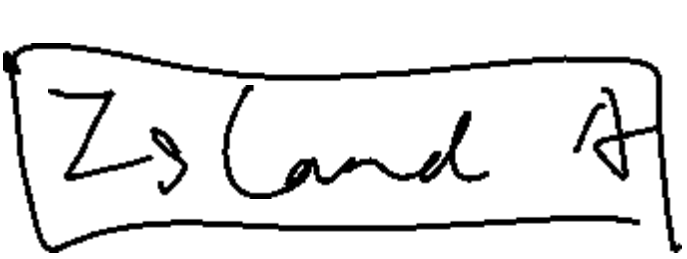
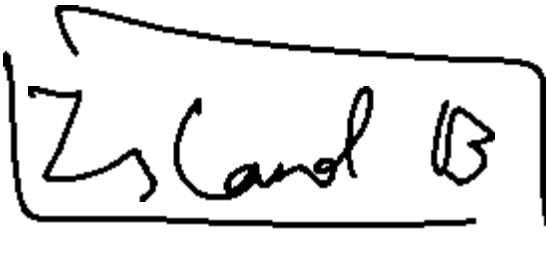
Z_t





$\frac{N}{3}$ young $\frac{2}{3}N$ young

$\frac{N}{2}$ old $\frac{N}{2}$ old

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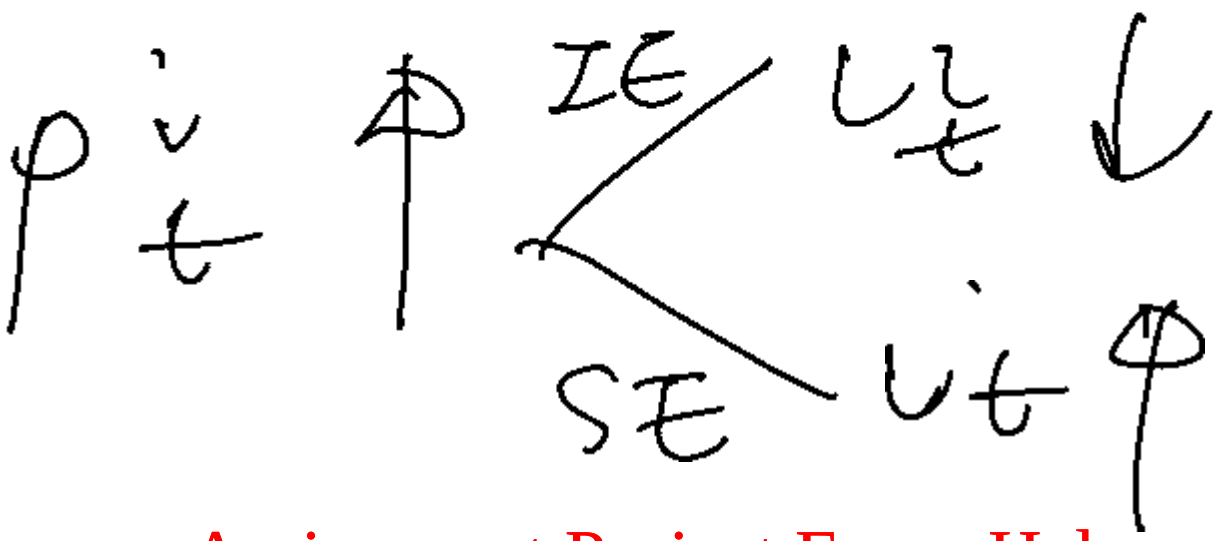
if 1 by 1 unit →

produce 1 more unit of good → $\$P_t^i$

→ buy $\frac{P_t^i}{P_{t+1}^i}$ units

of goods when old



$E_y = \frac{\%\Delta \text{ demand}}{\%\Delta \text{ income}}$

> 0 : normal good

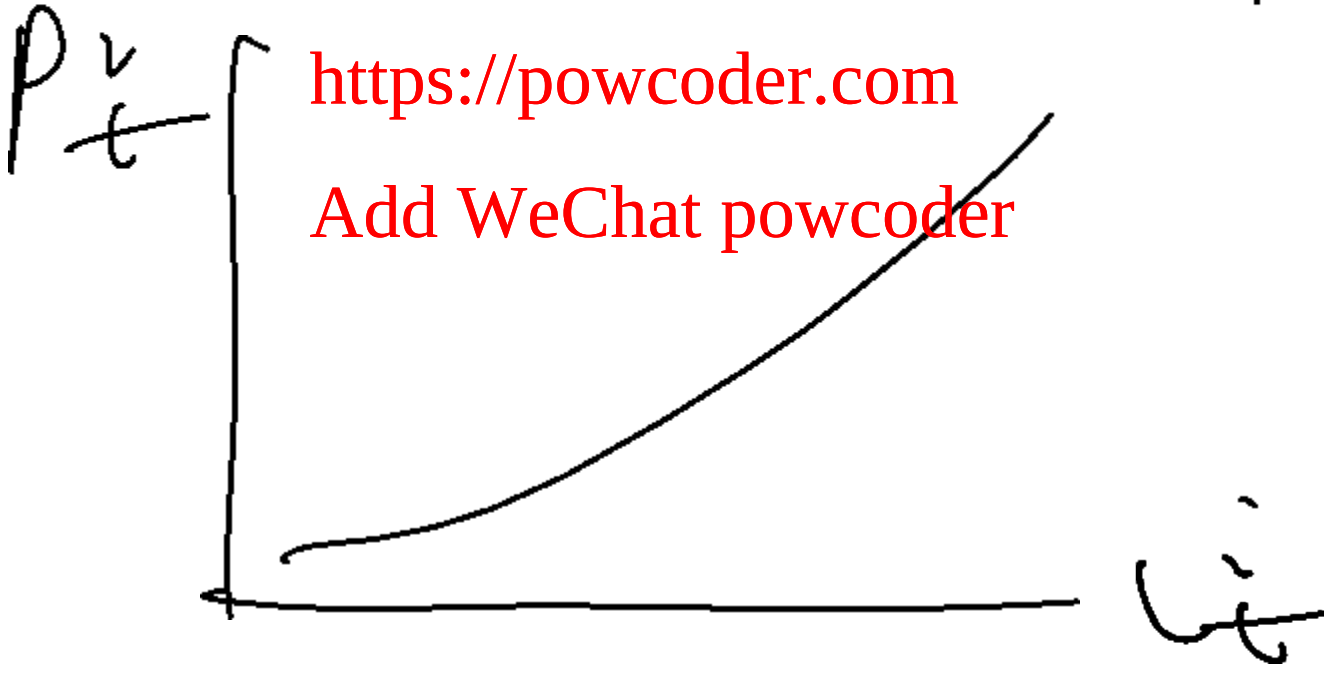
> 1 luxury good

< 1 necessity good

CO : inferior good

$|SE| > |IE|$

$\rightarrow \downarrow i \uparrow$ as $p_i \uparrow$



$M_{6-1} = \$70$ bn

$\varepsilon = 1.1$

→ M_t = ค่าจ้าง

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to prove $p_t^A > p_t^B$

Sp $p_t^A \leq p_t^B$

the rate of return to labour $\frac{p_t^A}{p_{t+1}^A} \leq \frac{p_t^B}{p_{t+1}^B}$

$\therefore U_t^A \leq U_t^B$

$\therefore p_t^A \geq p_t^B$

$M_{t-2} = 70$ bio
$M_{t-1} = 70$ bio) $z=1$

$M_t = 77$ bio
$M_{t+1} = 77$ bio) $z=1$

$M_{t-2} = 63.63$ bio) 10%
$M_{t-1} = 70$ bio

$M_t = 77$ bio) 10%

$M_{t+1} = 92.46$ bio) 20%

$z\Phi \rightarrow \frac{p_t^i}{p_{t+1}^i} \downarrow \rightarrow$

$L_t \rightarrow L_t \downarrow$

$L_t = \frac{1}{3}N \cdot L_t^{\theta} + \frac{2}{3}N \cdot L_t^{\beta}$

$Z_t \rightarrow L_t \downarrow$

	# of young ppl	
Z_t	$\frac{2}{3}N$	$\frac{1}{3}N$
$Z_t = 1$	$p_t^a = \frac{M_{t-1/2}}{\frac{2}{3}N \cdot L_t^a}$	$p_t^b = \frac{M_{t-1/2}}{\frac{1}{3}N \cdot L_t^b}$
$Z_t = 2$	$p_t^c = \frac{2M_{t-1/2}}{\frac{2}{3}N \cdot L_t^c}$	$p_t^d = \frac{2M_{t-1/2}}{\frac{1}{3}N L_t^d}$

$$p_t^i = \frac{\text{zcMA-1}/2}{N^i \cdot l_t^i}$$

$$p_t^a < p_t^b = p_t^c < p_t^d$$

l_t^a $\quad$ l_t^c $\quad$ l_t^d

inefficient

if $z=1$, one island w/ $\frac{2}{3}N$ → case a

one island w $\frac{1}{3}N$ → case b

total output $= \frac{2}{3}N \cdot C^{a} + \frac{1}{3}N \cdot C^{*}$

If $Z = 2$, one island w/ $\frac{2}{3}N \rightarrow$ case C

one island w/ $\frac{1}{3}N \rightarrow$ case A

total output $= \frac{2}{3}N \cdot C^{A} + \frac{1}{3}N \cdot C^{d}$

$\therefore C^{A} > C^{a}$

$C^{A} > C^{*}$

$\therefore L2 > L1$