

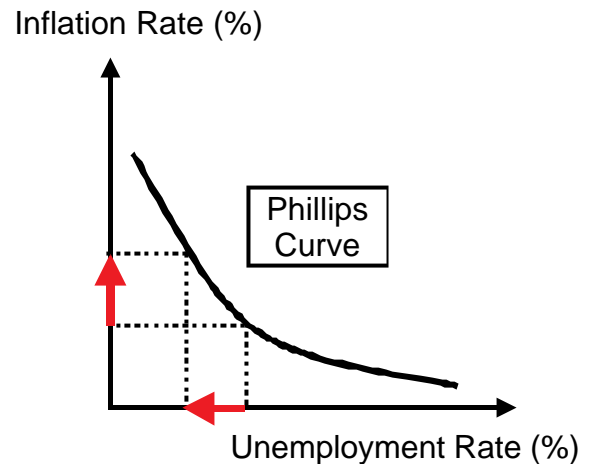
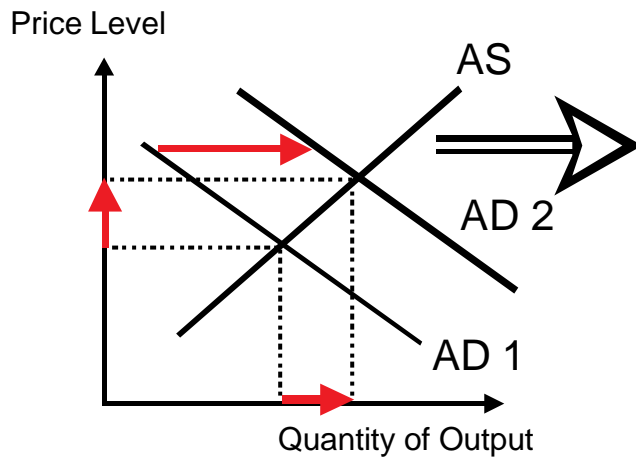
Inflation and Short-run Phillips Curve

1 Demand-pull inflation

Example: G (Government spending) rises.

11 Model of Aggregate Demand (AD) and Aggregate Supply (AS)

12 Phillips Curve



2 Cost-push inflation

Example: Energy crisis

21 Model of Aggregate Demand (AD) and Aggregate Supply (AS)

12 Instability (shift) of the Phillips Curve

