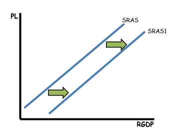
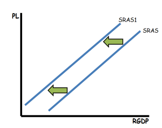
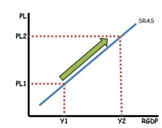
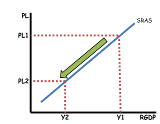
Topic 3.3 & 3.4 SRAS and LRAS

1. The short-run aggregate supply (SRAS) curve is upward sloping since wages and resource prices are ________ in the short run. The SRAS shows there is a(n) ________ relationship between ________ and ________ in the short run.

2. How does a change in the price level impact real GDP on the short-run aggregate supply?

Increased Price Level:	
Decreased Price Level:	

3. Take a look at the events in the table below. Place an "X" in the appropriate column depending on if the event would cause the SRAS to shift right, shift left, cause movement up, or cause movement down.

	Shift Right (Increase) 	Shift Left (Decrease) 	Movement Up Along the Curve 	Movement Down Along the Curve 
There is a decrease in energy prices				
There is an increase in wages				
This economy experiences deflation				
The government increases taxes on businesses				
The CPI increases				
There is an increase in worker productivity				
There is an increase in the expected rate of inflation				

4. The long-run aggregate supply (LRAS) curve is vertical at the ________ output since wages and resource prices are ________ in the long run. The LRAS shows there is no relationship between ________ and ________ in the long run.

5. **Take a look at the events in the table below. Place an "X" in the appropriate column depending on if the event would cause the LRAS to shift right or shift left**

	Shift Right (Increase)	Shift Left (Decrease)
New technology increases labor productivity		
Jobs training programs increase human capital		
Large numbers of workers retire		
Natural resources are depleted		