

Figure 16.10. Effects of technological improvements on the labour market model: Short vs. long run.

	In Figure 16.9b	Employment	Unemployment	Wage share	Inequality
Short Run (number of firms and their capital stock do not change)	A to D	Down	Up	Down	Up
Long run (outcome adjusts fully to the new Nash equilibrium of the model; no change in wage-setting curve)	A to B	Up	Down	No change	Slightly down