# Lecture 5: IS-LM

- Find equilibrium (Y,i)
- LM
- IS
- IS-LM

LM
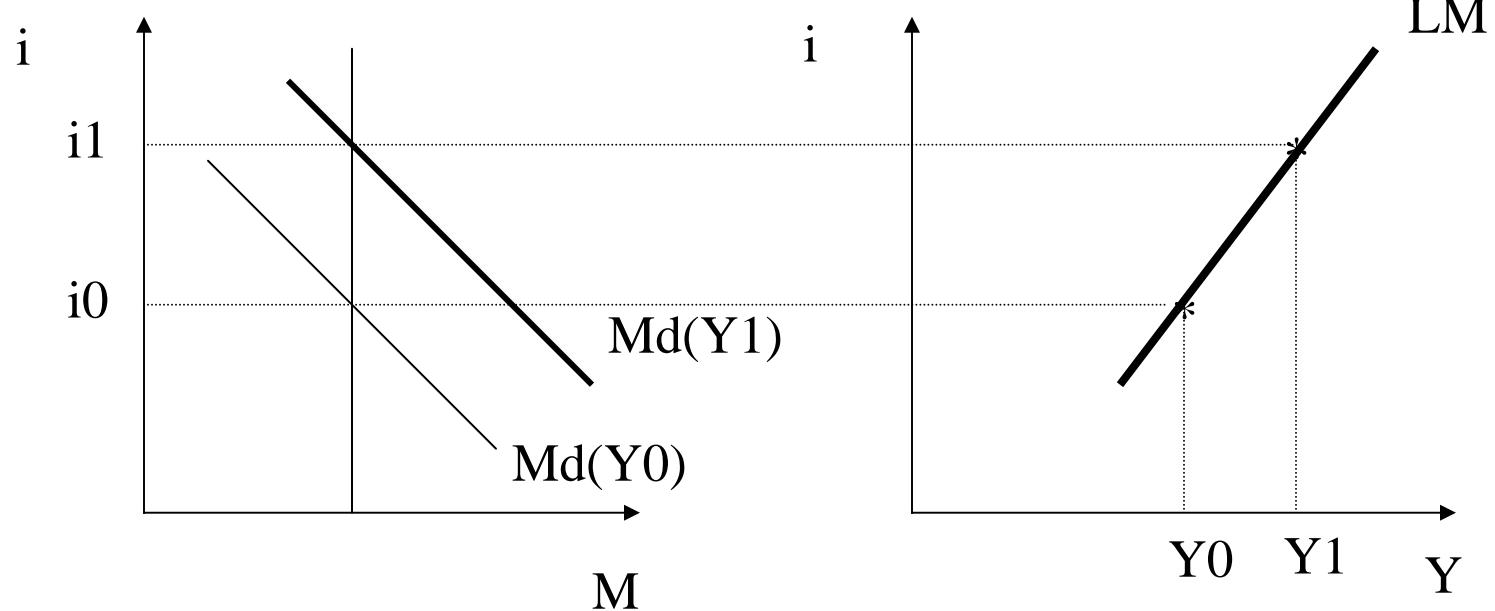
A) Expansionary Monetary Policy; B) Y2k

IS

OLD: $Y = C(Y-T) + I + G$

$$I = I(Y,i)$$
$$+ \; -$$

IS: $Y = C(Y-T) + I(Y,i) + G$

Why IS?

IS
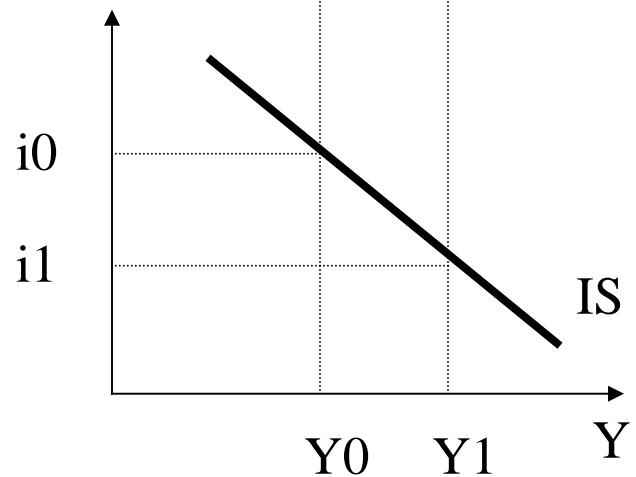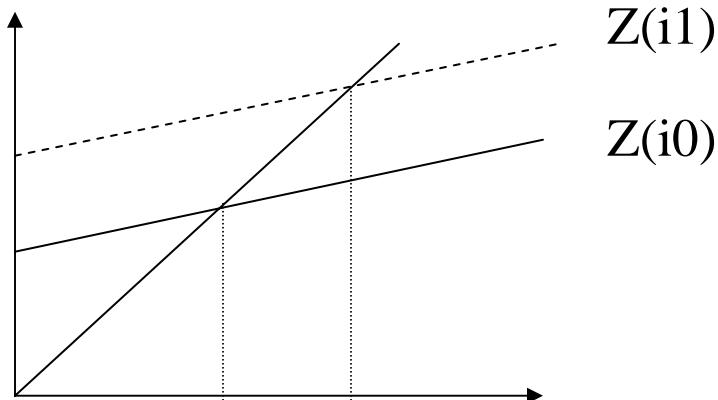
IS-LM Model
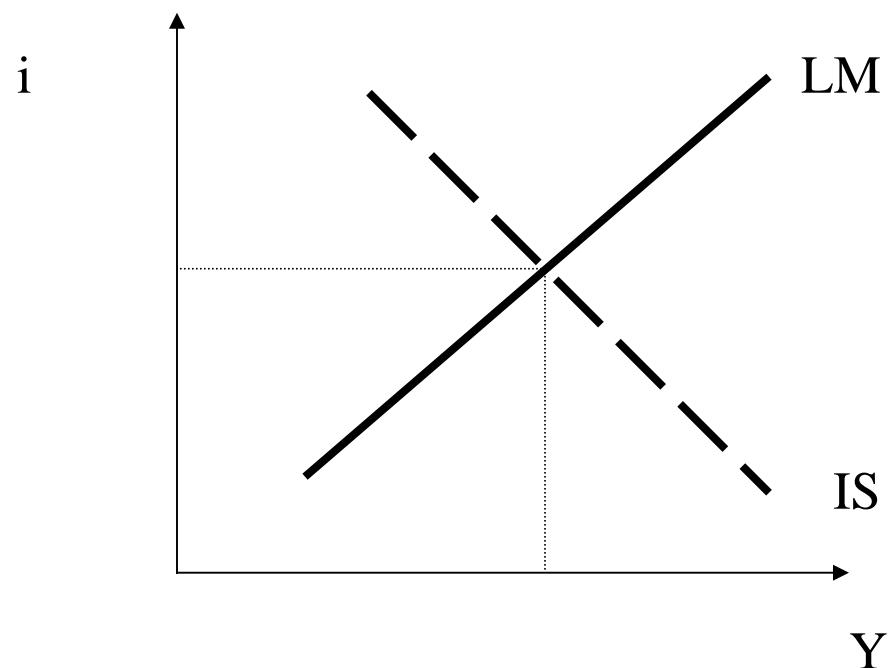
A) Fiscal policy; B) Monetary policy; C) Mix

Parameters (slopes): L' ; I_i; c1