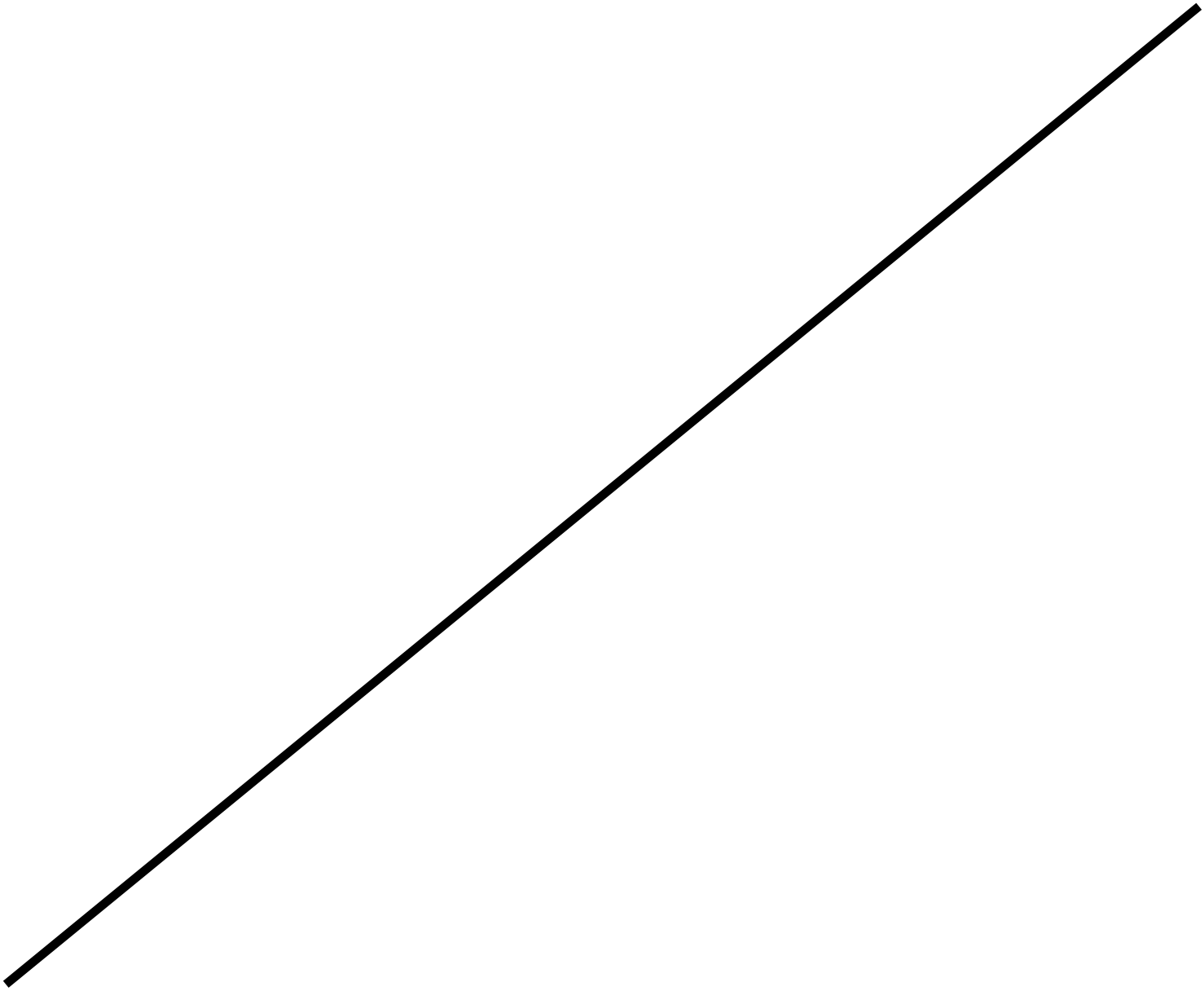


Short Run Aggregate Supply Slopes Upward





Price Leverage!

Real GDP Produced in the short run

SRRAS(Wages fixed)











Production increase

GDP

O

GDP

↑

P

O

P

1





Movement
Along



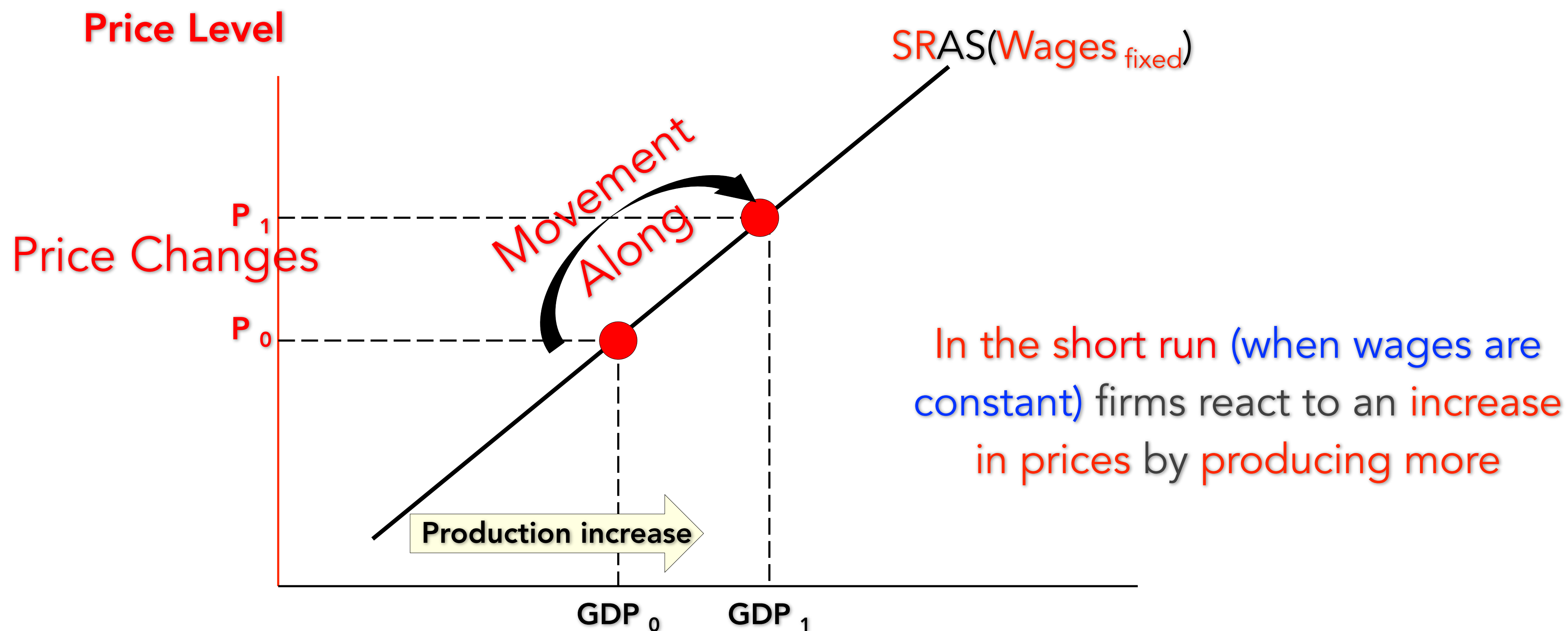
Price Changes

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

Short Run Aggregate Supply Slopes Upward

Aggregate Supply in the Short Run (Wages_{fixed})



Factors that **shift** Aggregate Supply

