

2.3 Aggregate Supply

- i. What is the definition of Aggregate Supply?
- ii. What are the axes of an AS diagram?
- iii. How is the 'short run' defined in economics?
- iv. Why is the SRAS curve upward sloping?
- v. Illustrate an expansion in AS
- vi. What might cause such an expansion?
- vii. Illustrate a contraction in AS
- viii. What might cause such a contraction?
- ix. What are the three conditions (shifters) of SRAS?
- x. Why does AS classically take a different shape in the short run to the long run?
- xi. Draw the (classical) LRAS
- xii. Describe the elasticity
- xiii. Explain why it takes this shape
- xiv. Give 6 factors which influence the position of LRAS
- xv. Using a classical AD-SRAS-LRAS diagram, explain the effect of successful expansionary demand side policy in both the short and long run
- xvi. Using a classical AD-SRAS-LRAS diagram, explain the effect of successful contractionary demand side policy in both the short and long run
- xvii. Using a classical AD-SRAS-LRAS diagram, explain the effect of a temporary rise in oil price in both the short and long run
- xviii. Draw a Keynesian AS curve
- xix. Split your curve into 3 segments and explain the elasticity of each
- xx. Give 3 reasons why the economy may come to rest at a point below full capacity
- xxi. Explain whether Keynesians consider wages to be sticky upwards or downwards
- xxii. Explain the implications of the differing views on the shape of the LRAS on the perceived principle causes of unemployment
- xxiii. Explain the implications of the differing views on the shape of the LRAS on the perceived validity of the Phillips curve
- xxiv. Explain the implications of the differing views on the shape of the LRAS on the perceived effectiveness of fiscal policy
- xxv. Explain the implications of the differing views on the shape of the LRAS on the perceived effectiveness of supply side policies

Essay: Evaluate the view that the Keynesian model of Aggregate Supply, rather than that supported by Classical Economists, is more useful in explaining economic phenomena over the last 100 years