only business cycle can't explain all inflation.

Two School

Neo-keynesian → Adaptive

$$\pi_t = \pi_t^e - \alpha(u_t - u_n)$$

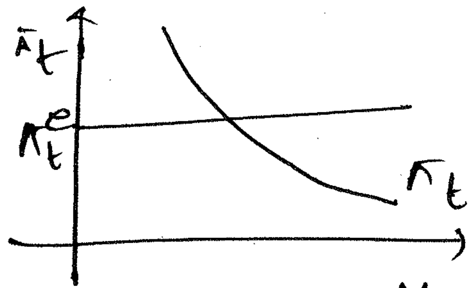
$$\pi_t - \pi_t^e = -\alpha(u_t - u_n)$$

π_t^e → other factors affecting the inflation.

$(u_t - u_n)$ → Business cycle

Neo-keynesian like keynes does not give much attention to long-run PC.

Short-run idea of PC



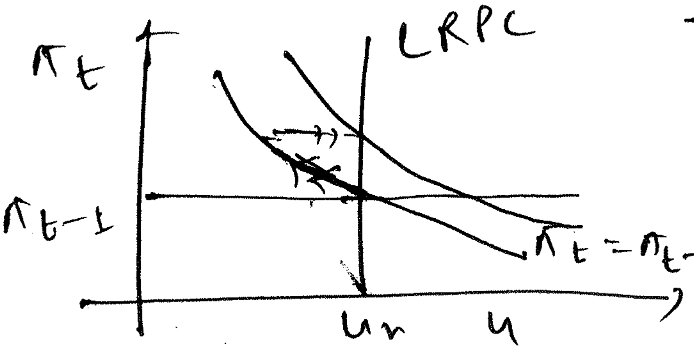
Intercept is not zero like Simple PC.

Monetarists

$$\boxed{\pi_t = \pi_{t-1} - \alpha[u_t - u_n]}$$

π_{t-1} → This is also Adaptive

u_n → NAIRU



Neo-keynesian → Ignore LRPC | Did not gave any long run impact but