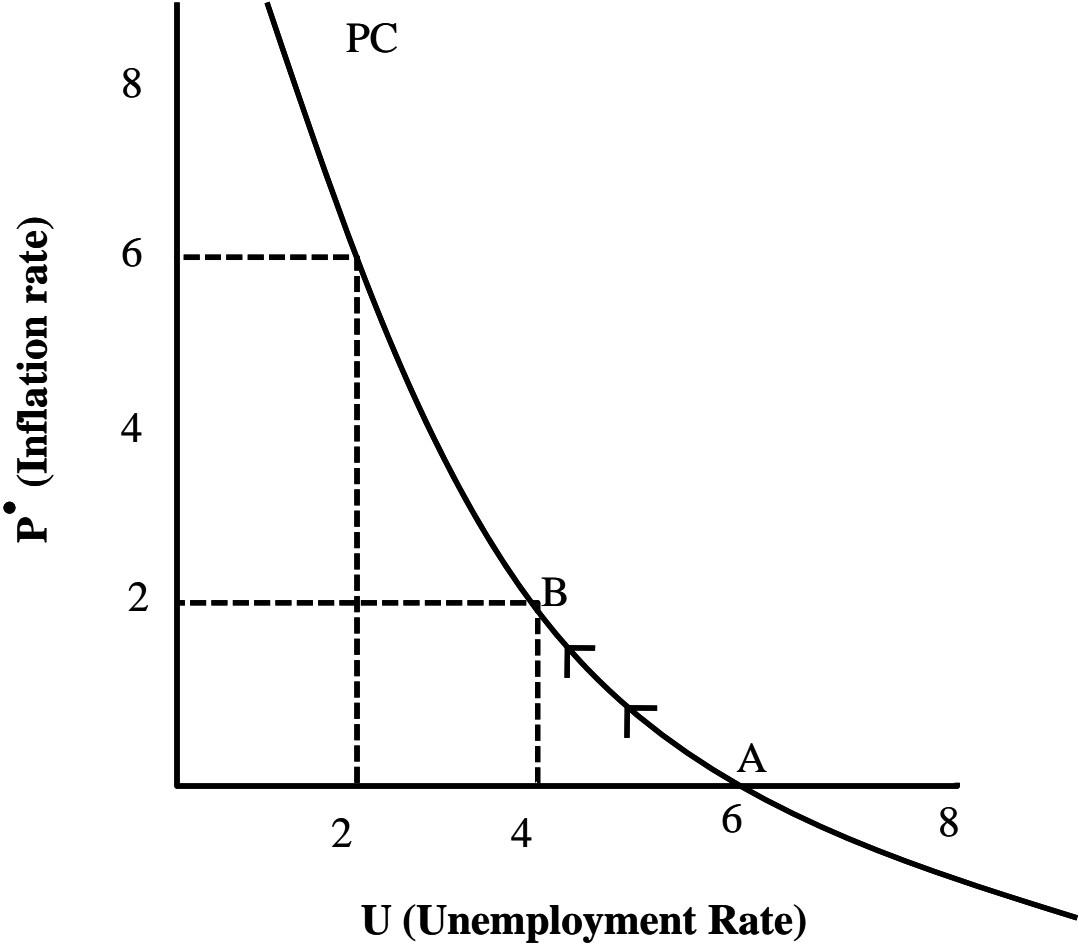


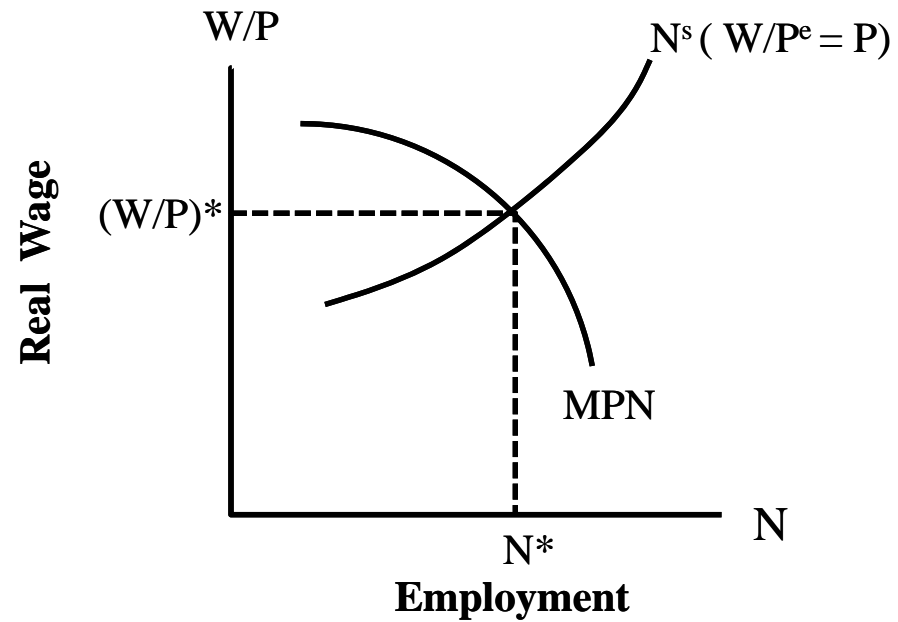
# **EE312: Macroeconomics Theory**

## **The Phillips Curve and the Natural Rate of Unemployment (NRU)**

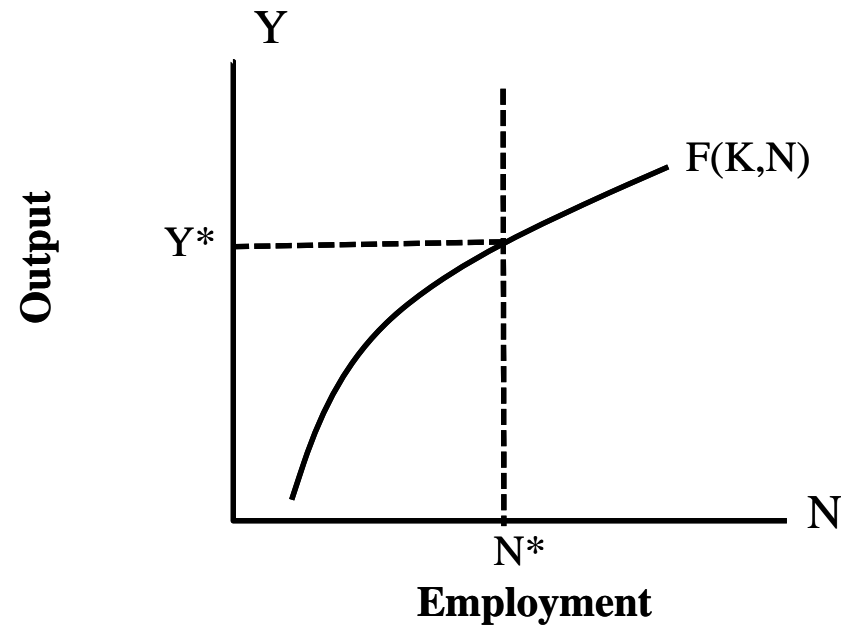
# The Phillips Curve



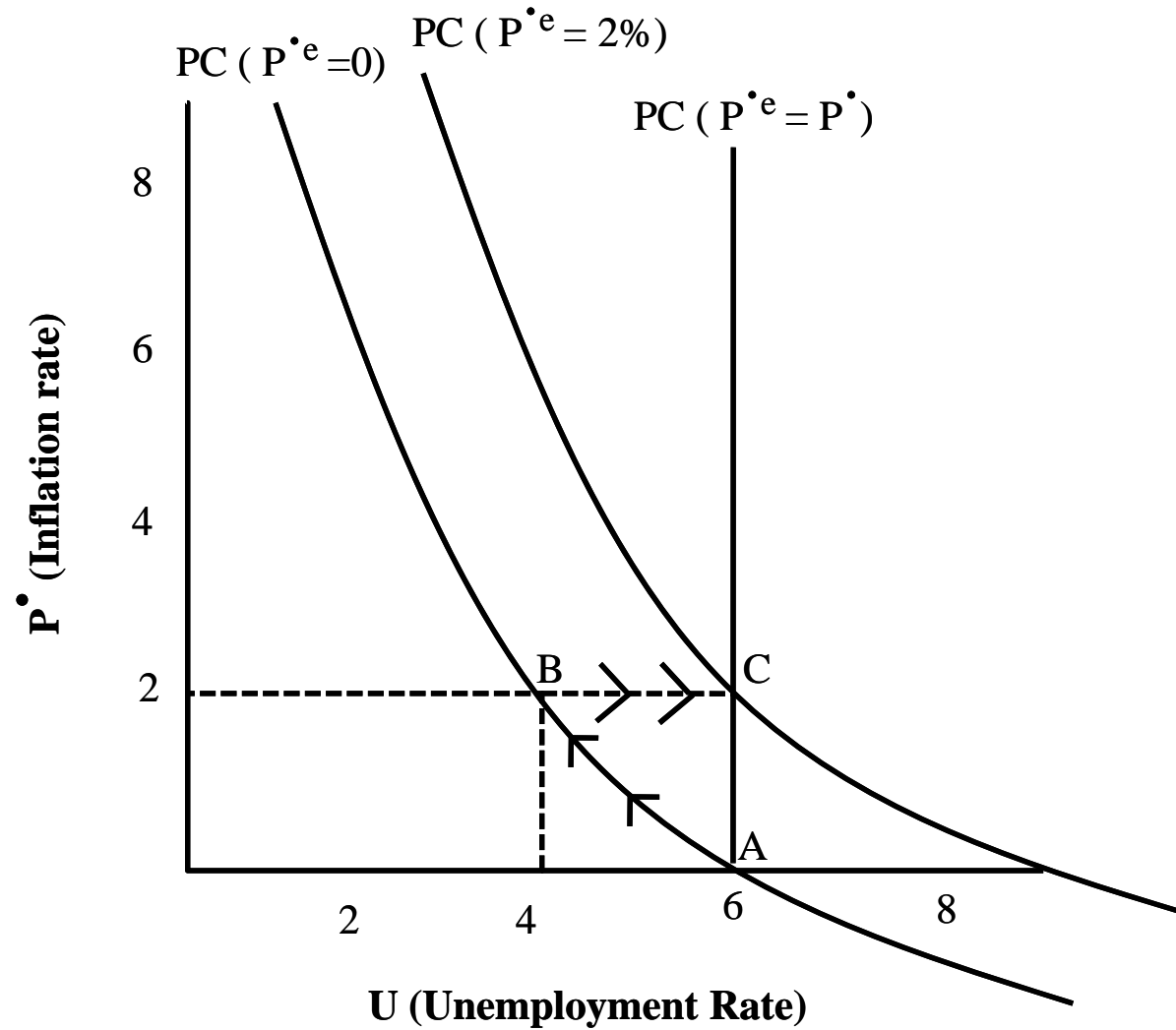
**a. Natural Rate of Employment**



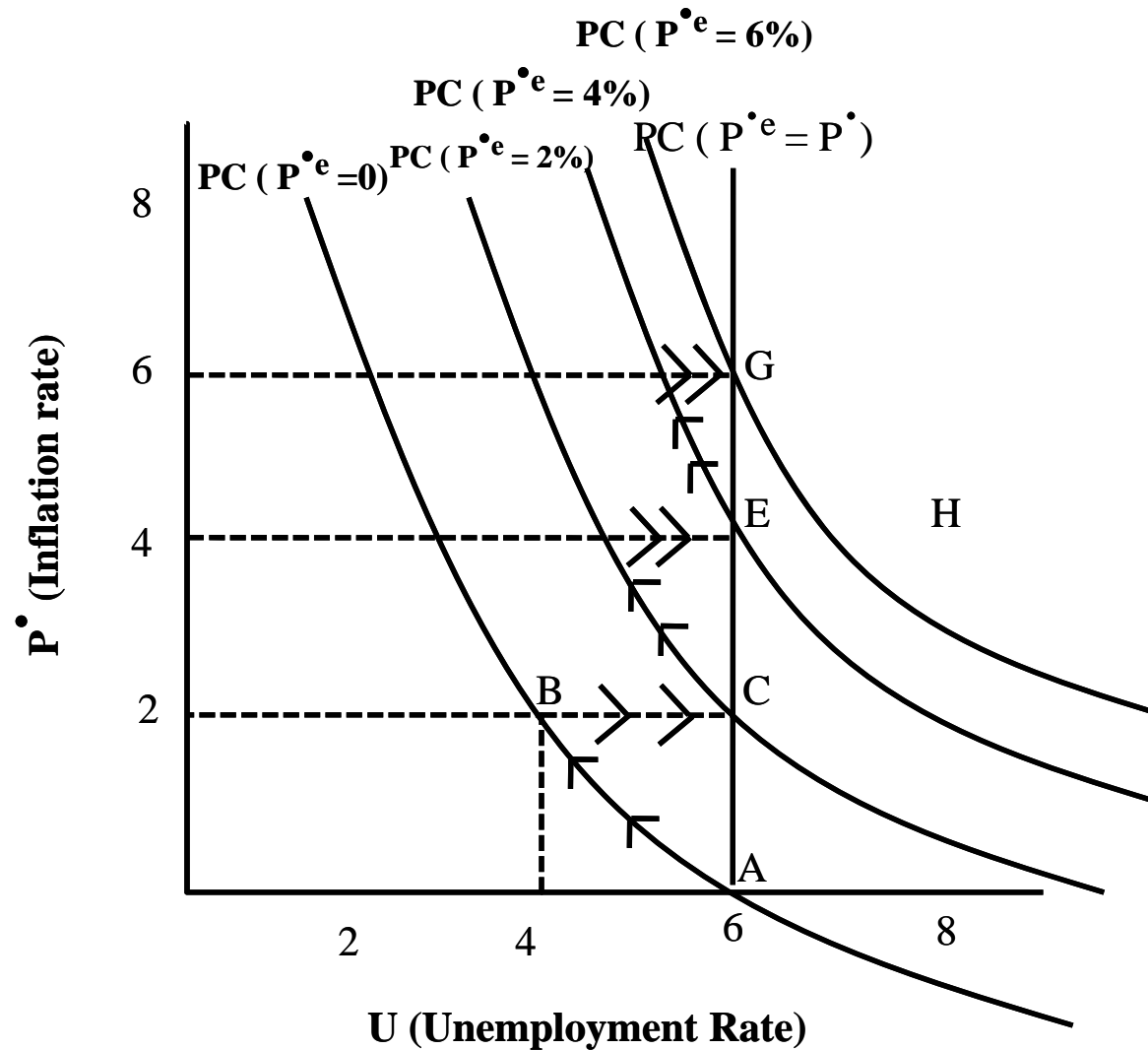
**b. Natural rate of Output**



# Short-Run and Long-Run Phillips Curves

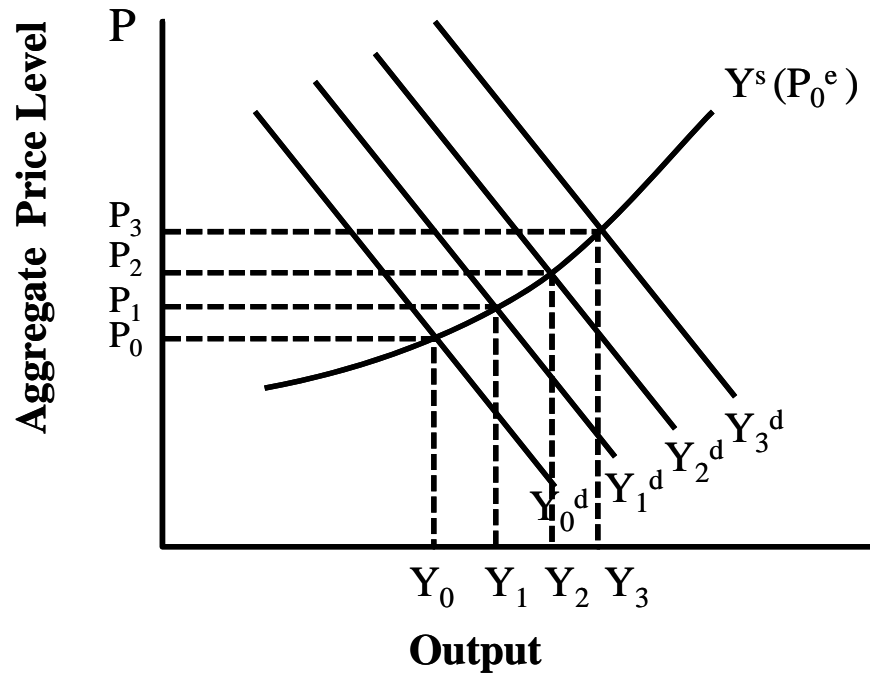


# Effect of an Attempt to “Peg” the Unemployment Rate

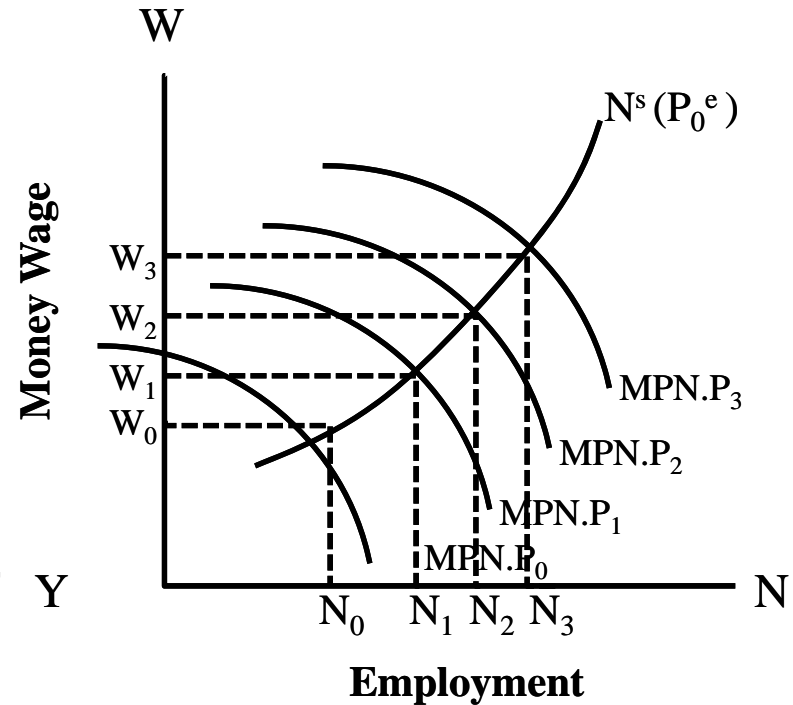


# Short-Run Effects of Increase in Aggregate Demand in the Keynesian Model

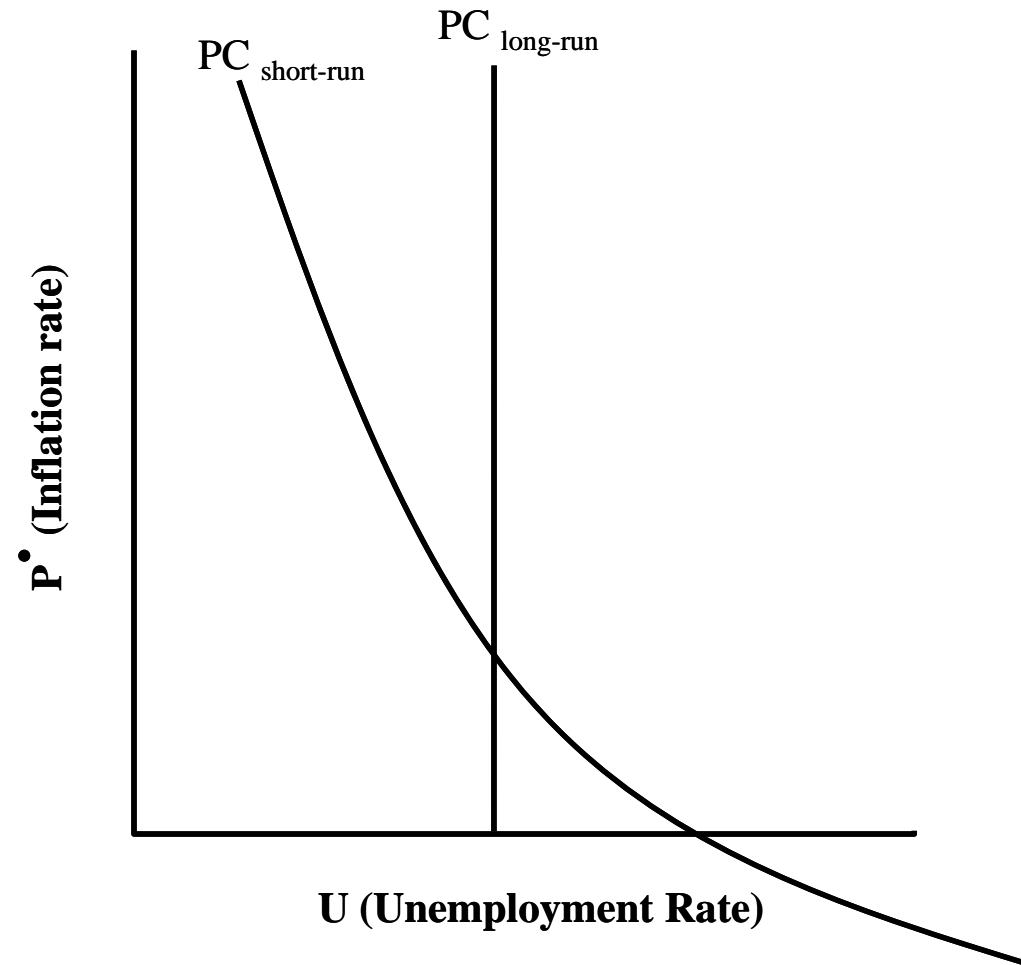
a. Market for Output



b. Labor Market



# The Phillips Curve: The Keynesian Perspective



# Long-Run Effects of Increase in Aggregate Demand in the Keynesian Model

