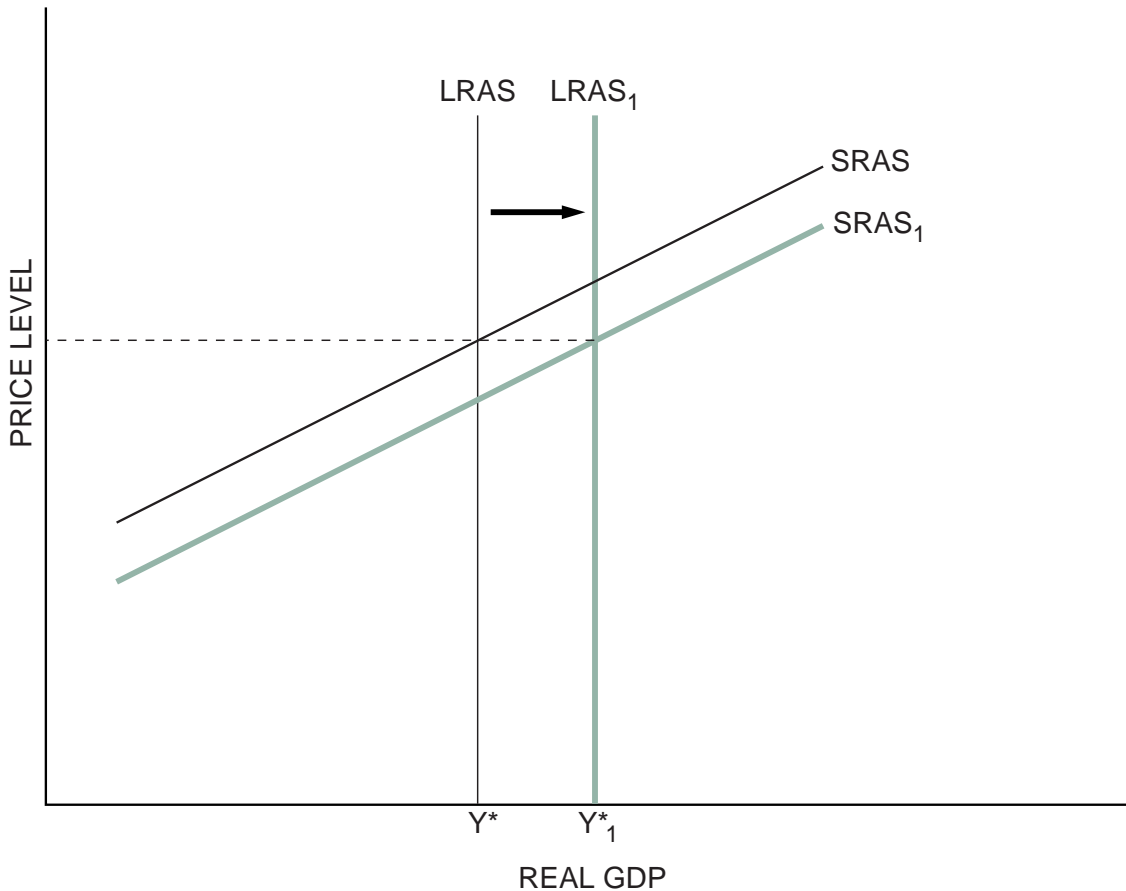


Aggregate Supply



1. Potential GDP increases from Y^* to Y^*_1 .
The LRAS shifts to $LRAS_1$ and the short-run aggregate supply curve shifts to $SRAS_1$.
2. Decrease in resource prices will shift the SRAS to $SRAS_1$. A decrease in the money wage rate does not change the LRAS.