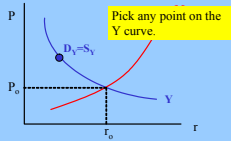
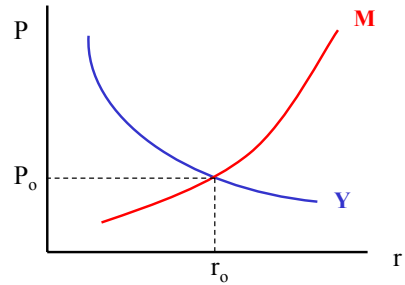


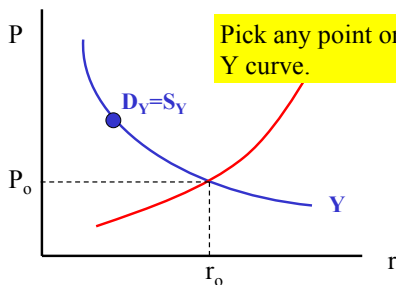
A Productivity Boost



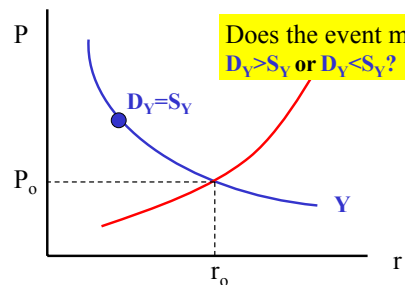
The Y and M Curves



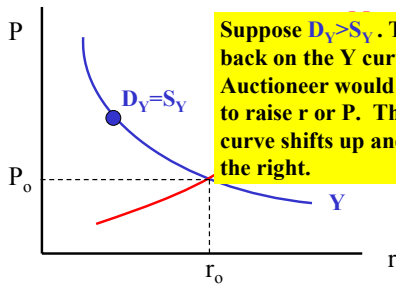
The Y Curve



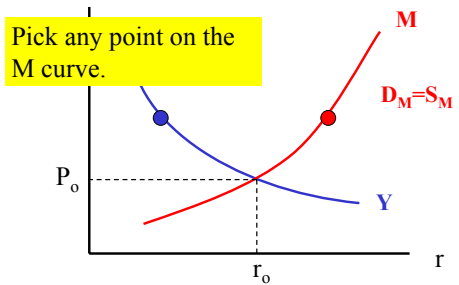
The Y Curve

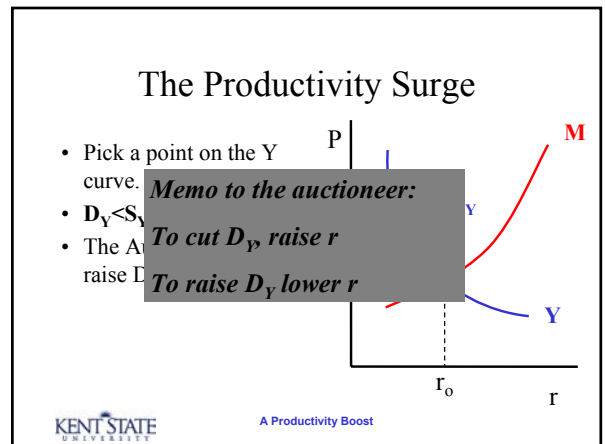
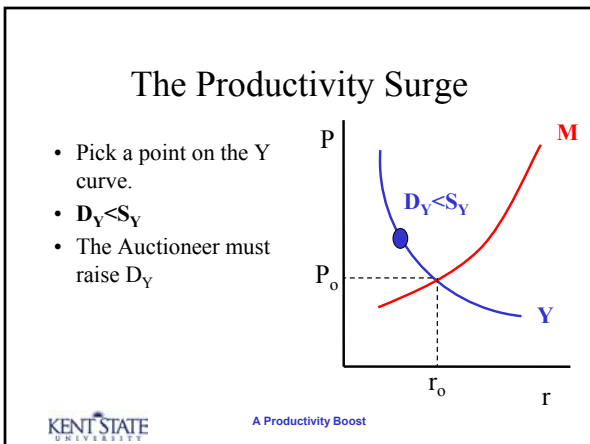
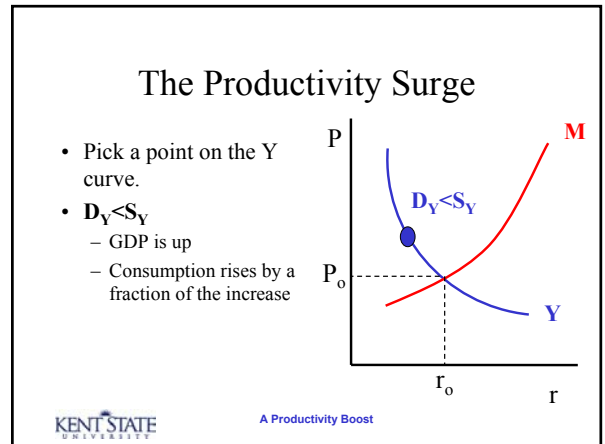
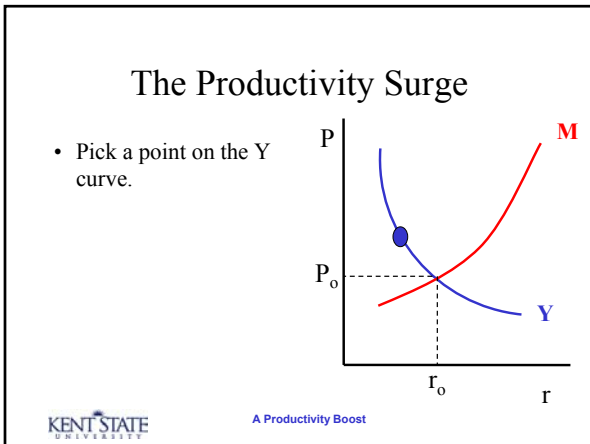
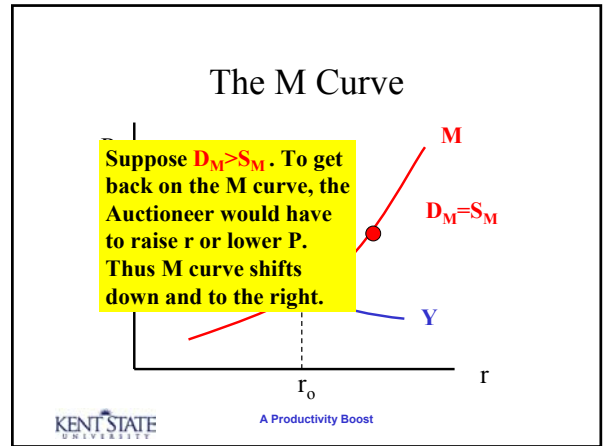
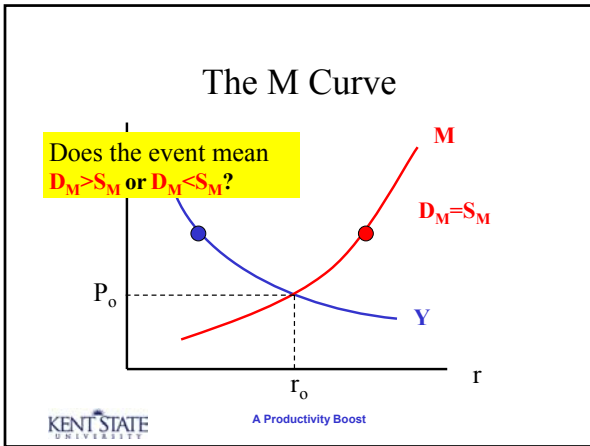


The Y Curve



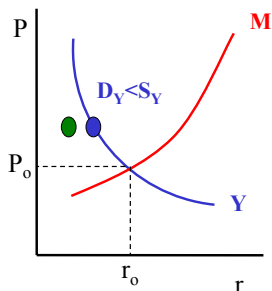
The M Curve





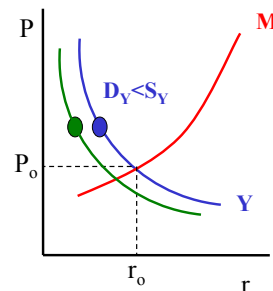
The Productivity Surge

- Pick a point on the Y curve.
- $D_Y < S_Y$
- The Auctioneer must raise D_Y



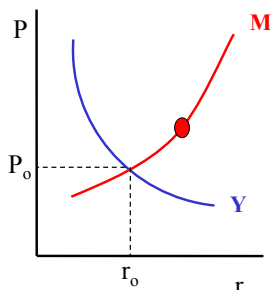
The Productivity Surge

- Pick a point on the Y curve.
- $D_Y < S_Y$
- The Auctioneer must raise D_Y
- The Y curve shifts down and to the left.



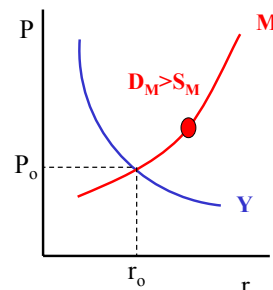
The Productivity Surge

- Pick a point on the M curve.



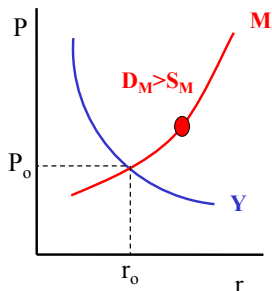
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$



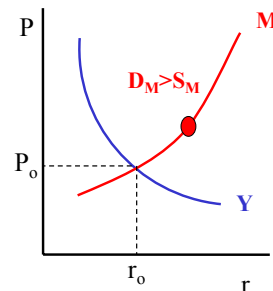
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
– Money demand Up



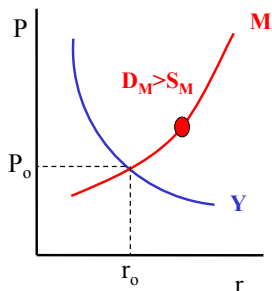
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
- The Auctioneer must lower D_M



The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
- The Auctioneer must lower D_M



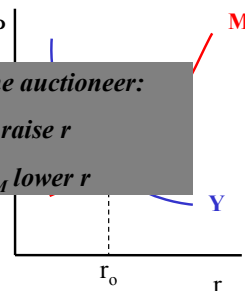
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
- The Auctioneer must lower D_M

Memo to the auctioneer:

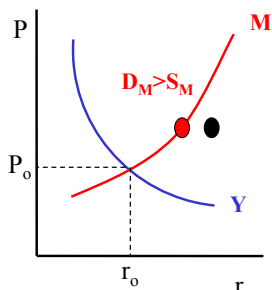
To cut D_M raise r

To raise D_M lower r



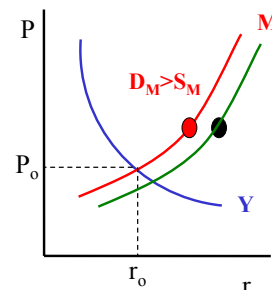
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
- The Auctioneer must lower D_M



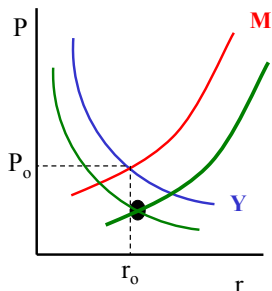
The Productivity Surge

- Pick a point on the M curve.
- $D_M > S_M$
- The Auctioneer must lower D_M
- The M curve shifts down and to the right



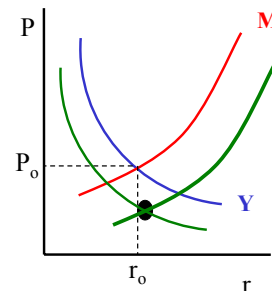
The Productivity Surge

- The Y curve shifts down and to the left.
- The M curve shifts down and to right



The Productivity Surge

- The Y curve shifts down and to the left.
- The M curve shifts down and to right
- P down
- Interest rate is uncertain.



End

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