

Solutions

Each answer shows the steps, then the **result**.

2.1

- vertical (at potential output)

2.2

- the quantity and quality of resources, the capital stock, and technology

2.3

- it shifts LRAS to the right

3.1 C

3.2 B

3.3

(a)

- LRAS increases

(b)

- to the right

(c)

- (long-run) economic growth