Trifecta

1. **Draw a neo-classical aggregate supply and demand model in long-run equilibrium.**

What are the axes? WHY are the axes labeled as they are?

What do the neo-classical economists believe about the economy that is represented in this diagram (as opposed to the Keynesians)?

What shifts AD?

What shifts SRAS?

What shifts LRAS?

1. **Draw the market for ALL loanable funds.**

What are the axes? WHY are the axes labeled as they are?

If the market is for ALL loanable funds, who are the borrowers? How does this change if the market is for PRIVATE loanable funds?

Who are the suppliers of loanable funds?

What shifts the supply of loanable funds?

What shifts the demand of loanable funds?

1. **Draw the market for investment demand.**

What are the axes? WHY are the axes labeled as they are?

What shifts the demand of investment?

1. **Draw the market for money.**

What are the axes? WHY are the axes labeled as they are?

Why does the money supply line have the slope that it has?

What shifts the supply of money?

What shifts the demand for money?

1. **Draw crowding out using the loanable funds market, investment demand, and AS/AD.**
2. **Draw expansionary monetary policy using the money market, investment demand, and AS/AD.**