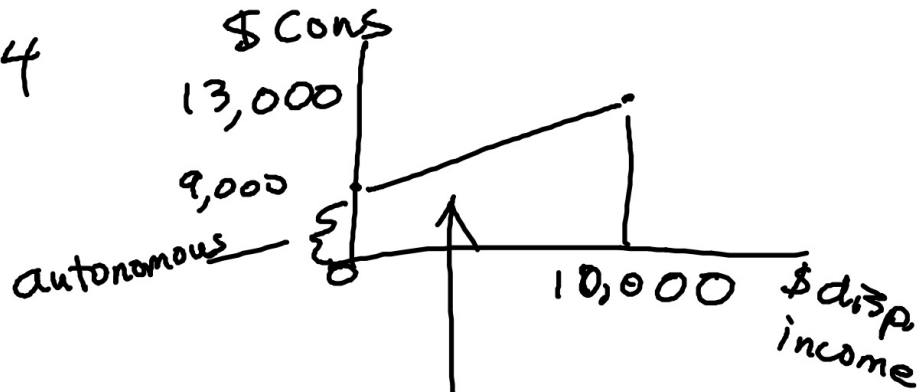


#4  
Modules  
16-17  
MC Q's



$$MPC = \frac{\Delta \text{cons}}{\Delta \text{disp. inc.}} = \frac{4,000}{10,000}$$

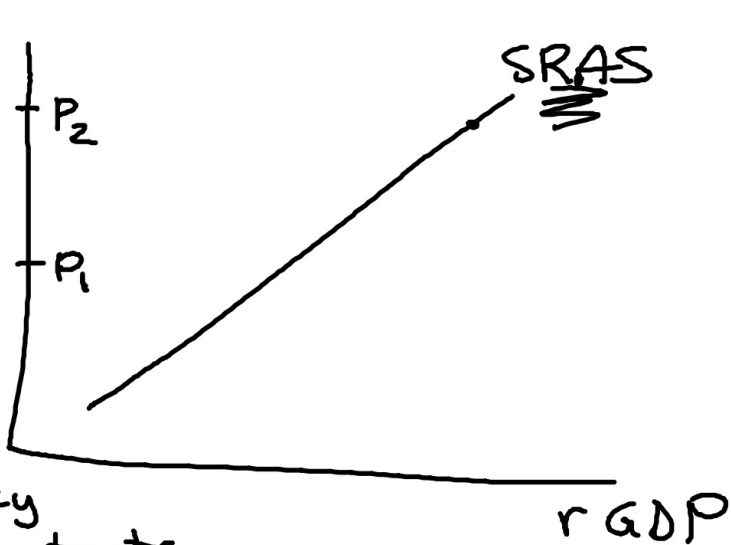
$$\frac{2}{5} \text{ or } 0.4$$

## Topic: Aggregate Supply

reason AS  
slopes upward:  
"sticky nominal  
wages"

① upward sticky  
because of  
labor contracts

② downward sticky  
because of contracts  
and bad feelings when  
wages are cut



## Shifters of SRAS:

① change in commodity prices.

oil, energy  $\downarrow$  SRAS  $\rightarrow$

② changes in nominal wages

wages  $\downarrow$  SRAS  $\rightarrow$

wages  $\uparrow$  SRAS  $\leftarrow$

③ changes in productivity.

$$\text{productivity} = \frac{\text{output}}{\text{labor hours}}$$

productivity  $\uparrow$  SRAS  $\rightarrow$

## Long Run Aggregate Supply

