Macro Notes: MP Curve

Alan G. Isaac

American University
**FIGURE 12.1 The Structure of the Short-Run Model**

Source: Jones (2011)
**FIGURE 12.2** The Federal Funds Rate, 1960–2010

Source: Jones (2011)
FIGURE 12.3 The MP Curve in the IS-MP Diagram

Source: Jones (2011)
FIGURE 12.4 Raising the Interest Rate in the IS-MP Diagram

Source: Jones (2011)
**FIGURE 12.5** Stabilizing the Economy after a Housing Bubble

Source: Jones (2011)
**FIGURE 12.6 The Phillips Curve**

Source: Jones (2011)
FIGURE 12.7 An Oil Price Increase

Source: Jones (2011)
FIGURE 12.8 Inflation in the United States, 1960–2009

Source: Jones (2011)
FIGURE 12.9 Tightening Monetary Policy

Source: Jones (2011)
FIGURE 12.10 A Recession and Falling Inflation

Source: Jones (2011)
MP Curve

(a) The Fed raises the interest rate...
(b) causing a recession...
(c) which leads inflation to fall.

**FIGURE 12.11 The Disinflation over Time**

Source: Jones (2011)
**FIGURE 12.12** Mistaking a Slowdown in Potential for a Recession

Source: Jones (2011)
Source: Jones (2011)
FIGURE 12.14 How the Central Bank Sets the Nominal Interest Rate

Source: Jones (2011)
MP Curve

Source: Jones (2011)
FIGURE 12.16 Targeting the Nominal Interest Rate

Source: Jones (2011)
(a) Policymakers believe the slowdown in growth is caused by a negative aggregate demand shock...

(b) So they lower $R$.

**FIGURE 12.17 The Great Inflation** (top)

Source: Jones (2011)
FIGURE 12.17 The Great Inflation (bottom)

Source: Jones (2011)
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