1) EXPANSIONARY MONETARY POLICY

OUTPUT

\[ Y_0 = Y_1 = Y_n \]

\[ T_0 \quad T_2 \]

REAL BALANCES

\[ \left( \frac{M}{P} \right)_1 \]

\[ \left( \frac{M}{P} \right)_0 = \left( \frac{M}{P} \right)_2 \]

\[ T_0 \quad T_2 \]

PRICES

\[ P_0 \quad P_1 \quad P_2 \]

\[ T_0 \quad T_2 \]

INTEREST RATES

\[ i_1 \]

\[ i_2 = i_0 \]

\[ T_0 \quad T_2 \]
INCREASE IN MARKUP

OUTPUT

\[ Y_0 = Y_n \]

\[ Y_1 \]

\[ Y_2 = Y_n' \]

\[ t_0 \]

\[ t_2 \]

REAL BALANCES

\[ \left( \frac{M}{P} \right)_0 \]

\[ \left( \frac{M}{P} \right)_1 \]

\[ \left( \frac{M}{P} \right)_2 \]

\[ t_0 \]

\[ t_2 \]

PRICES

\[ P_0 \]

\[ P_1 \]

\[ P_2 \]

\[ t_0 \]

\[ t_2 \]

INTEREST RATES

\[ i_0 \]

\[ i_1 \]

\[ i_2 \]
1) Expansionary Monetary Policy

**AS-AD**

**IS-LM**
2) **Increase in Markup**

**AS - AD**

**WS - PS**

[Graphs and labels indicating equilibrium points and shifts in AS and AD curves, as well as changes in PS and WS lines with respect to changes in unemployment (u).]