

Chapter 15

ECO 2013

Core Principles

Equilibrium Principle - the chapter presents the short-run and long-run equilibrium conditions for the aggregate demand/aggregate supply model.

Important Concepts Covered

- Aggregate demand curve
- Policy reaction function
- Short-run and long-run aggregate supply line
- Short-run and long-run equilibrium
- Inflation shock
- Aggregate supply shock
- Disinflation