LRAS Handout

LRAS: 1) represents quantity of goods and services a nation can produce over a long period of time

2) resources are fully/most efficiently employed

3) no change in GDP with changes in price level (stability in production)

4) Full employment

SRAS: Different: can be less/greater and changes with price level

3) LRAS and PPC: each represent maximum/most efficient output.

each shift for same reasons -- resources/technology/productivity

LRAS is PPC/would be a point on the PPC