

### AD-AS Analysis

Step 1: Initial LR Equilibrium

Step 2: Shock  
 AD-shock (change in aut exp: consumer conf, wealth, mil spend, bus spend, technology, taxes, foreign demand)  
 LRAS-shock (potential output, productivity, war)  
 SRAS-shock (inflation shock, gas price change)

Step 3: Find SR Equil with shock  
 Check if gap rec or exp

Step 4: assess how economy self-corrects to shock

Step 4': assess how shift of AD (mon/fiscal stabilization) can close gap immediately.

