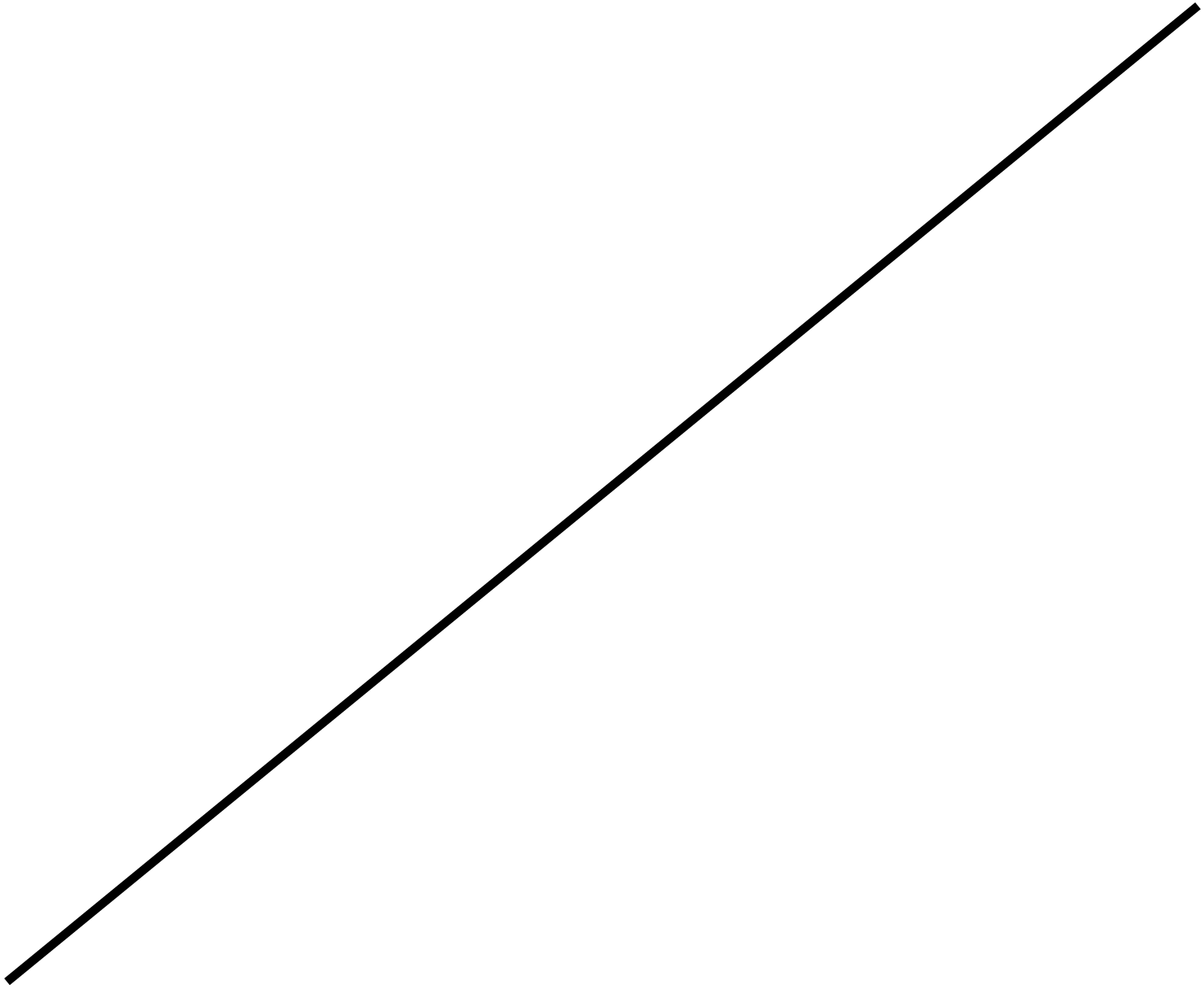


Short Run Aggregate
Supply Slopes Upward

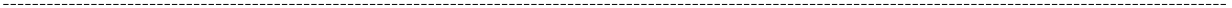




Price Level

Real GDP produced in the short run

SRRAS (Wagges fixed)









Production increase

GDP

PO

GDP

1

P

O

P

1





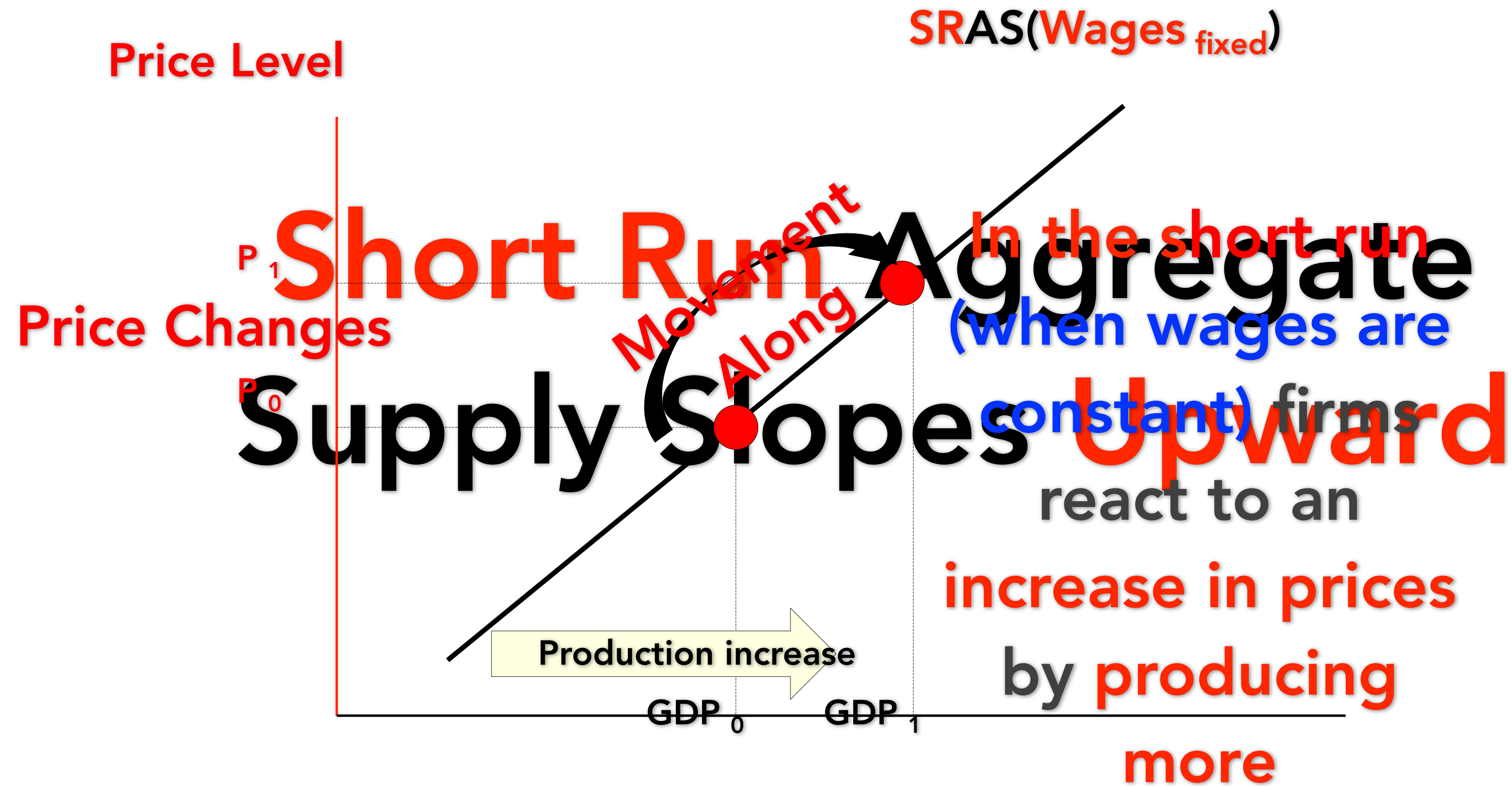
**Movement
Along**



Price Changes

Aggregate Supply in the Short Run (Wages fixed)

In the short run
(when wages are
constant) firms
react to an
increase in prices
by **producing**
more



Factors that **shift** Aggregate Supply

