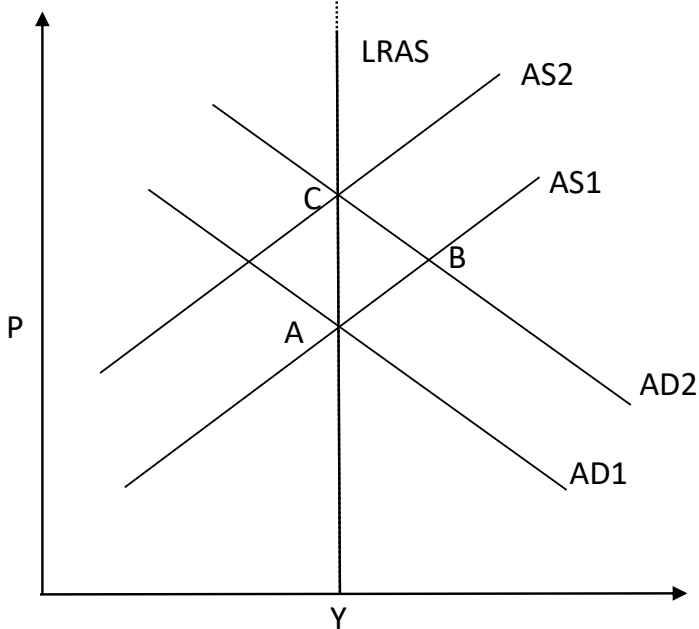
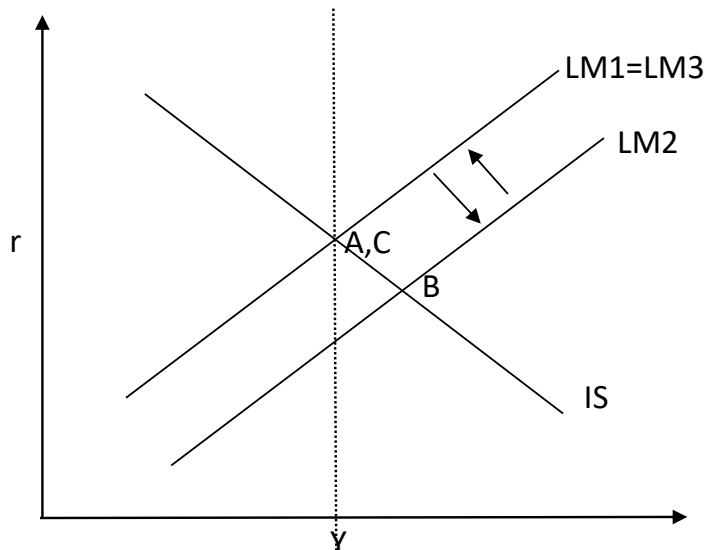


# THE SHORT-RUN AND LONG-RUN EFFECTS OF AN INCREASE IN THE MONEY SUPPLY



\*If the increase in the money supply is expected, the economy moves directly from A to C, without having any real effect on  $r$  and  $Y$ .