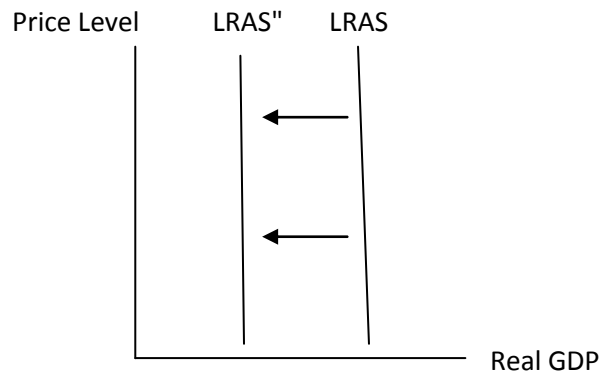


Thursday 28th January 2016

Long-run Aggregate Supply (LRAS)

The Classical LRAS Curve



Classical LRAS: assumes an economy's output is always at its maximum productive potential, regardless of price level

* Assumes that all resources are being fully utilised and that there is no unemployment in the long run

Keynesian LRAS Curve

