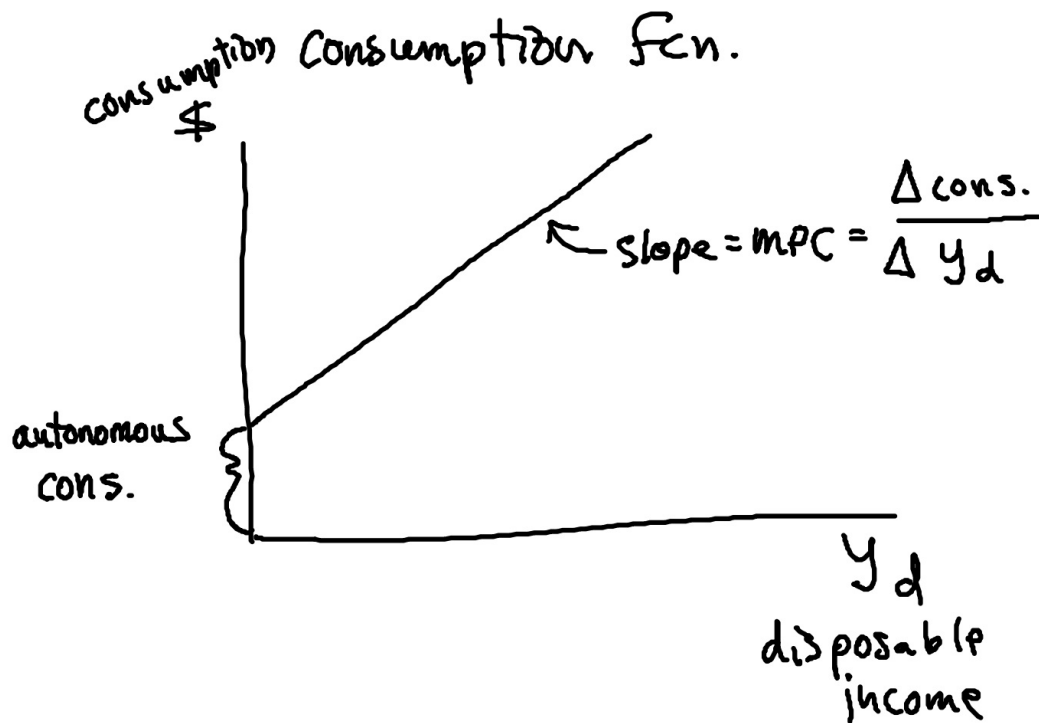
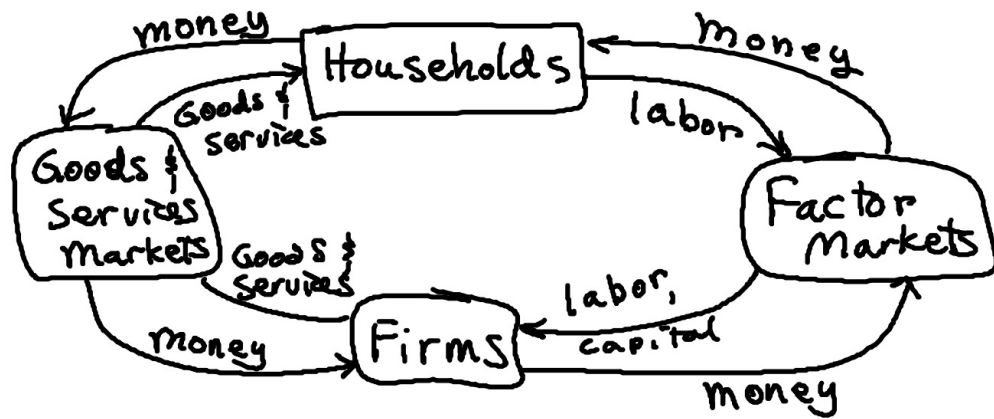


# Circular Flow - simple, p. 103



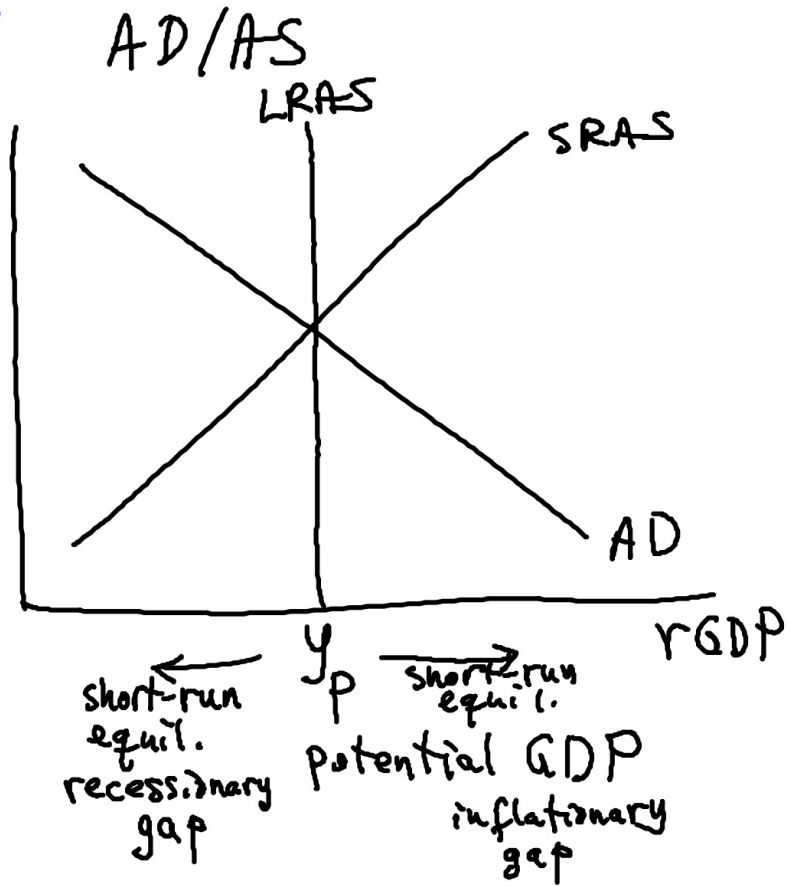
harder to manage  
with policy.

\*Shocks:

Supply  
positive  
negative

\* Demand  
positive  
negative

\*subject to  
policy  
response  
(fiscal/  
monetary)



Start LR equil. Pos. demand shock  
Monetary Policy response

