

## Basic Questions to Lecture 15

1. What basic variables or factors or conditions do we hold constant in order to draw AS ?
2. If something helps companies in general to produce and make profits, that something will cause the AS curve to shift to the \_\_\_\_\_. Explain.
3. Why does a change in employment (or unemployment) of labor NOT shift AS?
4. If the nominal wage rises the AS curve will shift to the \_\_\_\_\_. Draw this.
5. If there is so much unemployment that the marginal product of labor is constant (not declining) then the AS curve will be (upward sloping, downward sloping, or flat). Explain.
6. If there is full employment, the AS curve will be (vertical or horizontal). Explain.
7. Typically the AS curve is (vertical, horizontal, upward sloping). Explain.
8. If technology improves, the AS curve will shift to the \_\_\_\_\_. Explain.
9. If there is an increase in physical capital, the AS curve will shift to the \_\_\_\_\_. Explain.
10. If oil prices rise, the AS curve will shift to the \_\_\_\_\_. Explain.