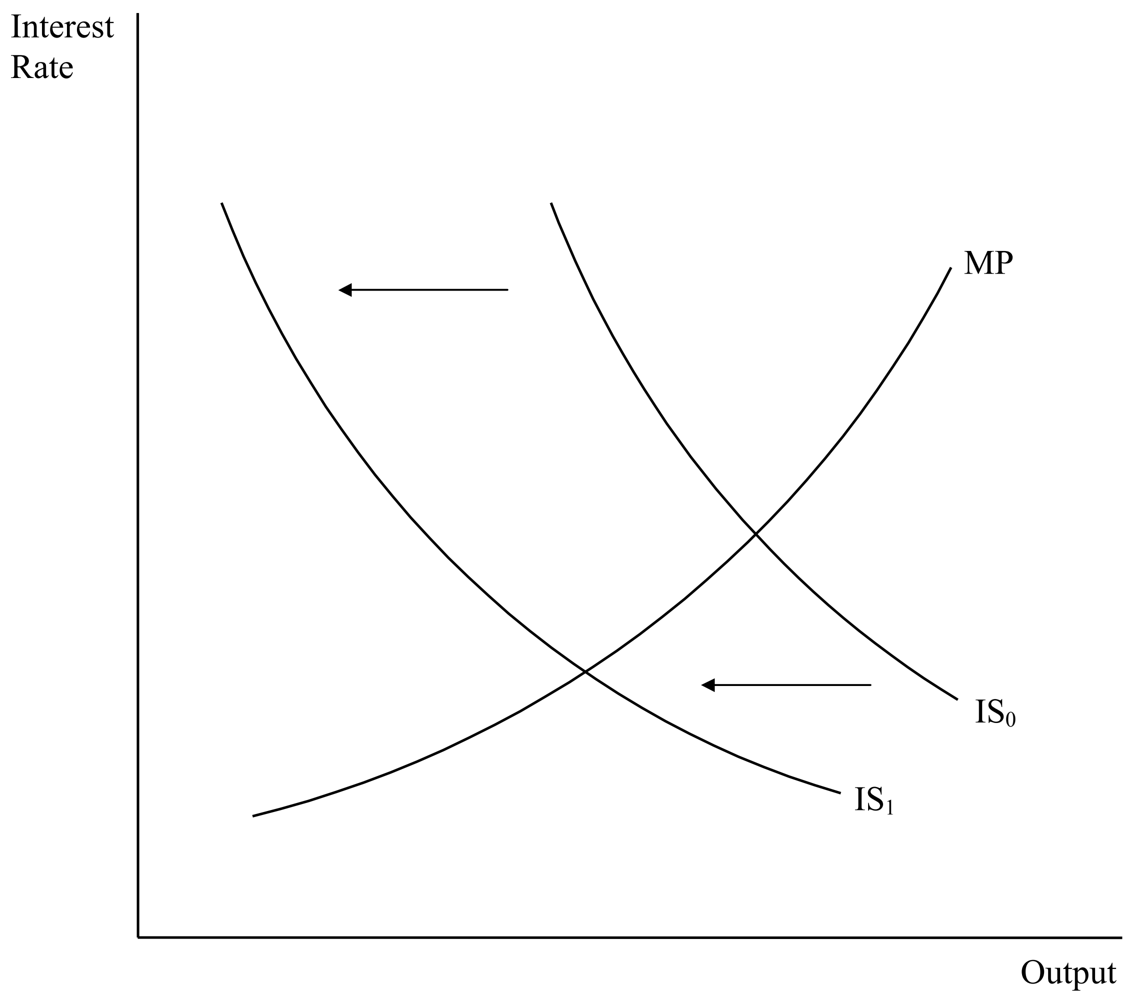

Figure I-8. The Effects of a Fall in Consumer Confidence

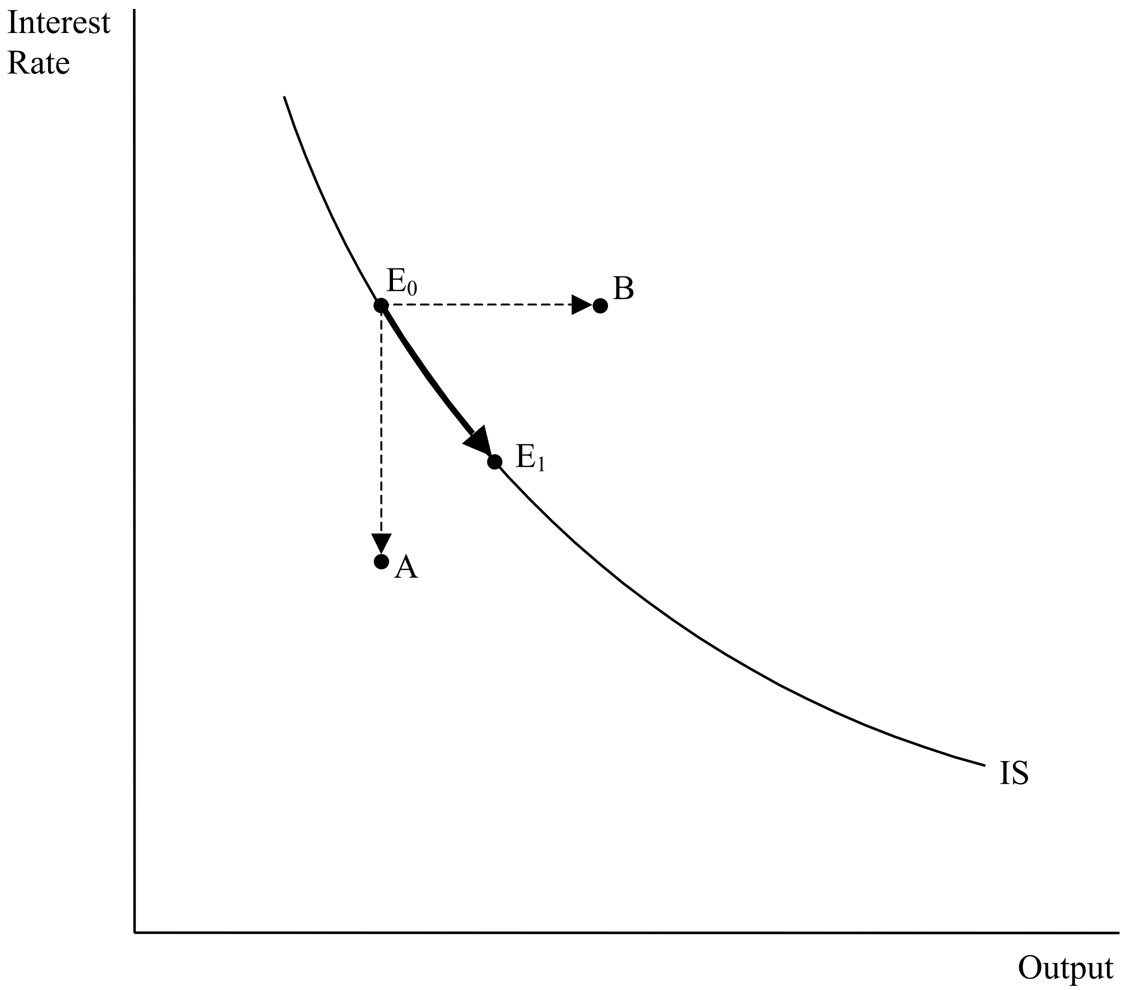

Figure I-9. The Effects of an Increase in the Money Supply

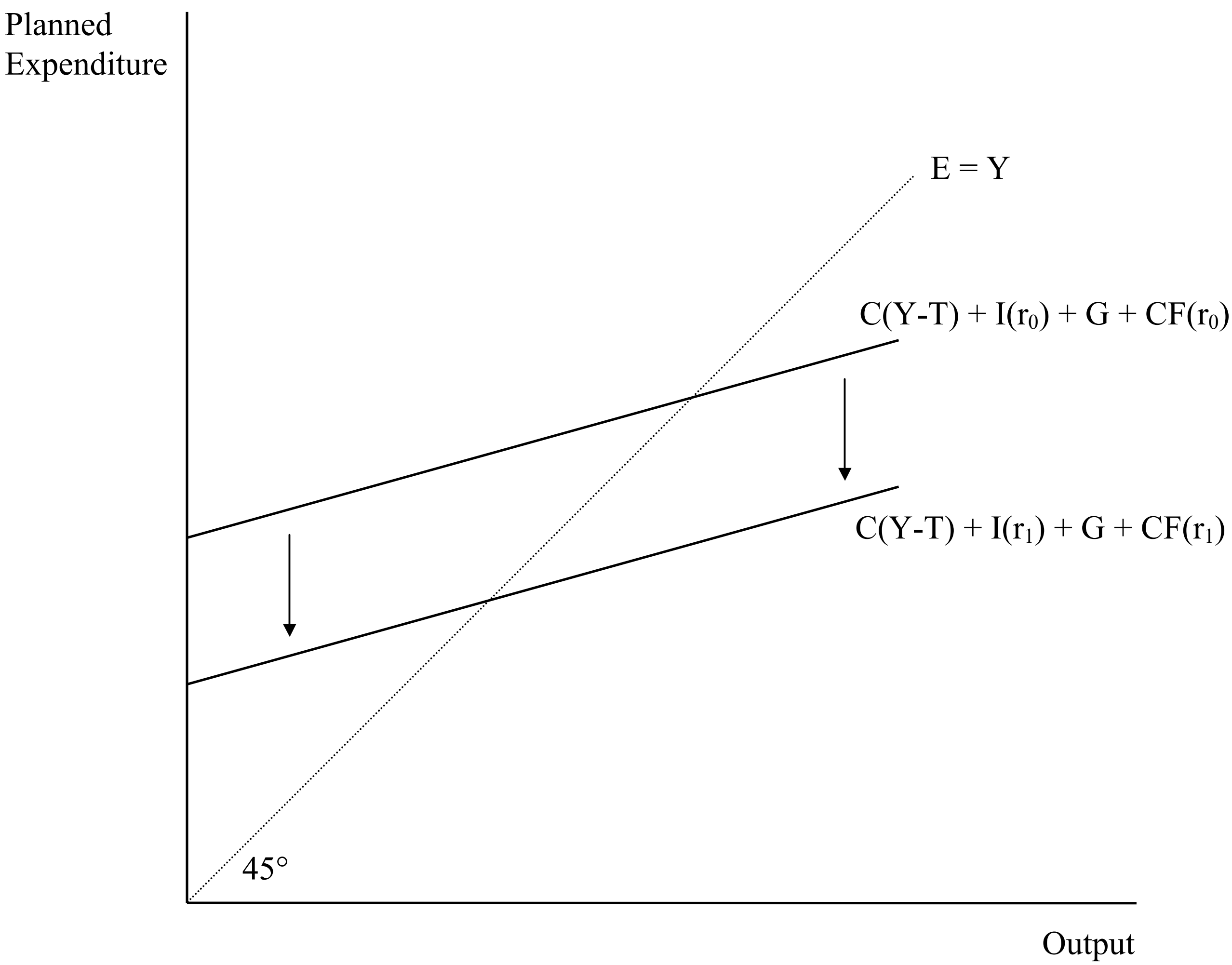

Figure II-1. The Effects of a Rise in the Interest Rate on Equilibrium Output in the Goods Market with Floating Exchange Rates

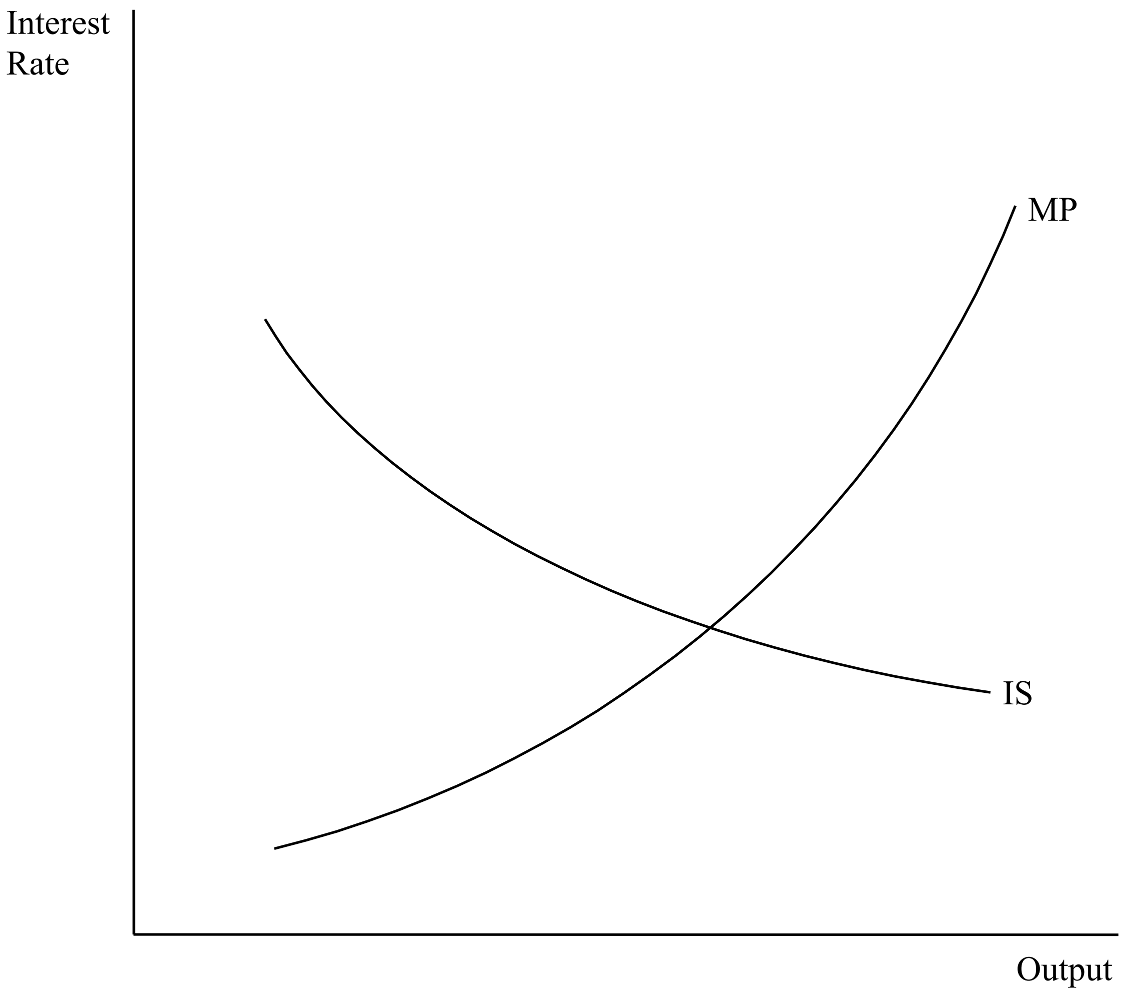

Figure II-2. The IS-MP Diagram for an Open Economy with Floating Exchange Rates

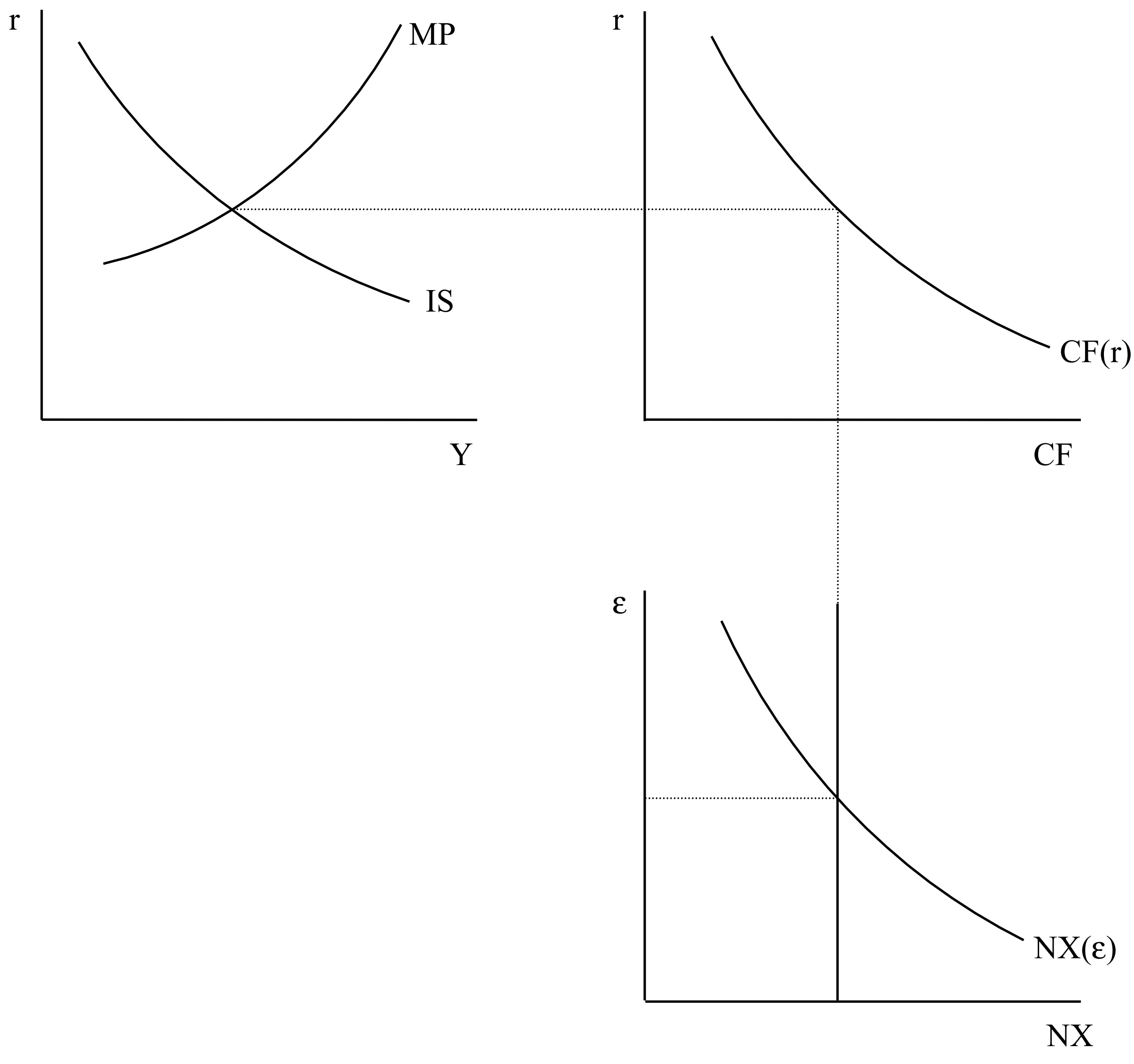

Figure II-3. The Determination of Net Exports and the Exchange Rate
Under Floating Exchange Rates

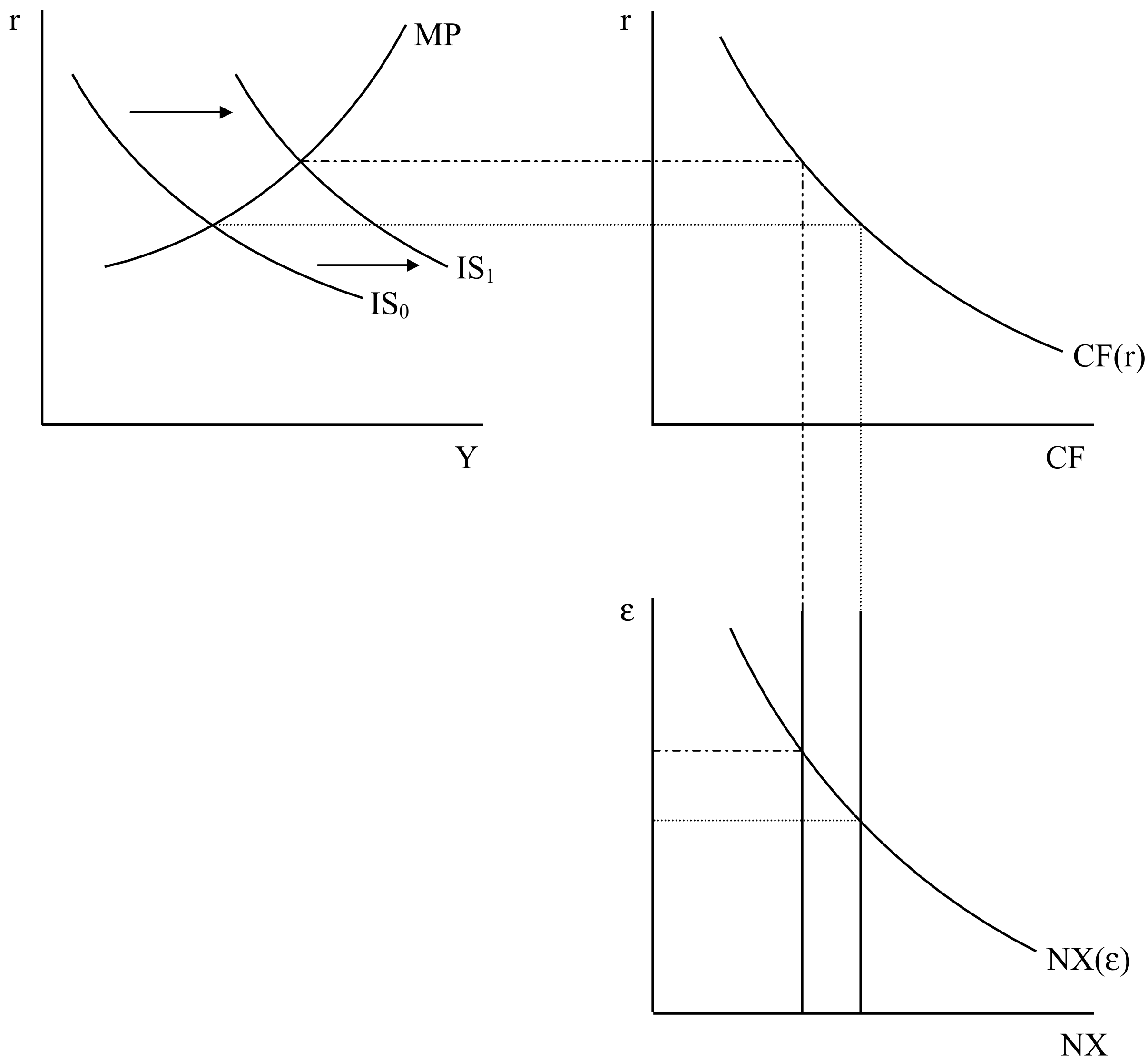

Figure II-4. The Effects of an Increase in Government Purchases with Floating Exchange Rates

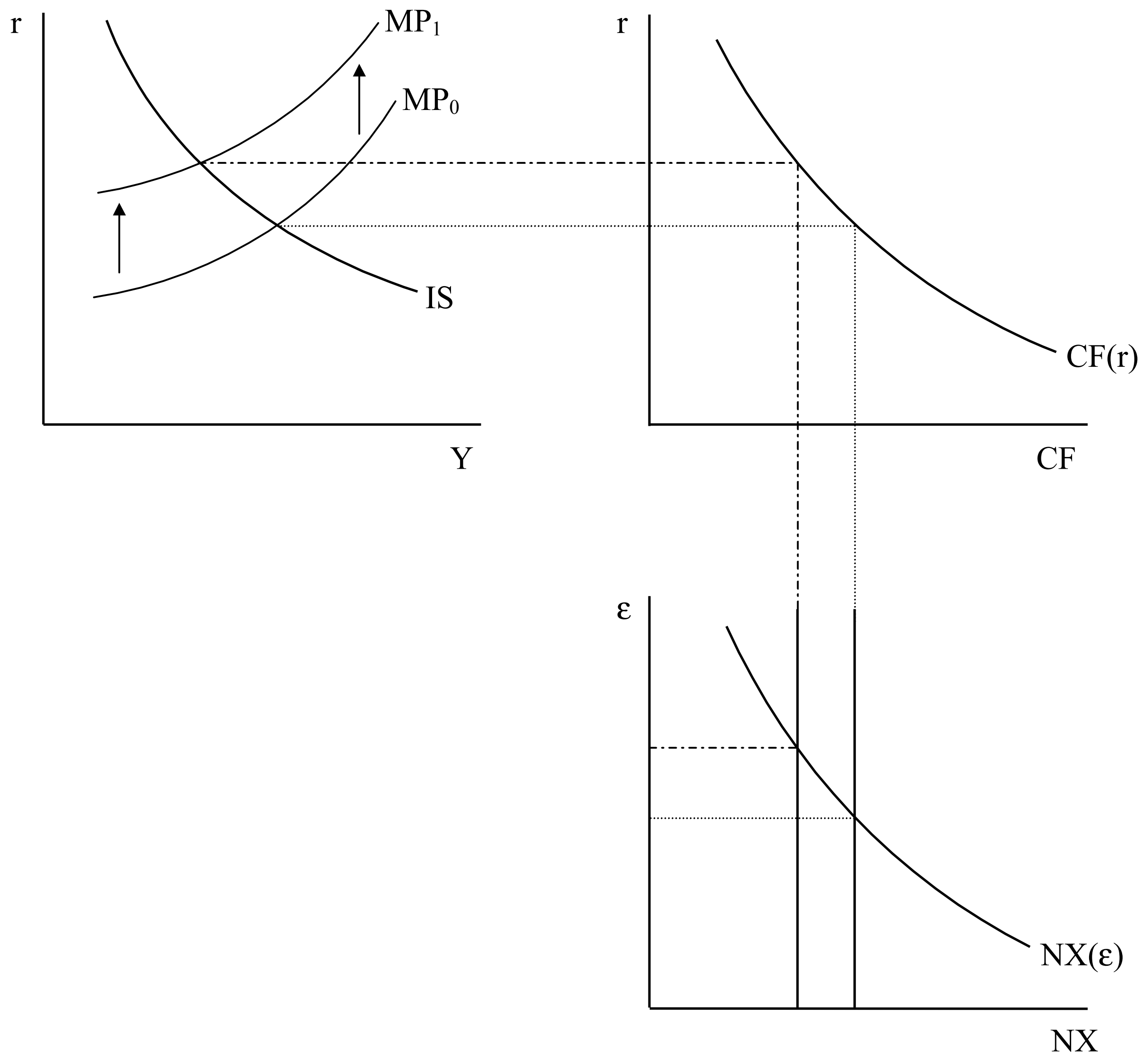

Figure II-5. The Effects of a Shift to Tighter Monetary Policy with Floating Exchange Rates

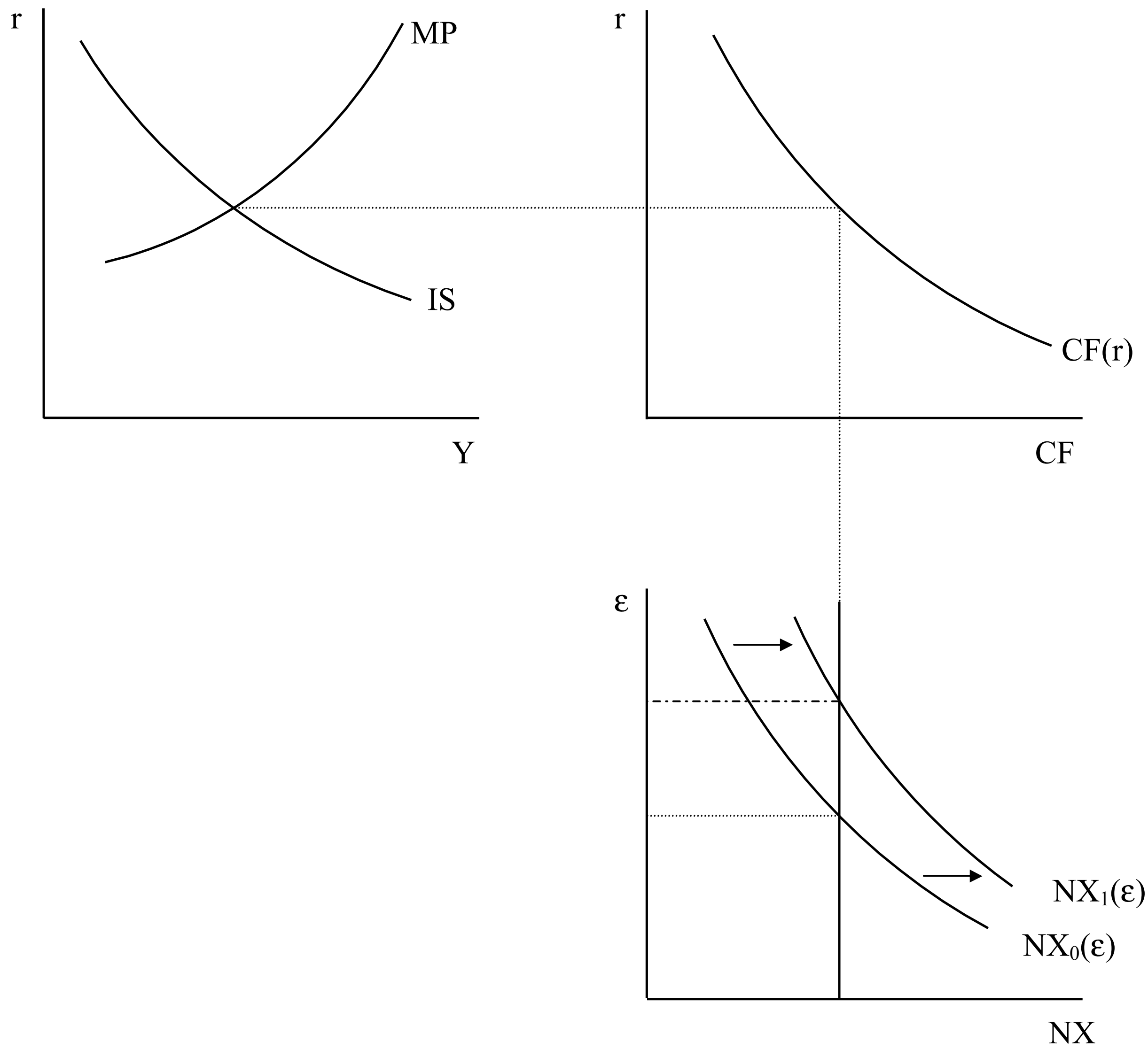

Figure II-6. The Effects of Protectionist Policies with Floating Exchange Rates

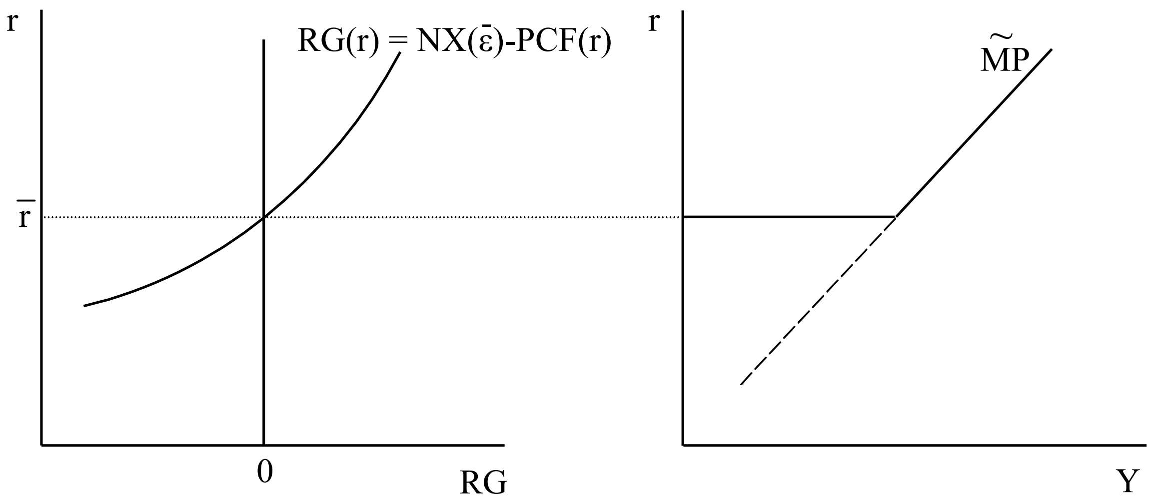

Figure II-7. Monetary Policy with Fixed Exchange Rates

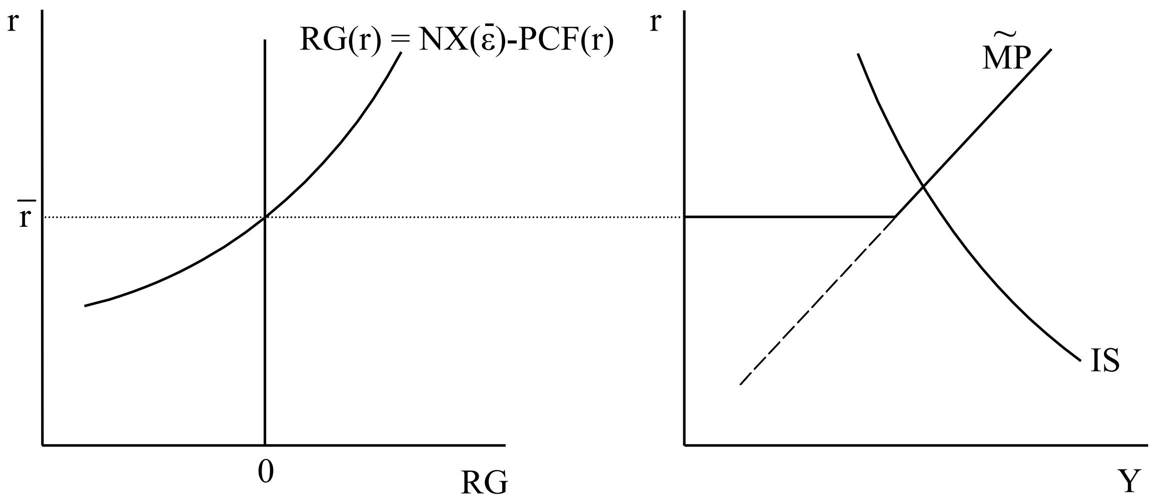

Figure II-8. The Determination of Output and the Interest Rate in an Open Economy with Fixed Exchange Rates

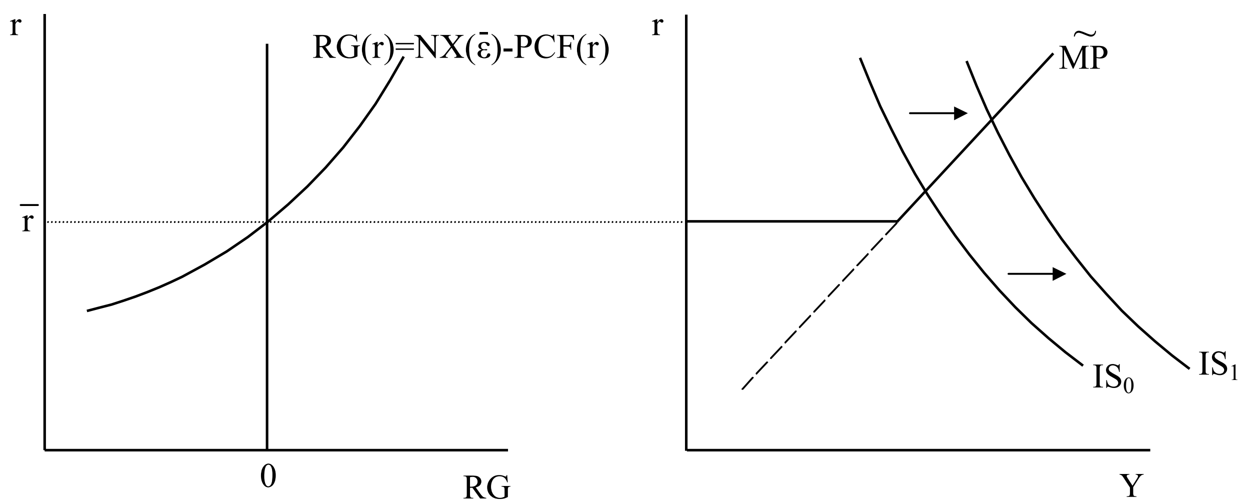

Figure II-9. The Effects of an Increase in Government Purchases with Fixed Exchange Rates

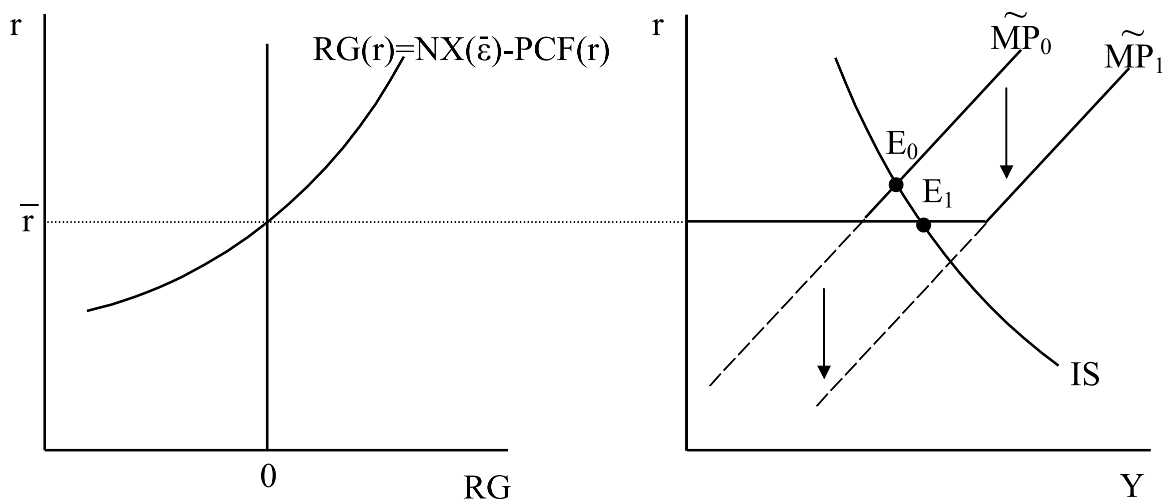

Figure II-10. The Effects of Expansionary Monetary Policy with Fixed Exchange Rates

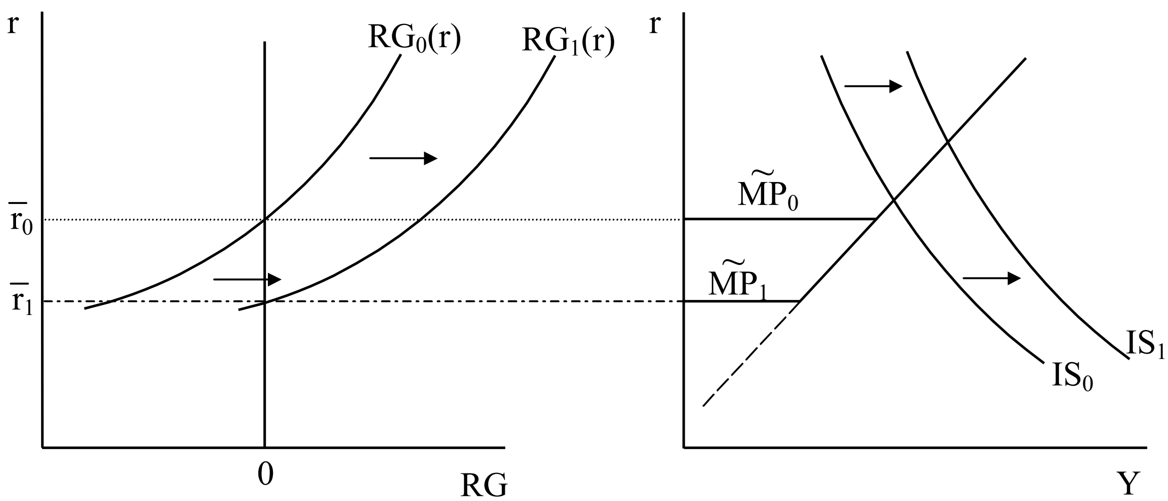

Figure II-11. The Effects of Protectionist Policies with Fixed Exchange Rates

Note: $RG_0(r) = NX_0(\bar{\varepsilon})$-PCF(r); $RG_1(r) = NX_1(\bar{\varepsilon})$-PCF(r)

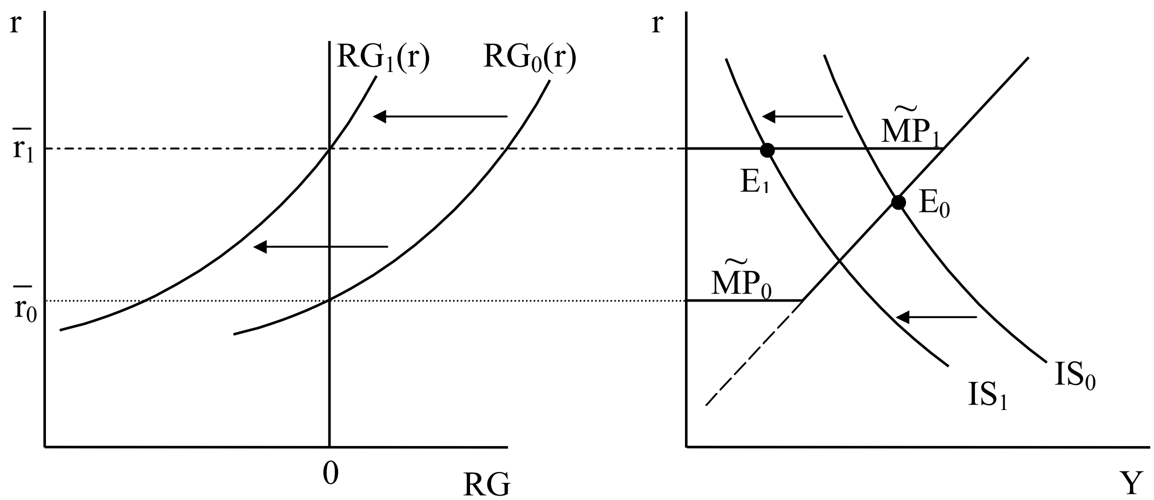

Figure II-12. The Effects of a Fall in Export Demand with Fixed Exchange Rates

Note: $RG_0(r) = NX_0(\bar{\varepsilon})\text{-}PCF(r)$; $RG_1(r) = NX_1(\bar{\varepsilon})\text{-}PCF(r)$

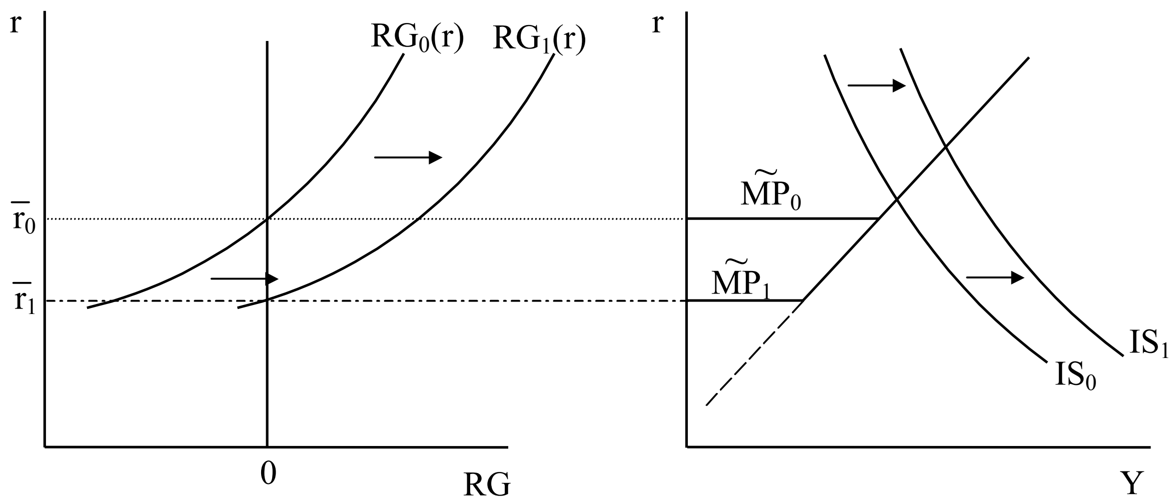

Figure II-13. The Effects of a Devaluation

Note: $RG_0(r) = NX(\bar{\varepsilon}_0)$-PCF(r); $RG_1(r) = NX(\bar{\varepsilon}_1)$-PCF(r)

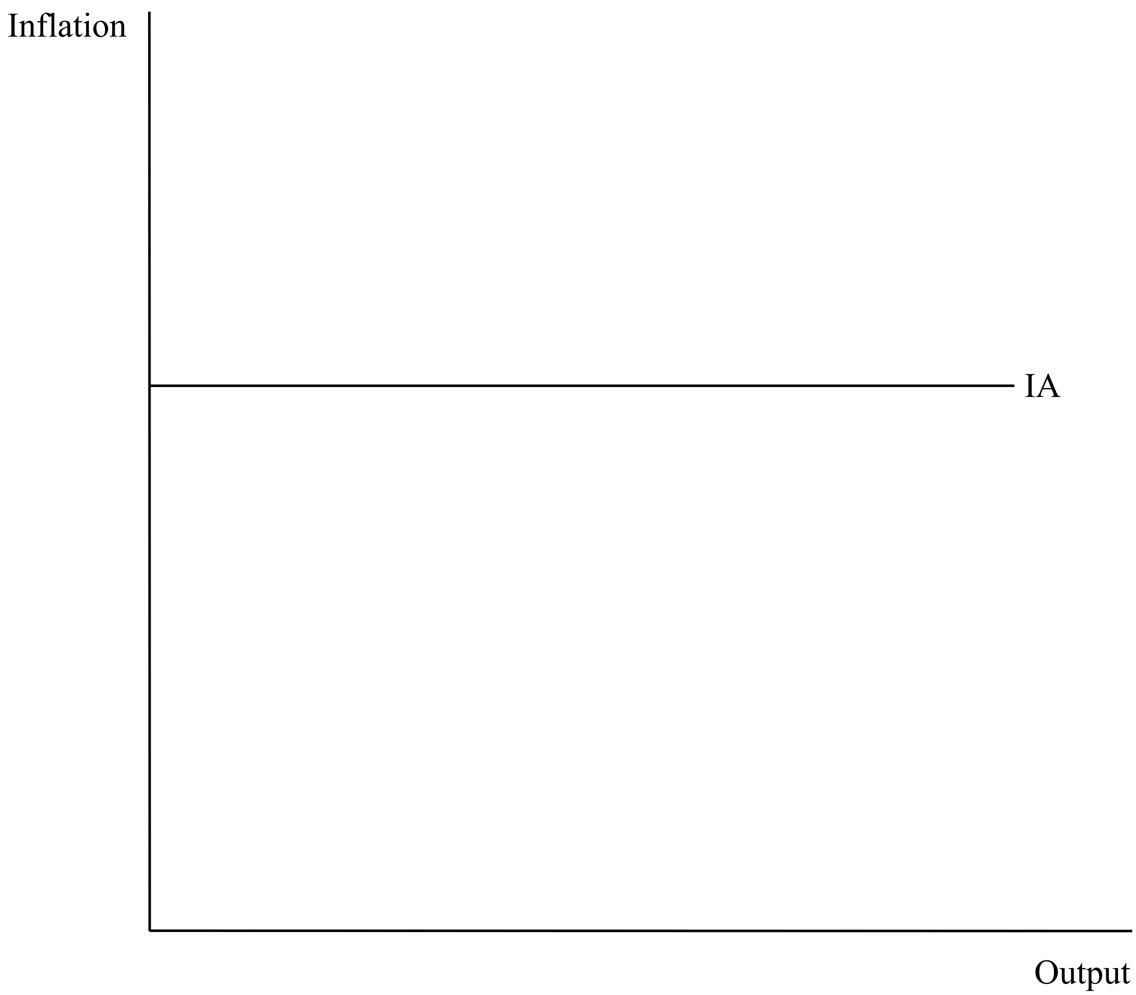

Figure III-1. The Inflation Adjustment Line

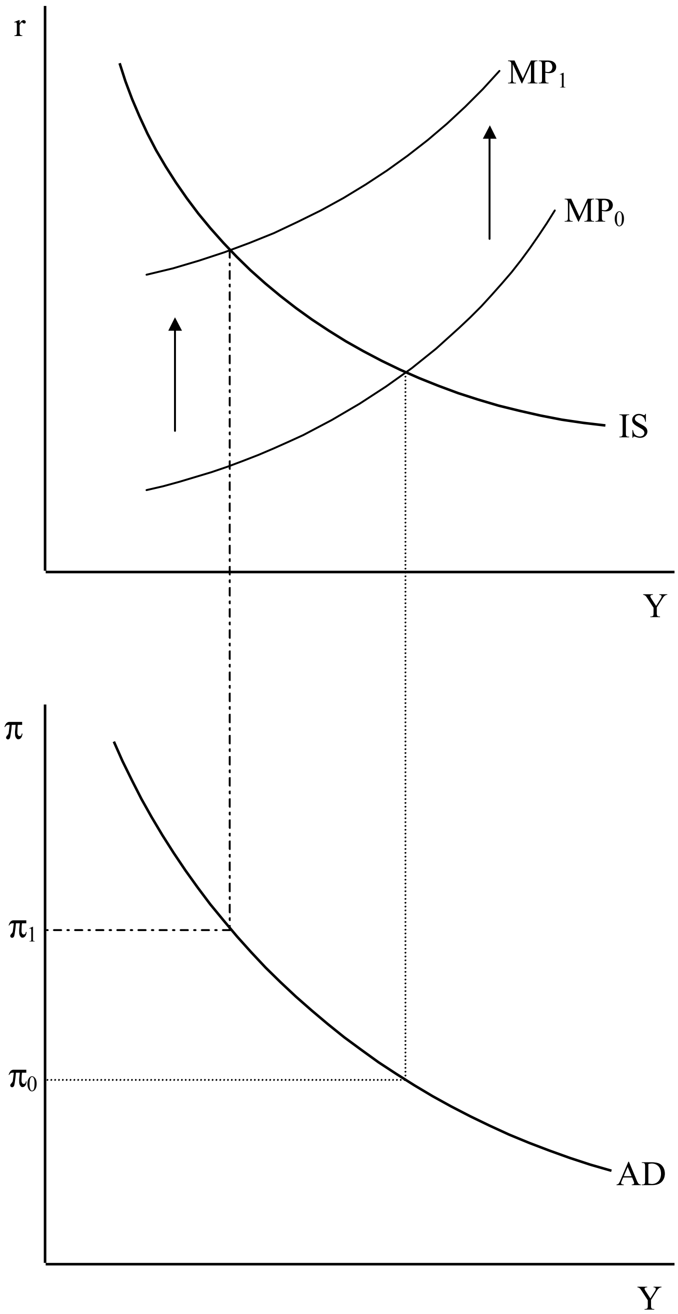

Figure III-2. The Aggregate Demand Curve

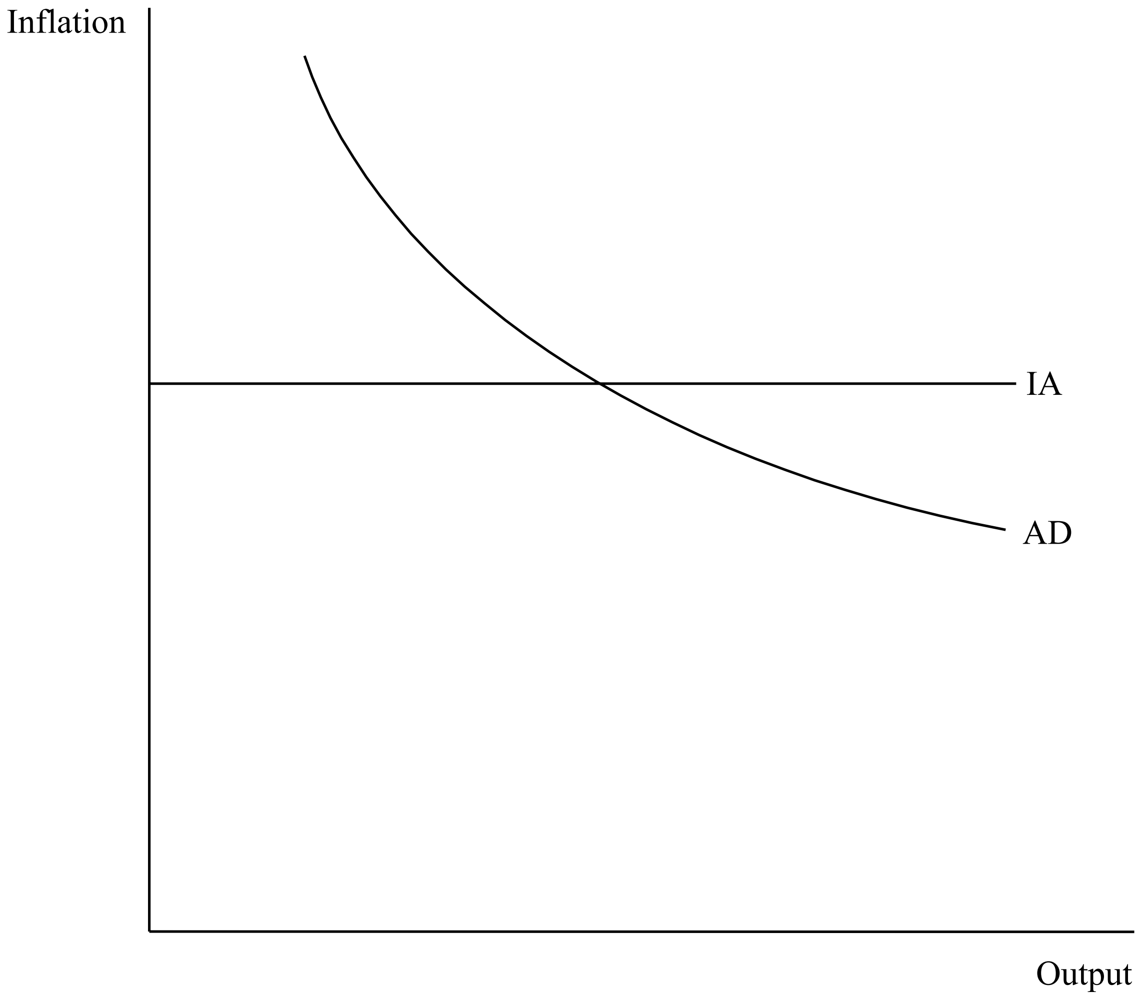

Figure III-3. The AD-IA Diagram

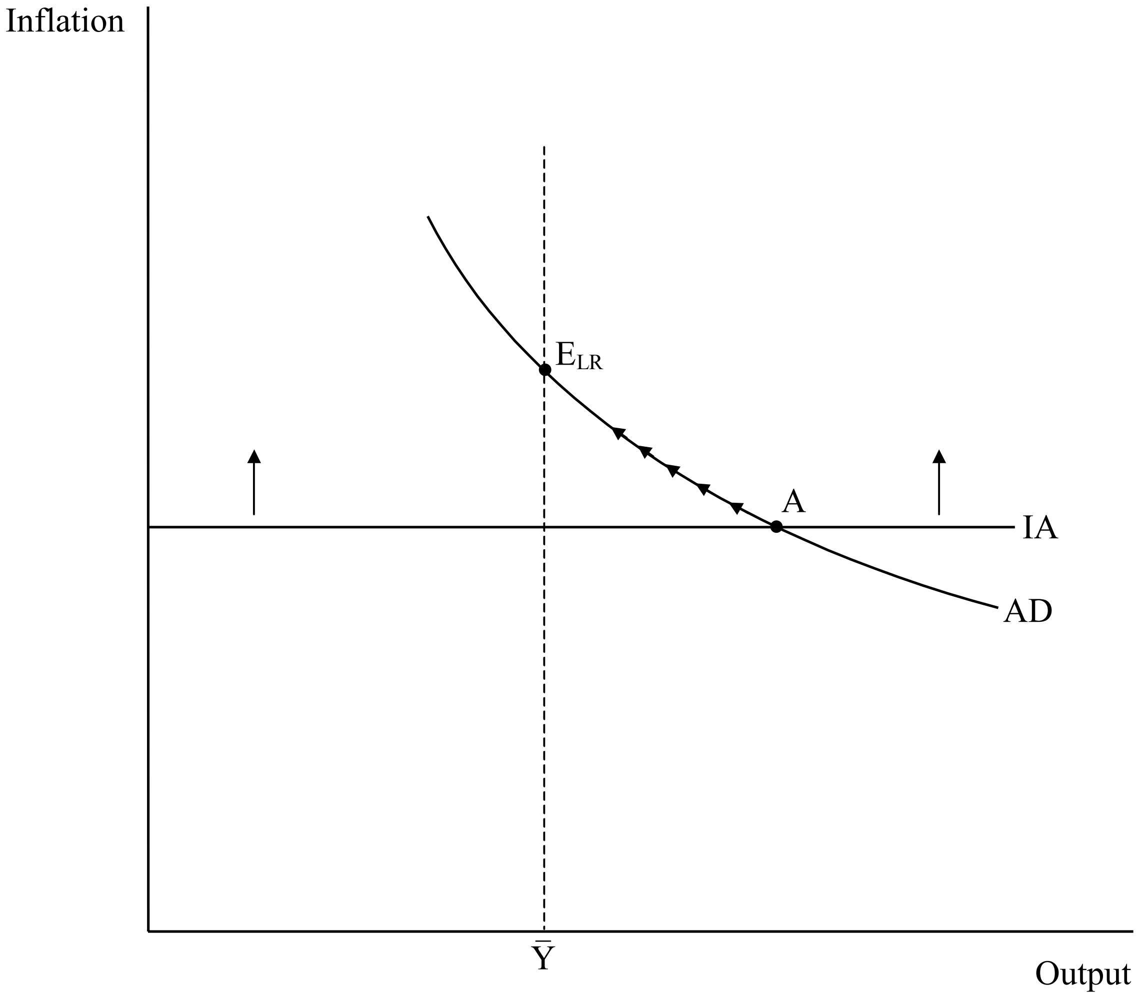

Figure III-4. Adjusting to Long-Run Equilibrium

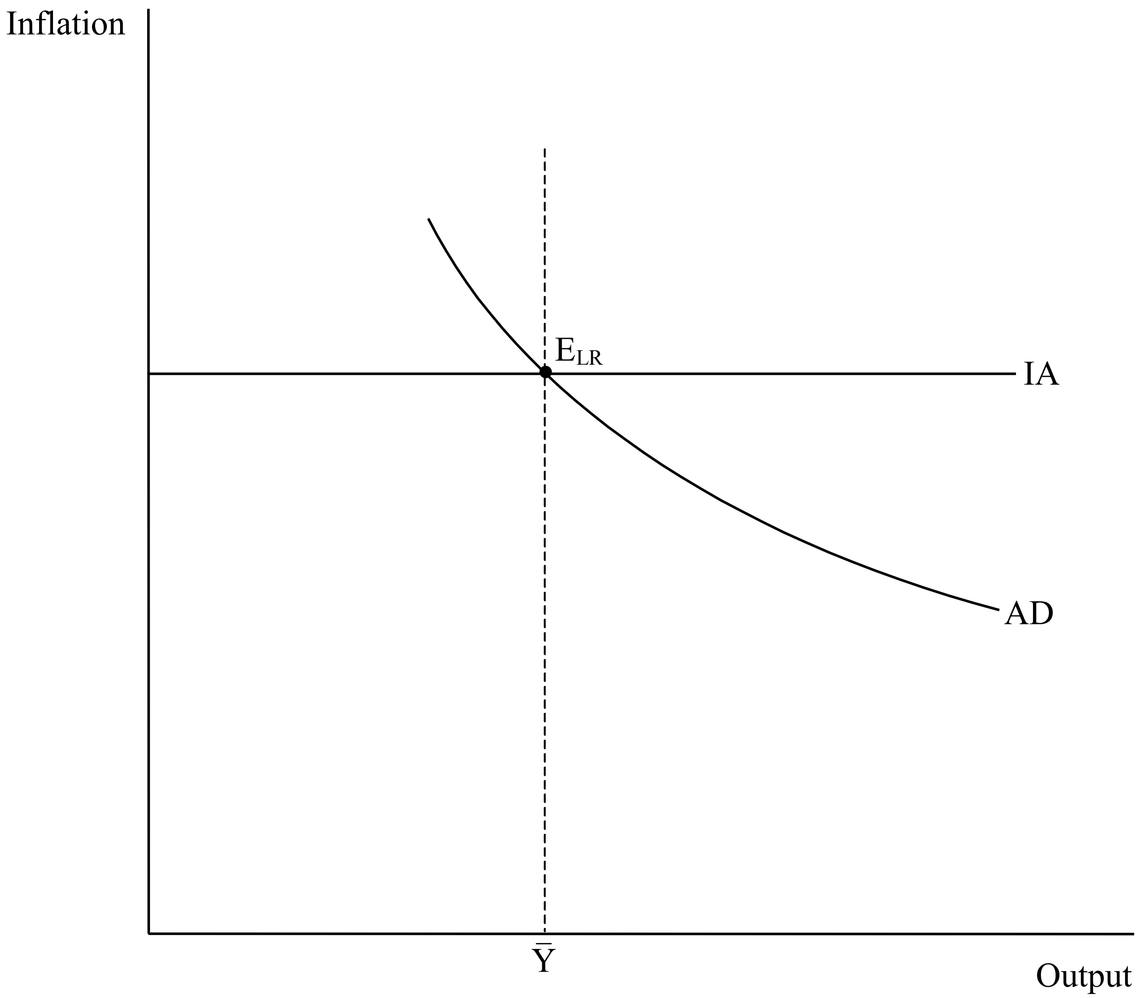

Figure III-5. Long-Run Equilibrium

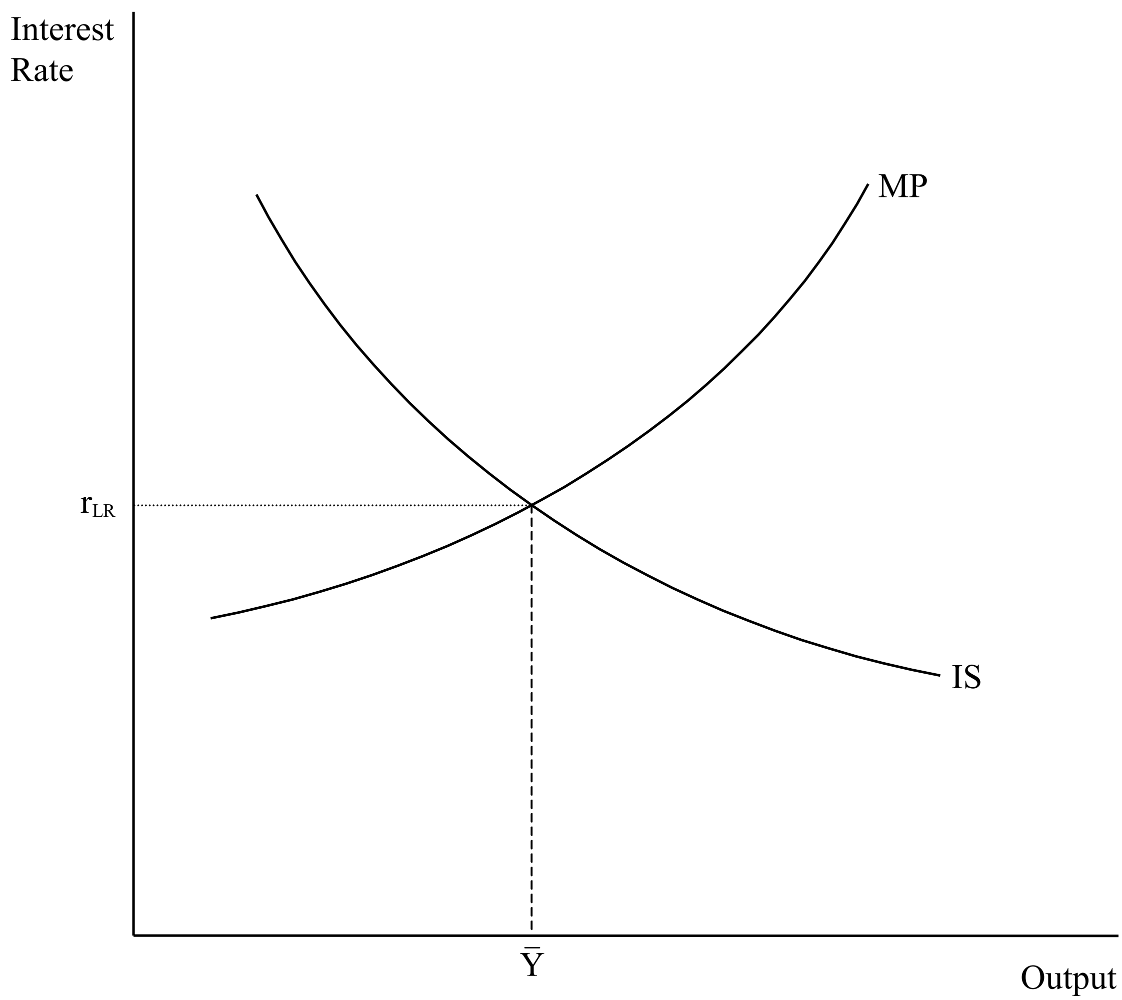

Figure III-6. The Real Interest Rate When the Economy Is in Long-Run Equilibrium

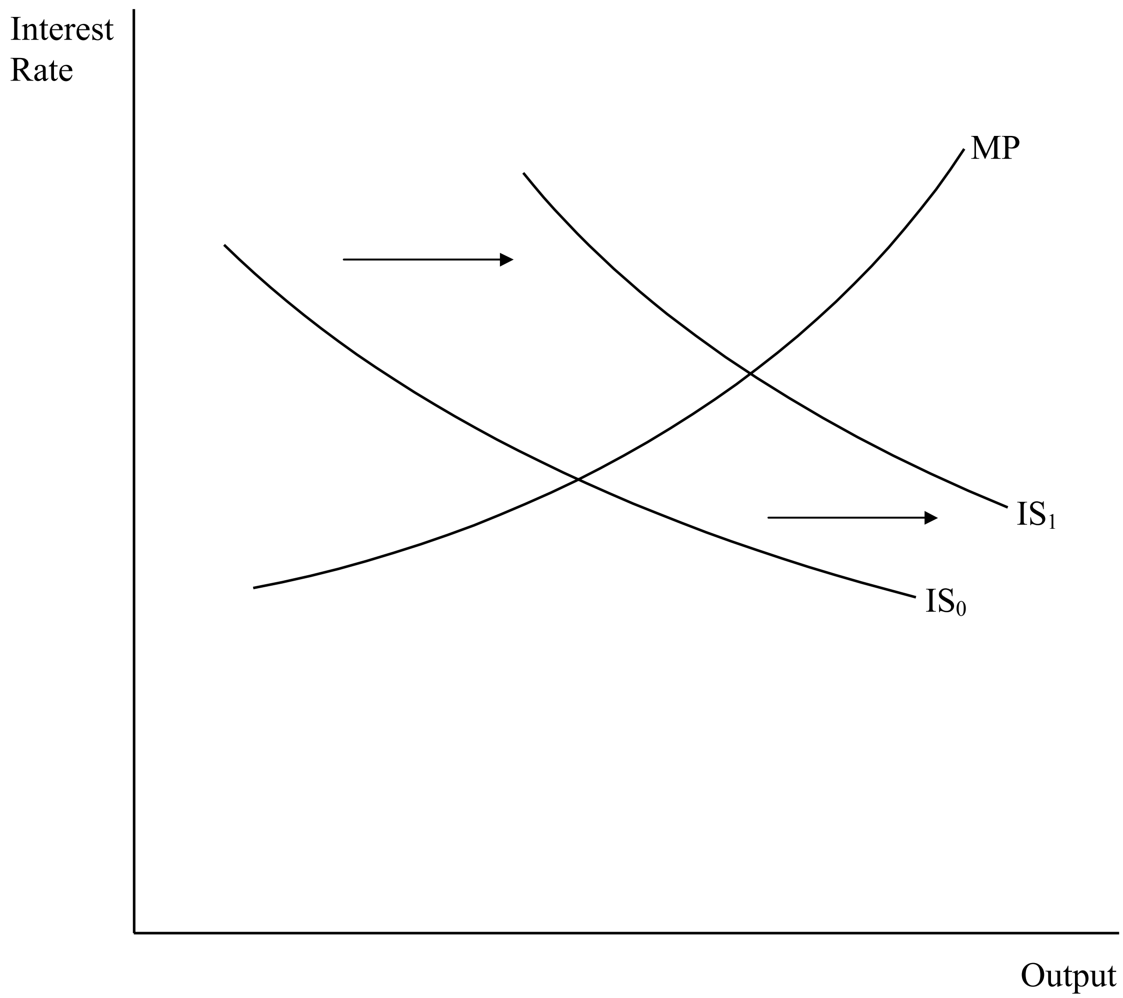

Figure III-7. The Immediate Effects of an Increase in Government Purchases

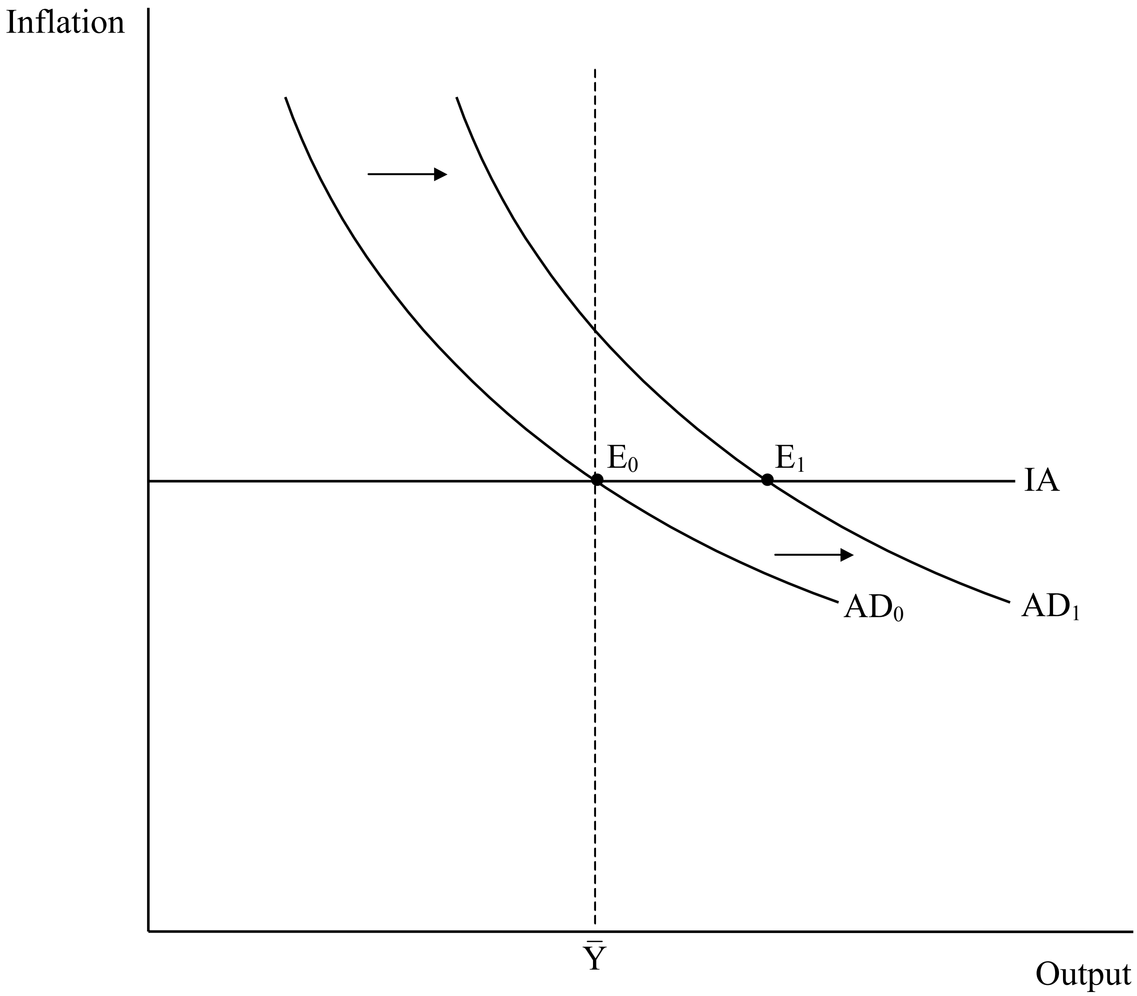

Figure III-8. The Immediate Effects of an Increase in Government Purchases in Terms of the AD-IA Diagram

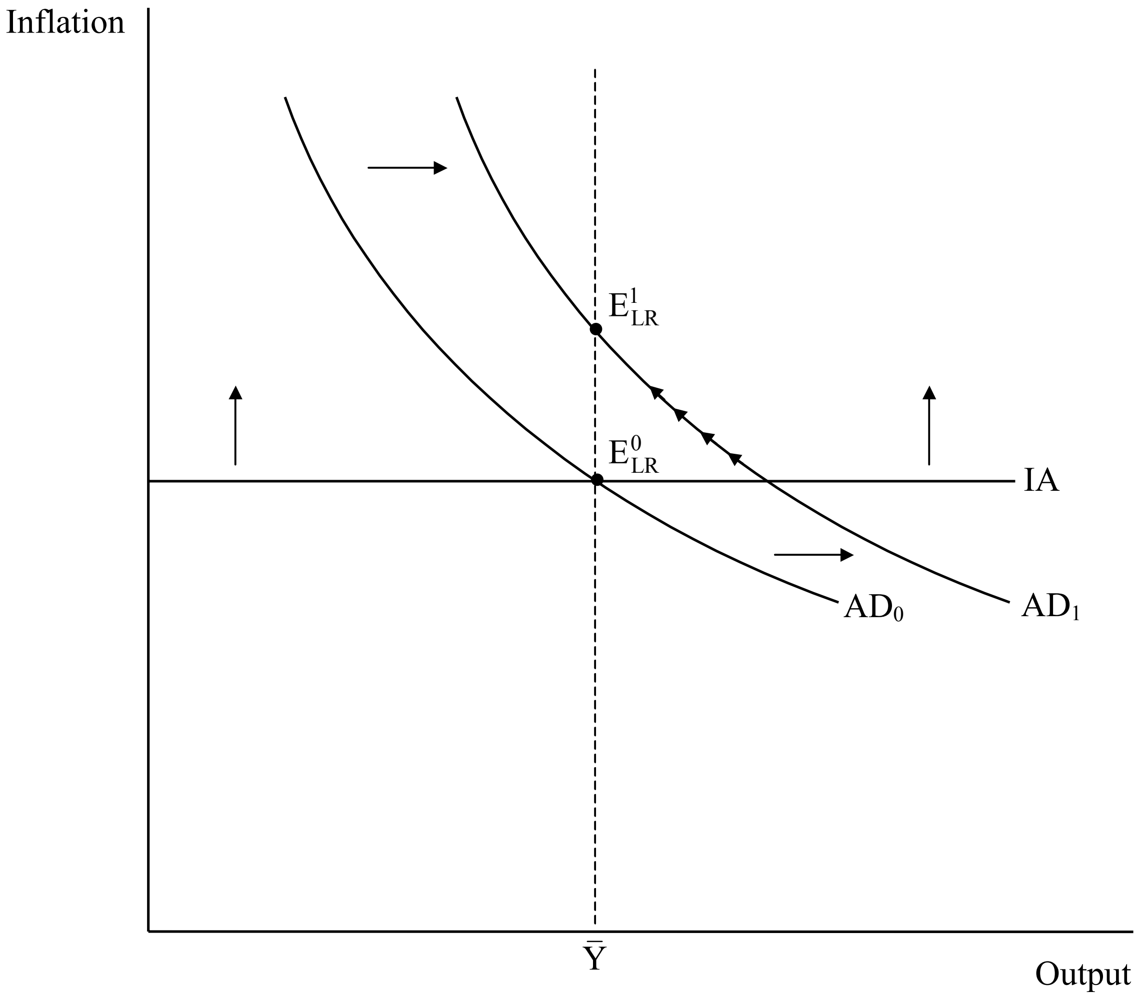

Figure III-9. The Effects of an Increase in Government Purchases

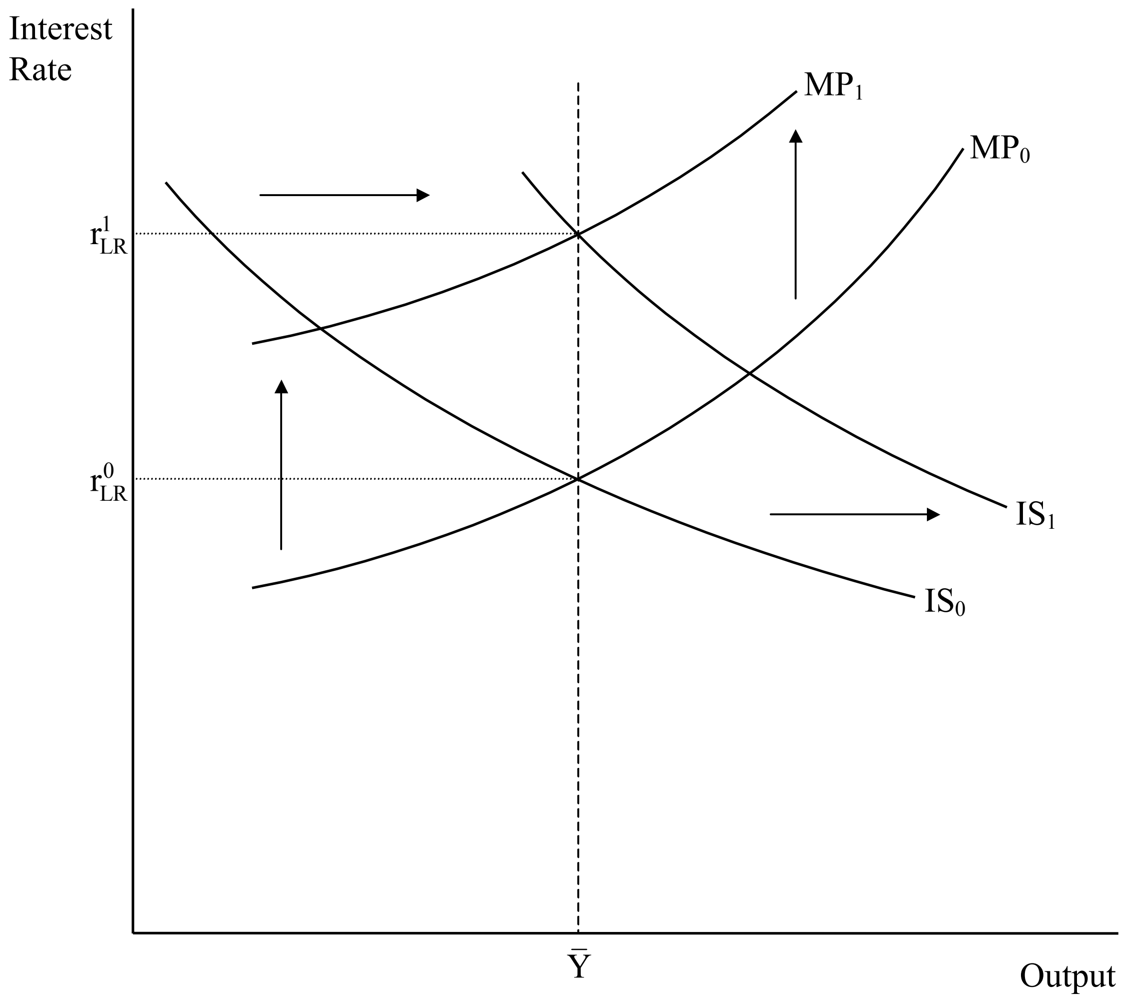

Figure III-10. The Long-Run Effects of an Increase in Government Purchases in Terms of the IS-MP Diagram

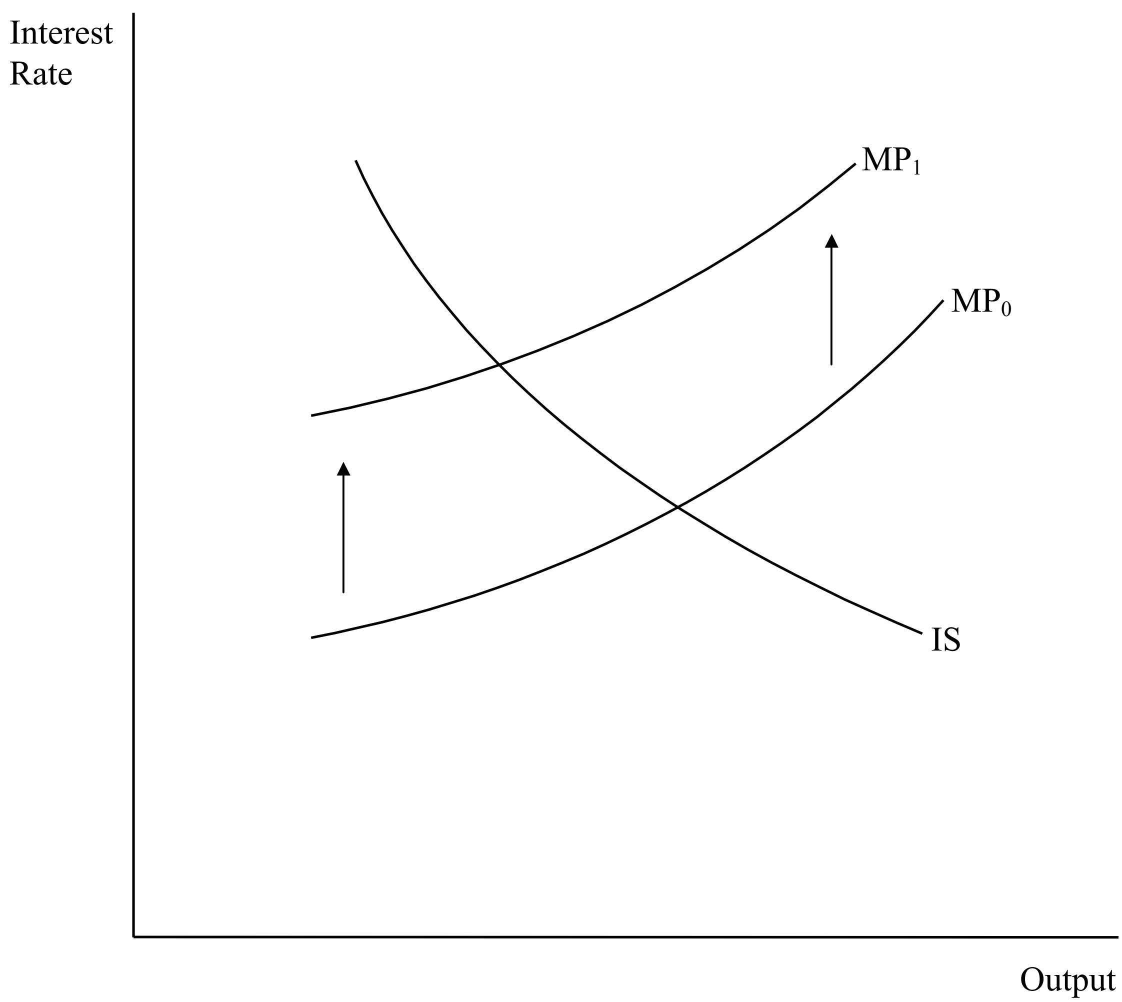

Figure III-11. The Immediate Effects of a Shift to Tighter Monetary Policy

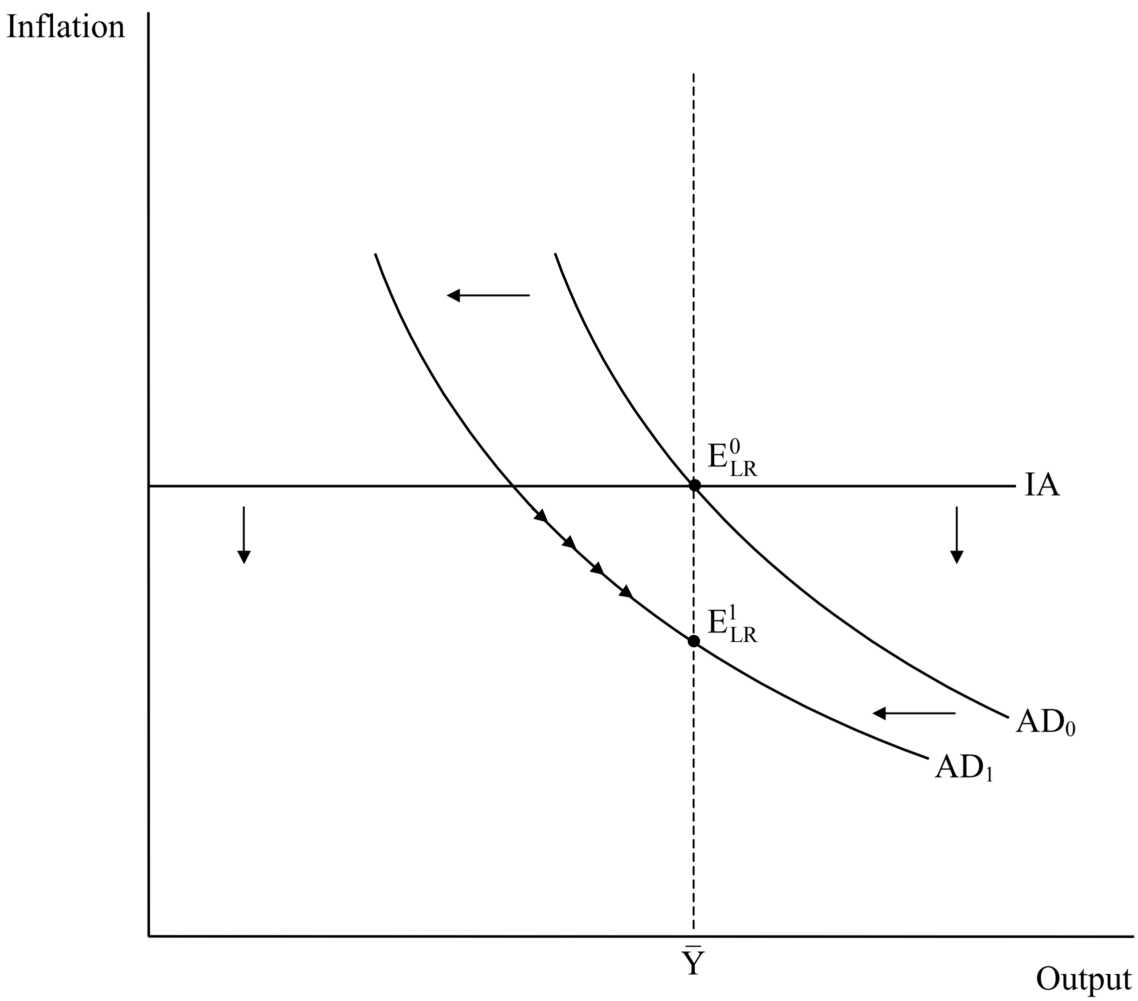

Figure III-12. The Effects of a Shift to Tighter Monetary Policy

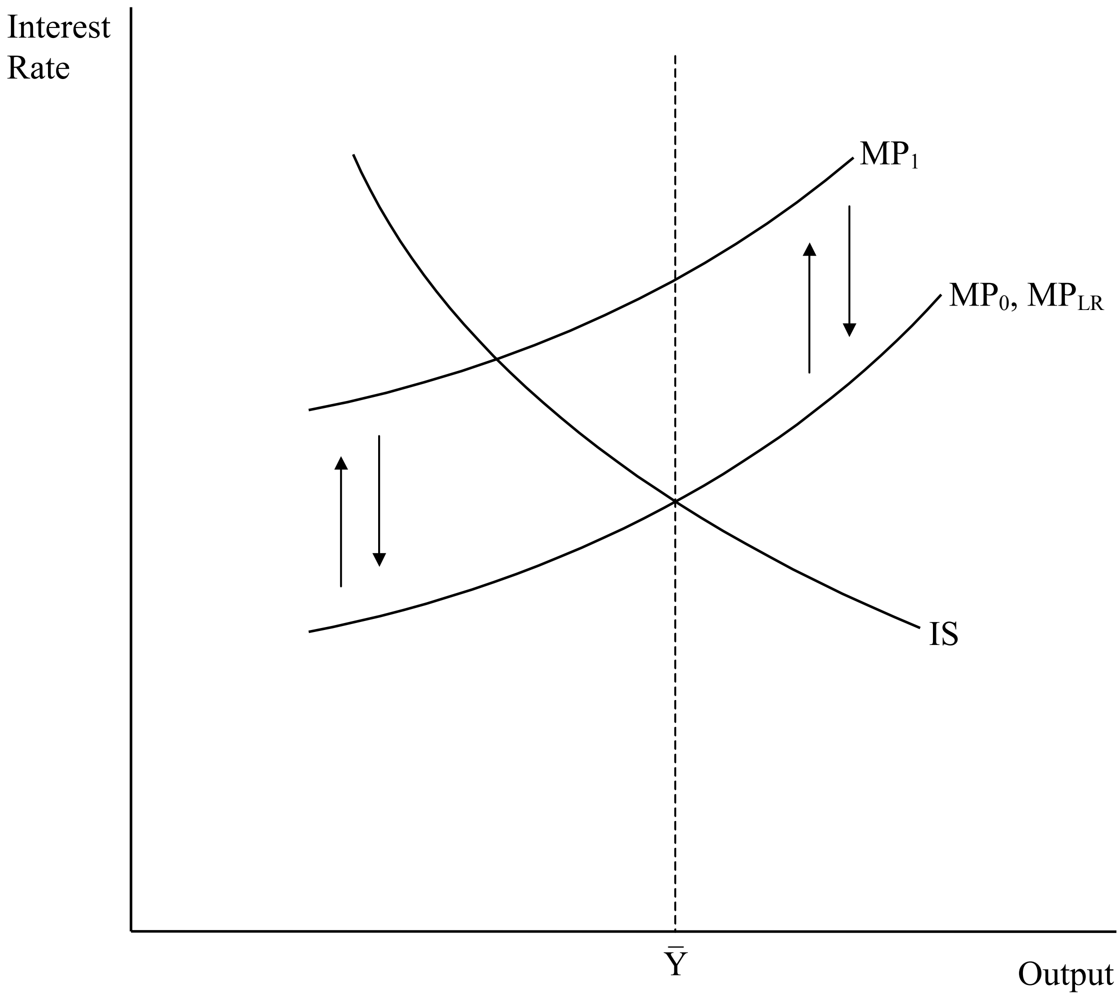

Figure III-13. The Long-Run Effects of a Shift to Tighter Monetary Policy in Terms of the IS-MP Diagram

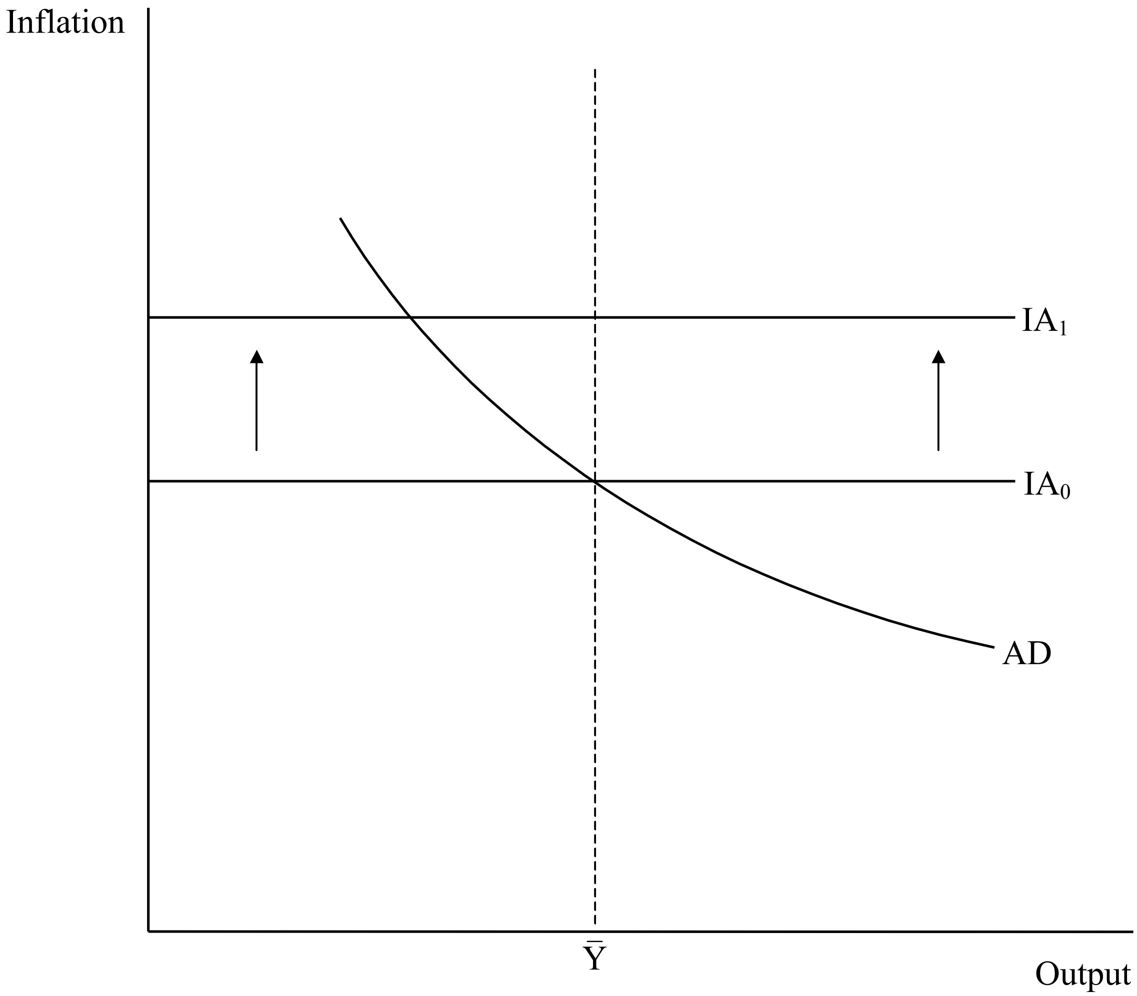

Figure III-14. The Immediate Effects of an Unfavorable Inflation Shock

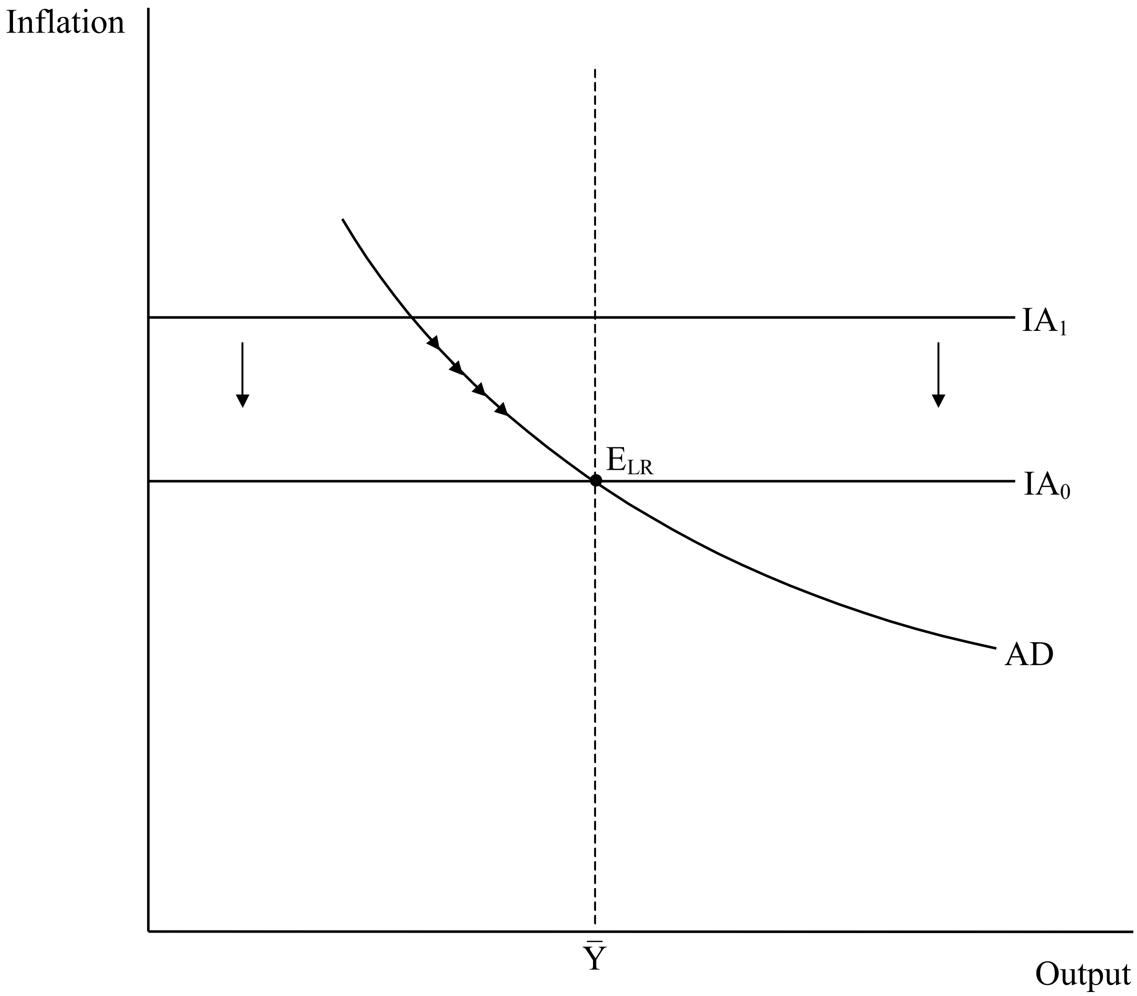

Figure III-15. The Effects of an Unfavorable Inflation Shock

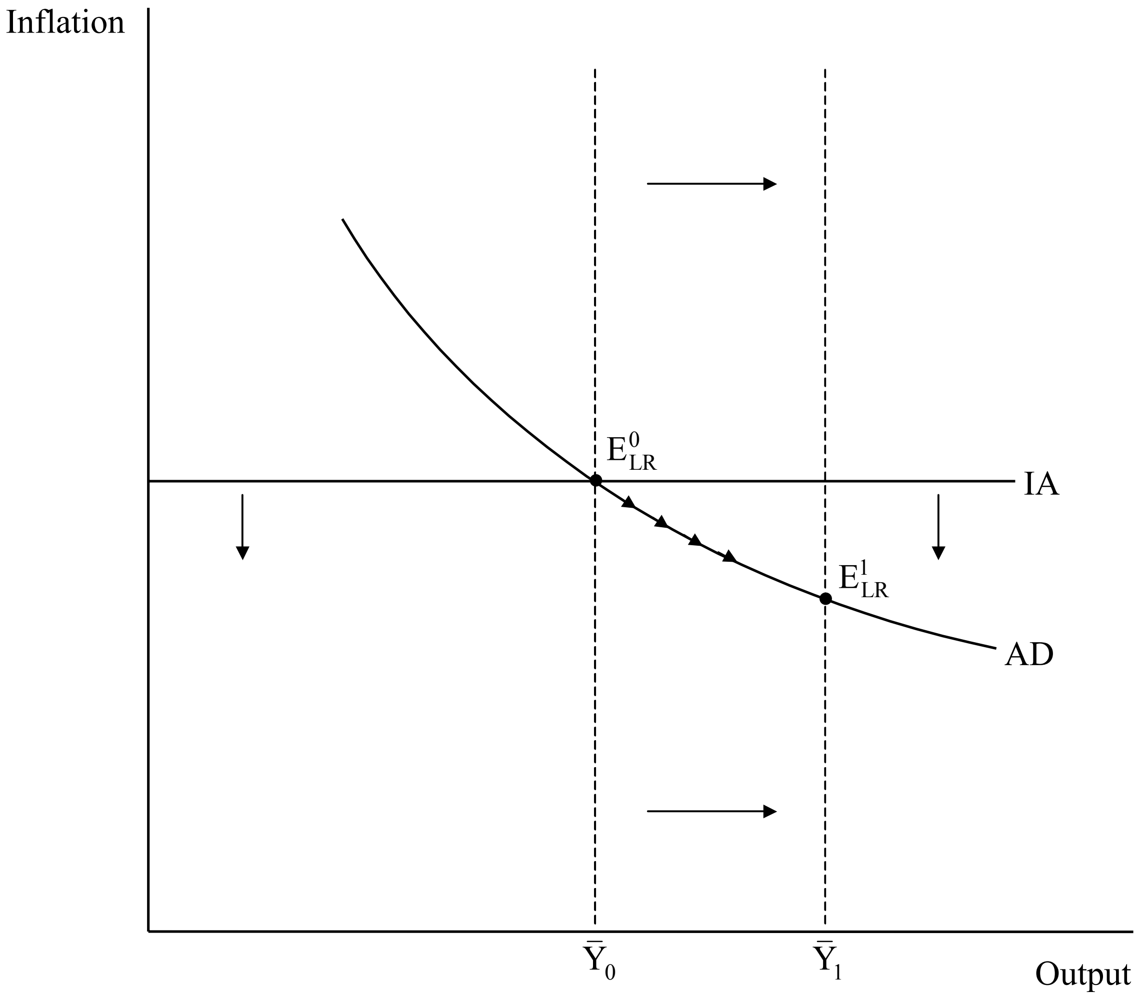

Figure III-16. The Effects of a Fall in the Natural Rate of Unemployment

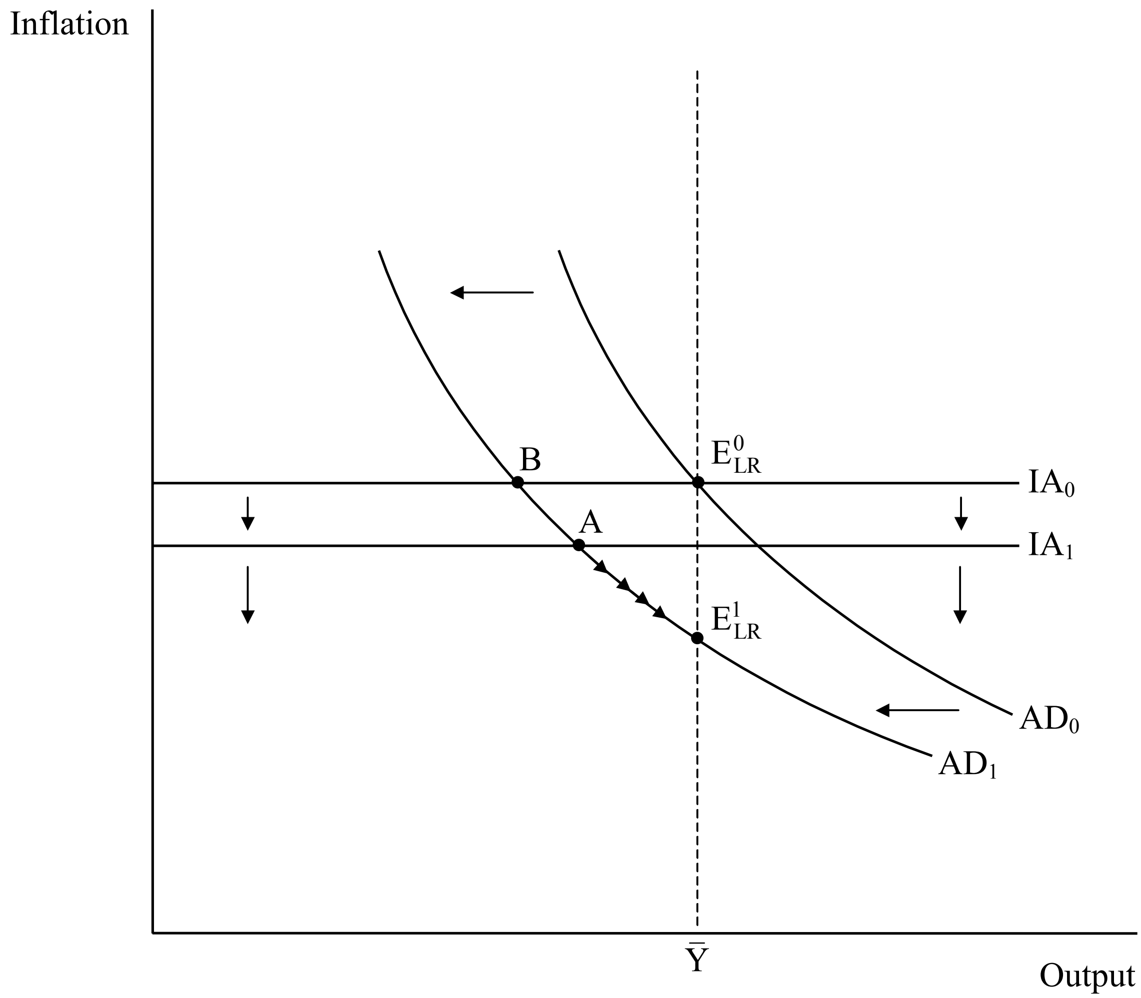

Figure III-17. The Effects of a Credible Shift to Tighter Monetary Policy