

Wealth Effects, Government Budget Constraints, and Ben Bernanke

EC6012 Lecture 8

Stephen Kinsella

Dept. Economics,
University of Limerick.
stephen.kinsella@ul.ie

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Today

- 1 Admin
- 2 Bernanke-Blinder
- 3 Government Wealth

IS LM

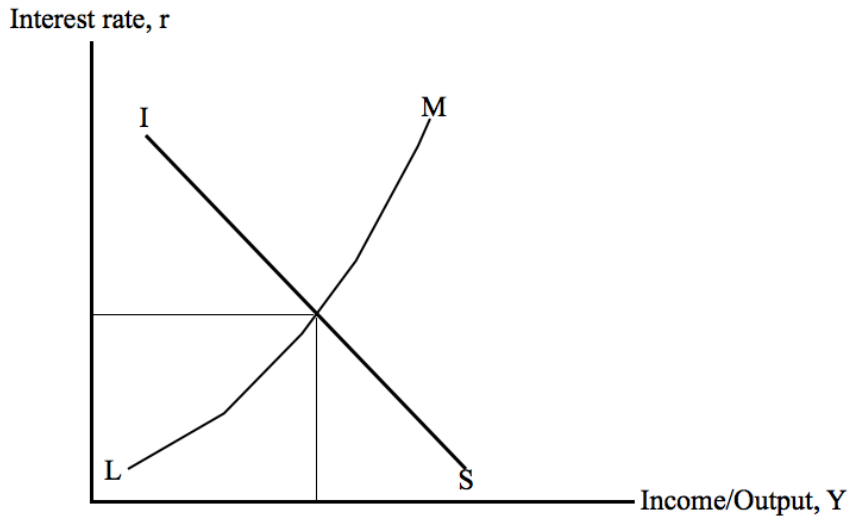


Figure: Equilibrium in the IS-LM model

BB Model

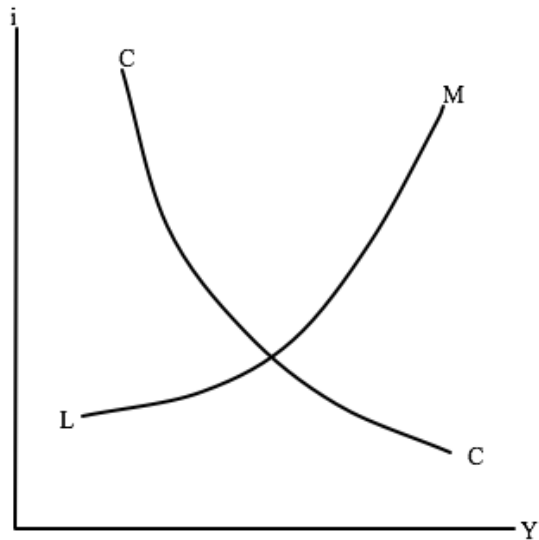


Figure: Bernanke-Blinder Model Equilibrium

Table

Rise in	Income	Money	Credit	Interest Rate on bonds
Bank Reserves	+	+	+	-
Money Demand	-	+	-	+
Credit Supply	+	+	+	+
Credit Demand	-	-	+	-
Commodity Demand	+	+	+	+

Table: Effects of Shocks on Observable Variables. (?, pg. 438.)

A New Model

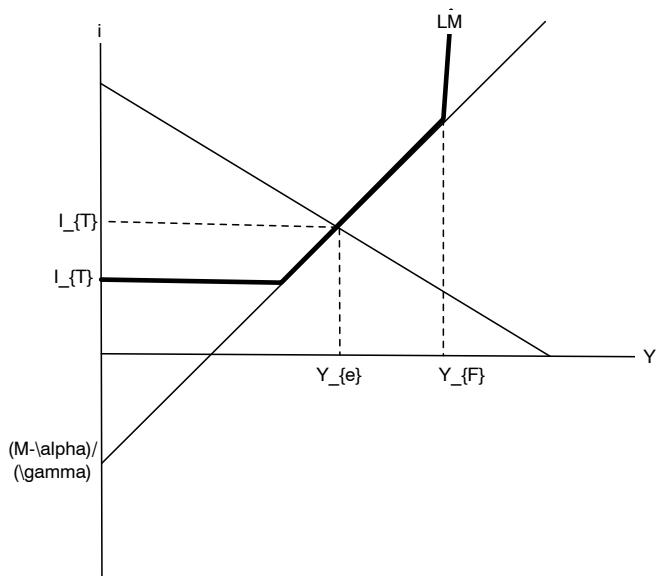
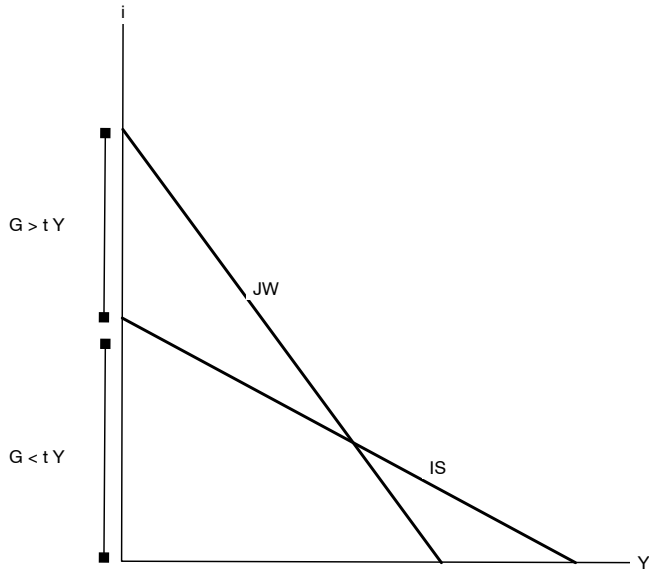
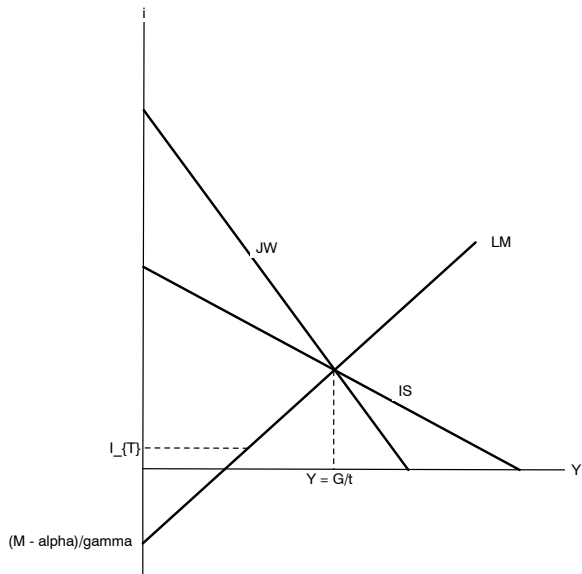


Figure: Noll's ISLM

JW Curve



JW-IS-LM



References