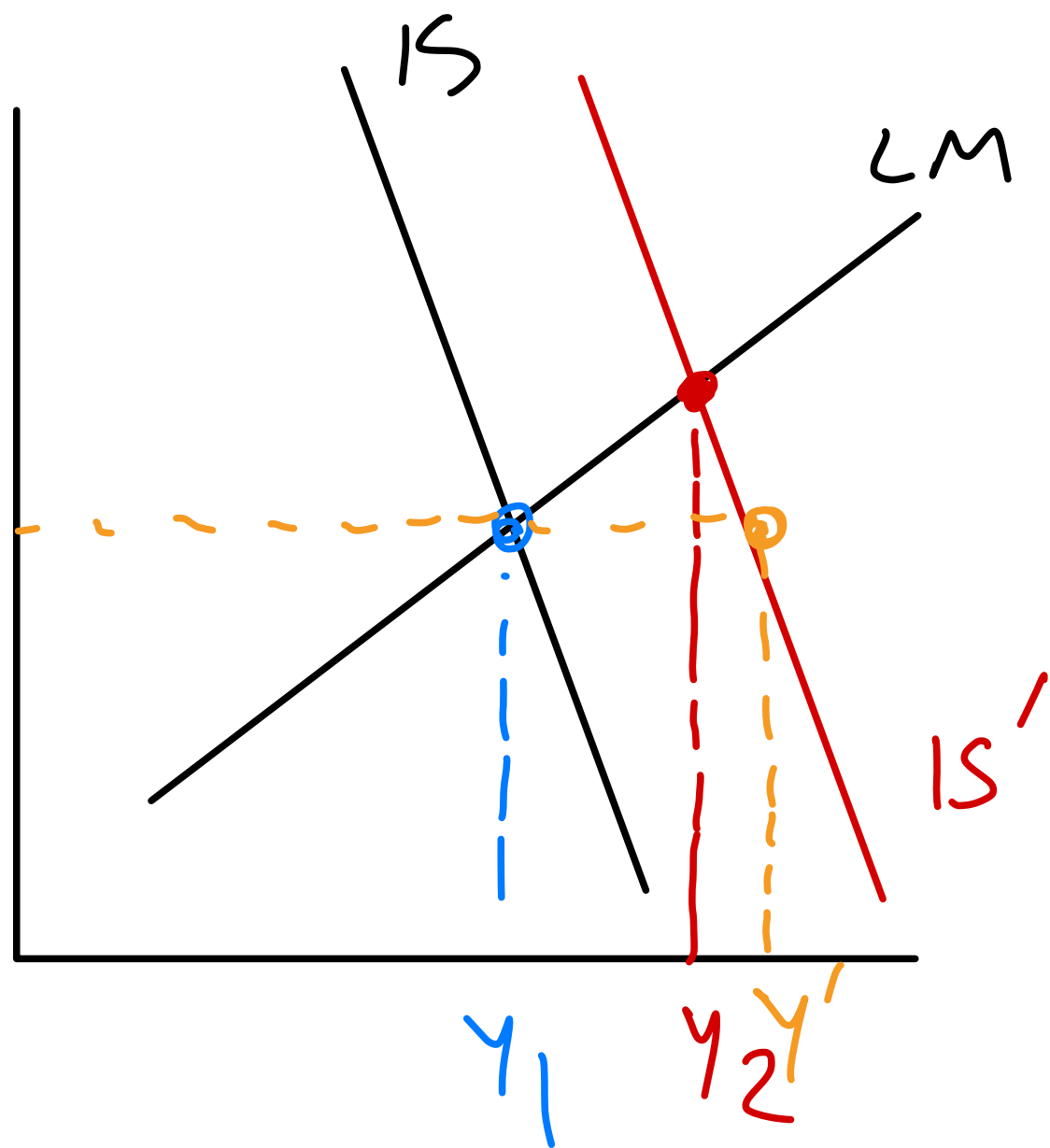




IS steep $\left\{ \begin{array}{l} \text{small multiplier} \\ \text{small } I_1 \end{array} \right.$

$$GM: G \uparrow \rightarrow AE \uparrow \rightarrow Y \uparrow$$

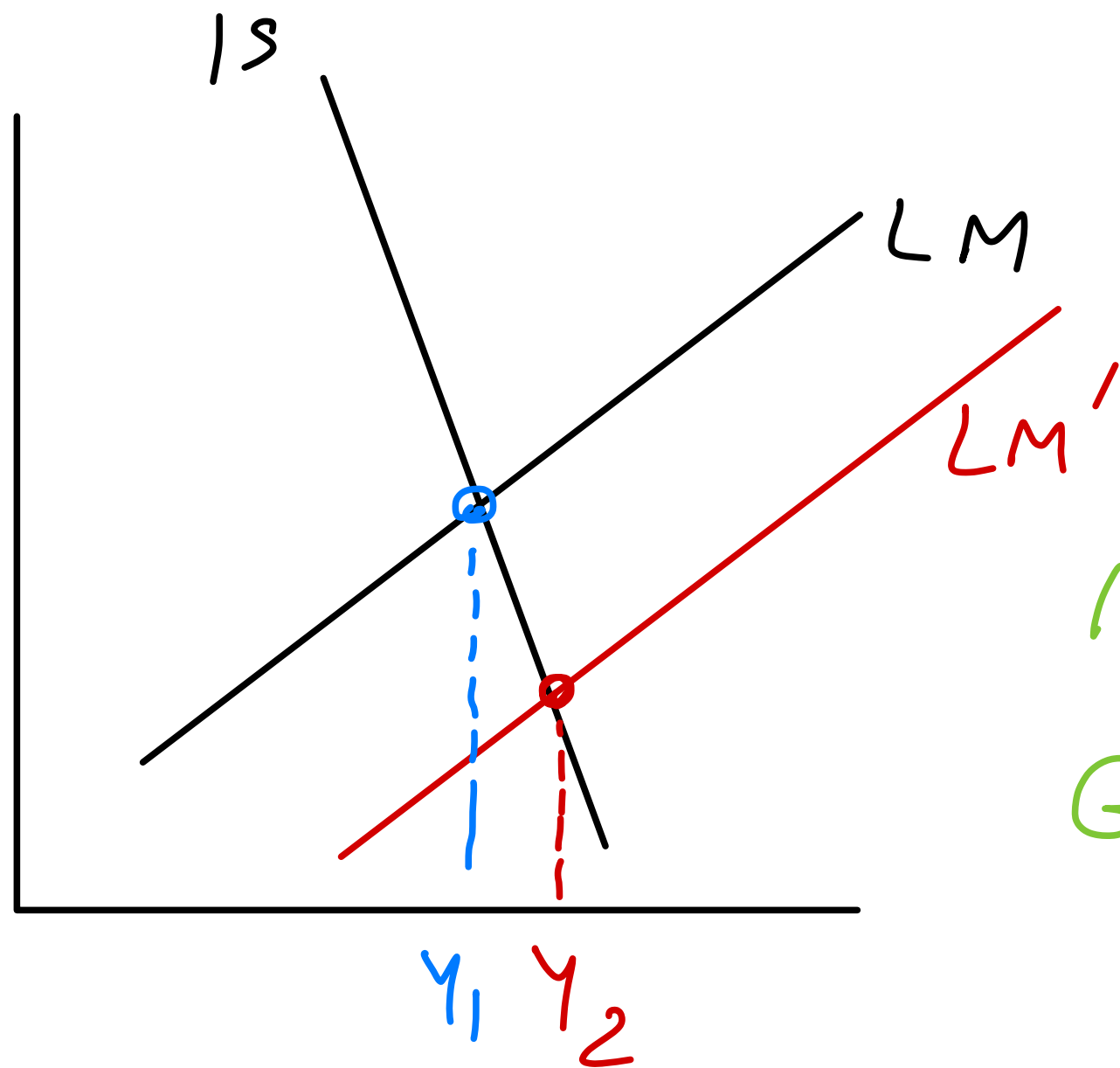
MM: $y \uparrow \rightarrow M_d \uparrow \rightarrow i \uparrow$

GM : $i \uparrow \rightarrow I \downarrow \rightarrow AE \downarrow \rightarrow Y \downarrow$
a little a little a little

↑
due to small I_1

★ ~~flat~~ steep IS : FP effective

due to small crowding out effect (γ' falls to γ_2)



IS steep } small multiplier
 } small I_1

MM: $M \uparrow \rightarrow i \downarrow$

GM: $i \downarrow \rightarrow I \uparrow \rightarrow AE \uparrow \rightarrow Y \uparrow$
 a little a little a little

↑
 due to small I_1

* ~~flat IS~~ steep : MP not effective
 due to investment not responsive to i