

## CONTENTS

INTRODUCTION	3
PART I. BASIC MODEL	11
1. Overlapping Generations	13
2. Short-Run Equilibrium	18
3. IS-LM and AD-AS Diagrams	21
4. Long-Run Equilibrium	25
5. Stability	27
6. Monetary Shock	32
7. Savings Shock	39
8. Demographic Shock	44
9. Investment Shock	47
10. Wage Shock	51
11. Flexible Money Wages	54
12. Fixed Money Wages	58
12.1. Stability	58
12.2. Macroshocks	62
13. Monetary Policy	70
14. Cyclical Adjustment	76
PART II. ECONOMY WITH PUBLIC SECTOR	79
1. Overlapping Generations	81
2. Short-Run Equilibrium	86
3. Long-Run Equilibrium	89
4. Flexible Money Wages	92
4.1. Stability	92
4.2. Macroshocks	97
5. Fixed Money Wages	103
5.1. Stability	103
5.2. Macroshocks	111
6. Slow Money Wages	115

7.	Continuous Budget Balance	117
8.	Monetary Policy	119
9.	Fiscal Policy	123
	9.1. Stability	123
	9.2. Macroshocks	131
10.	Monetary Policy versus Fiscal Policy	137

**PART III. GROWING ECONOMY** 139

1.	Solow Model	141
2.	Short-Run Equilibrium	142
3.	IS-LM and AD-AS Diagrams	145
4.	Long-Run Equilibrium	148
5.	Stability	151
6.	Monetary Shock	155
7.	Savings Shock	160
8.	Investment Shock	164

<b>CONCLUSION</b>	167
<b>RESULT</b>	175
<b>SYMBOLS</b>	177
<b>REFERENCES</b>	179
<b>INDEX</b>	191