

Structural System

$$Q^D = \alpha_0 + \alpha_1 P + \alpha_2 Y + \varepsilon^D \quad (\text{Demand})$$

$$Q^S = \beta_0 + \beta_1 P + \beta_2 C + \varepsilon^S \quad (\text{Supply})$$

Reduced Form System

$$P^* = \pi_{10} + \pi_{11} Y + \pi_{12} C + v_1 \quad (\text{Price})$$

$$Q^* = \pi_{20} + \pi_{21} Y + \pi_{22} C + v_2 \quad (\text{Quantity})$$