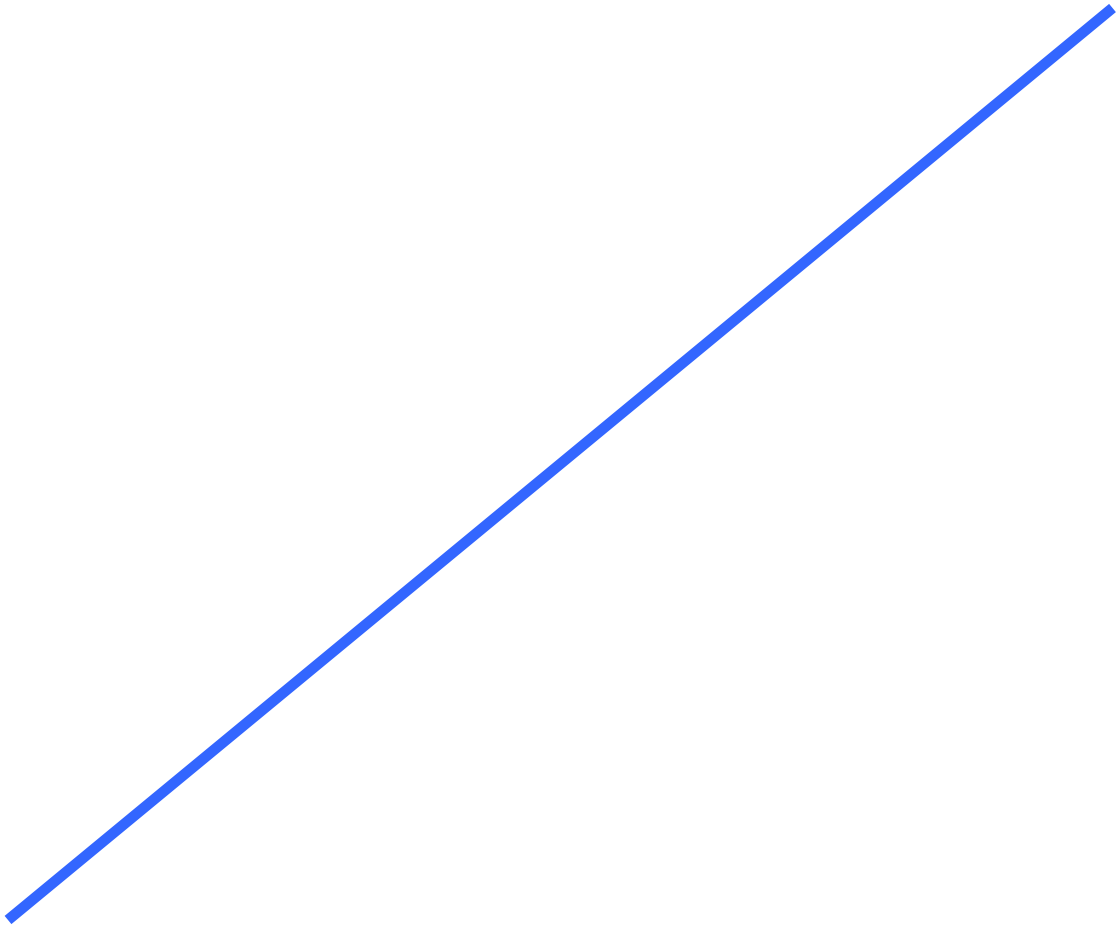


Factors that shift Aggregate Supply

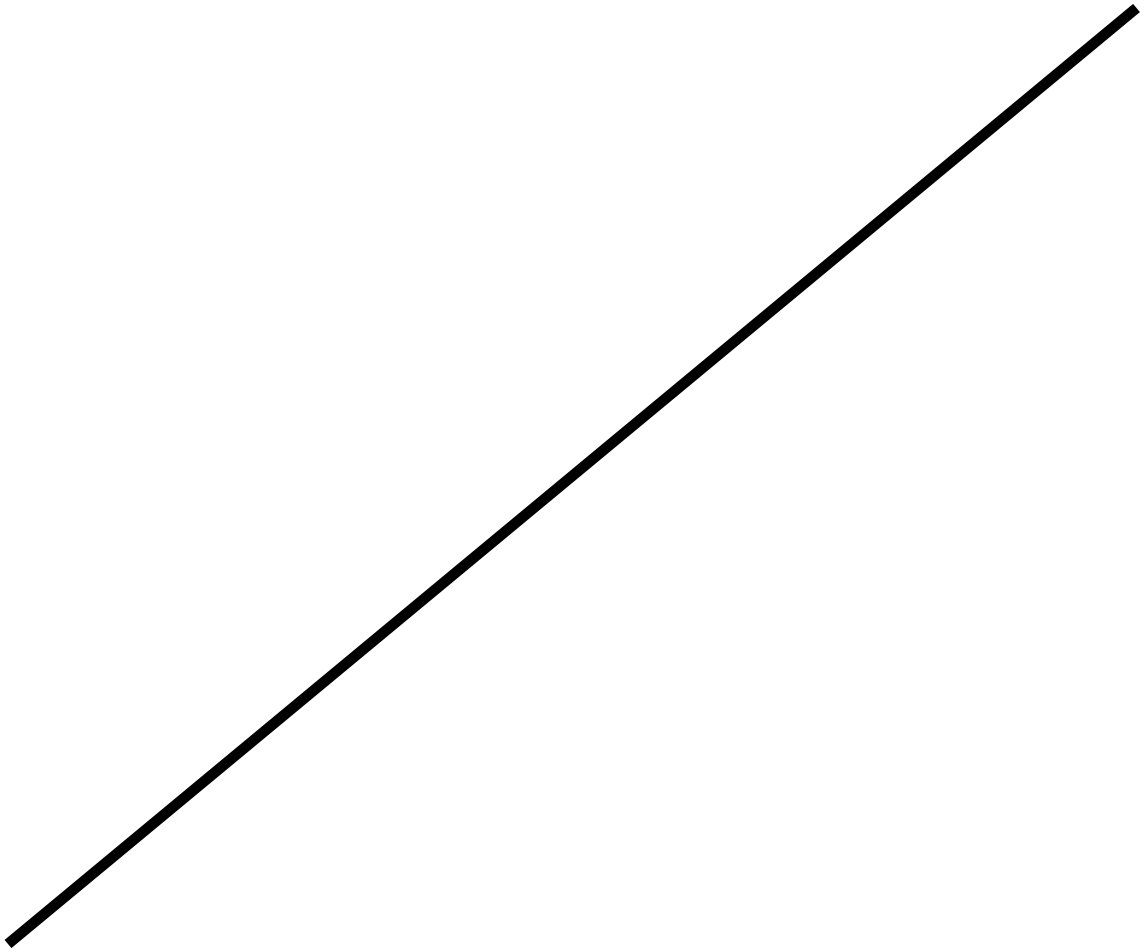






Real GDP Supplied

SRRAS₁





PO

ASO



S
R
A
S
O

Price

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

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

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



AS₁

|

|

|

|

|

|

|

|

|

|

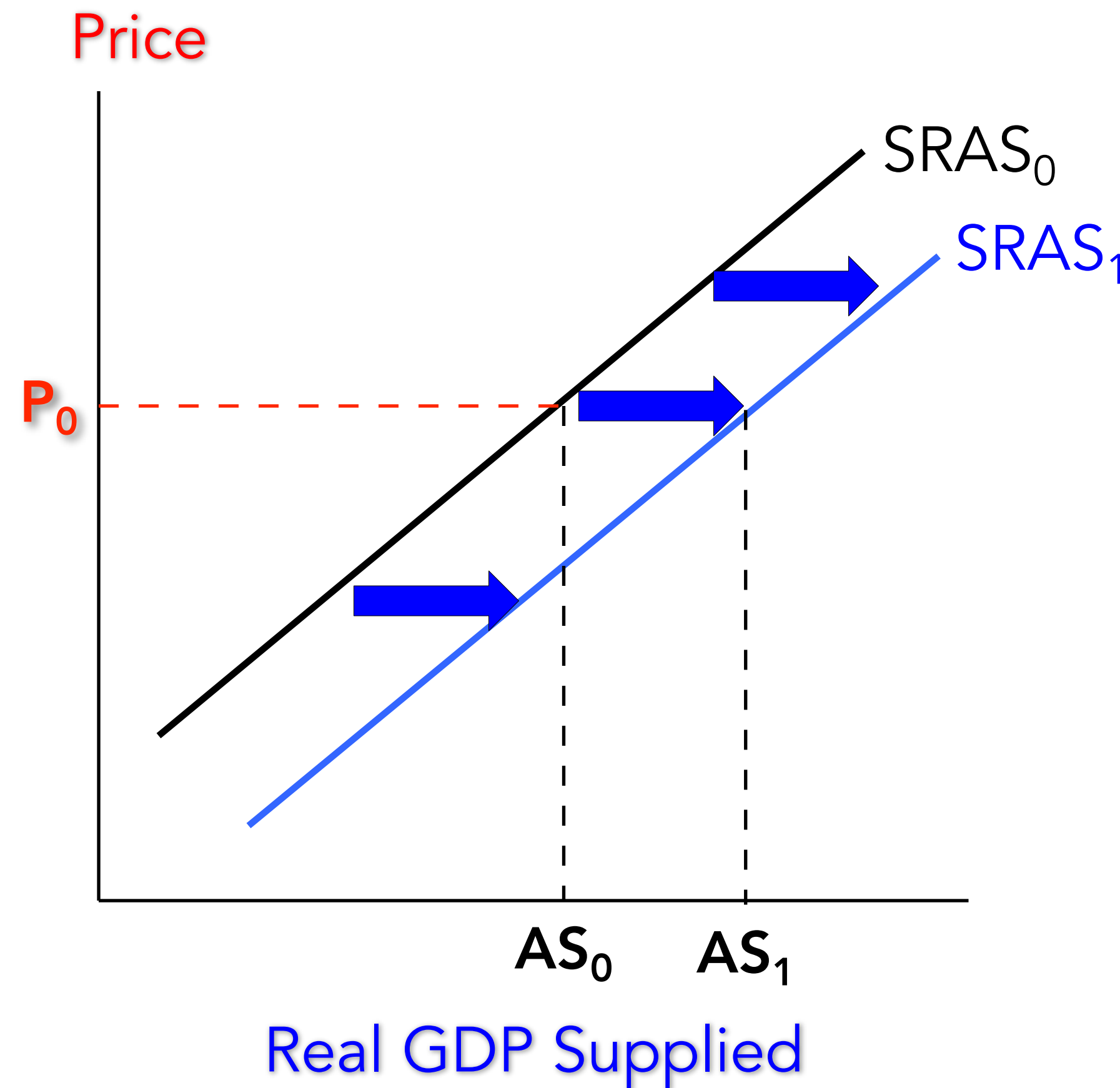
|

|

|

Factors that **shift** Aggregate Supply

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



Determinants of Aggregate Supply