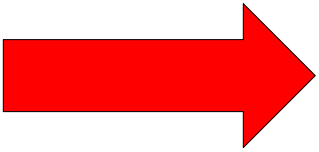
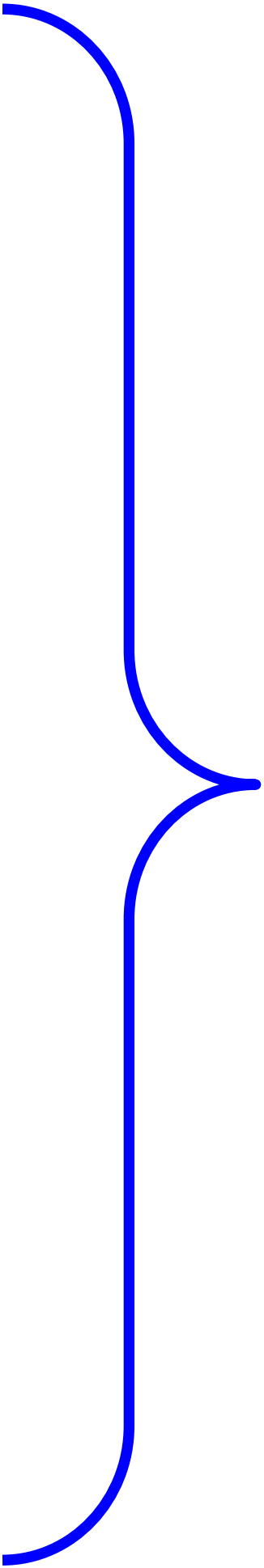


Determinants of Aggregate Supply

● Prices of goods and services



A change in price is
represented by a
movement along SRAS



Assumed constant
along SRAS

A change in cost of production, the labor force or the stock of capital is represented as a shift in the SRAS

- **Cost of Production = Prices of inputs**
necessary to produce (labor, gasoline, raw materials, etc.,.)

- Size and quality of the Labor Force (a larger, better prepared work force, allow firms to produce more)

- Size and quality of **Stock of Capital** (with better technology, firms can produce more)

Determinants of Aggregate Supply

- Prices of goods and services
- Cost of Production = Prices of inputs necessary to produce (labor, gasoline, raw materials, etc.,)
- Size and quality of the Labor Force (a larger, better prepared work force, allow firms to produce more)
- Size and quality of Stock of Capital (with better technology, firms can produce more)



A change in **price** is represented by a **movement along** SRAS

A change in **cost** of production, the **labor force** or the **stock of capital** is represented as a **shift** in the SRAS

The effect of an Increase in wages

