

# Chapter 13 Short Run Aggregate Supply Curve

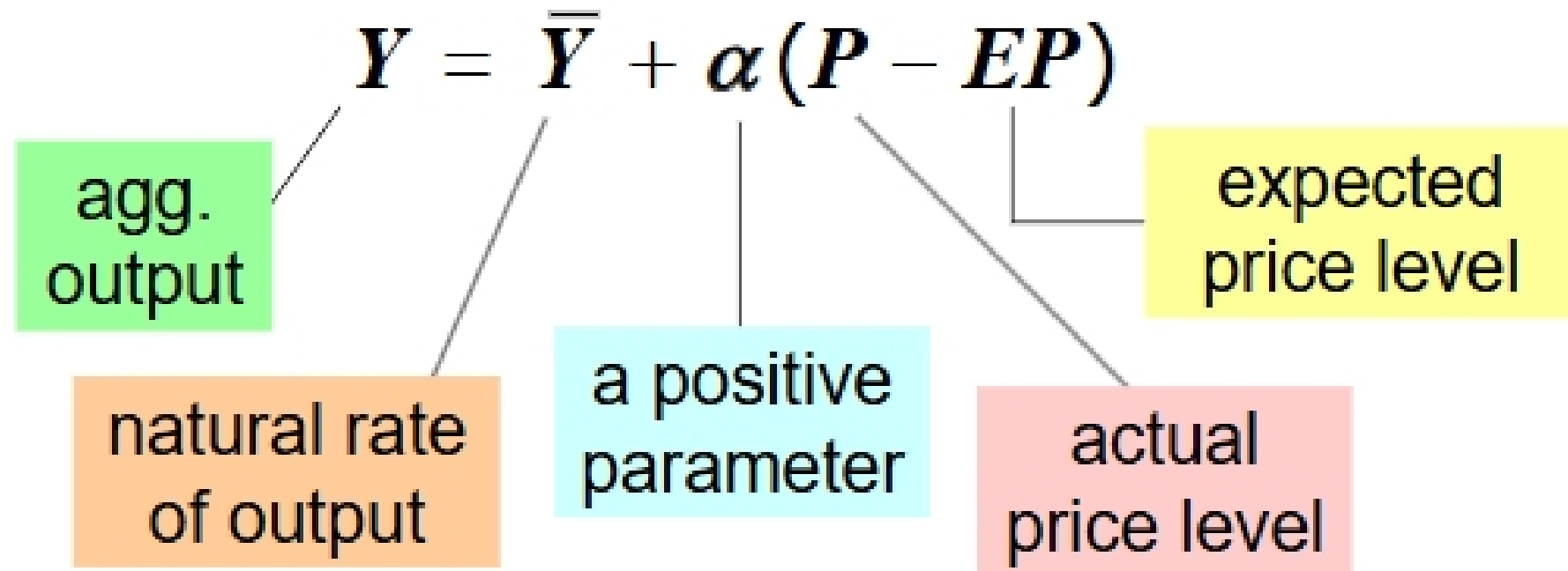
- two models of aggregate supply in which output depends positively on the price level in the short run
- about the short-run tradeoff between inflation and unemployment known as the Phillips curve

# Introduction

- In previous chapters, we assumed the price level  $P$  was “stuck” in the short run.
  - This implies a horizontal SRAS curve.
- Now, we consider two prominent models of aggregate supply in the short run:
  - Sticky-price model (Markets not clear)
  - Imperfect-information model (Markets clear)

# Introduction

- Both models imply:



- Other things equal,  $Y$  and  $P$  are positively related, so the SRAS curve is upward-sloping. (intersection with Y-axis)