

## CONCEPT: LONG RUN AGGREGATE SUPPLY

- The **aggregate demand and aggregate supply model (AD-AS Model)** explains short-run fluctuations in GDP and price

□ **Aggregate Supply** is different in the short-run and the long-run



> Long Run: The quantity of \_\_\_\_\_ depends on availability of \_\_\_\_\_

- Real GDP = goods and services produced

- Factors of production = labor, capital, natural resources, and available technology

> The current price level \_\_\_\_\_ affect Real GDP in the long run

- Real GDP is calculated using \_\_\_\_\_ prices

> Only the availability of factors of production affects the position of LRAS

### Long Run Aggregate Supply Curve



- LRAS will shift when there is a change in one of the underlying factors of production:

Factor of Production	“Good” Example → Shift _____	“Bad” Example → Shift _____
Labor		
Physical Capital		
Human Capital		
Natural Resources		
Technology		