

Lags and Policy Implementation If policymakers could shift the aggregate demand curve instantaneously, activist policies could be used to move the economy immediately to the full-employment level, as we saw in the previous section. The recognition lag is the time it takes for policymakers to feel confident about the signals the data are sending about the future course of the economy. The data lag is the time it takes for policymakers to obtain the data that describe what is happening in the economy. 1.2