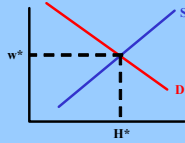
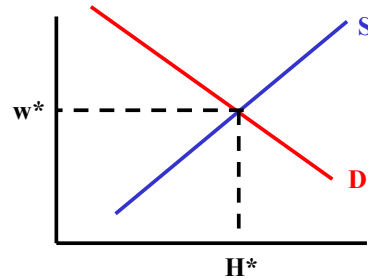


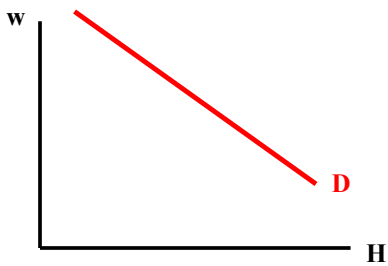
## Determining Wage Rates



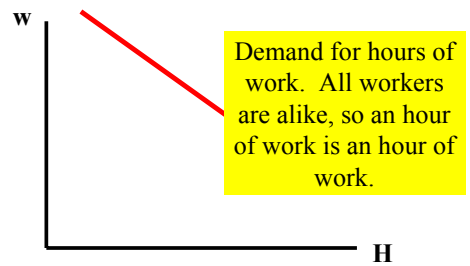
## Labor Supply and Demand



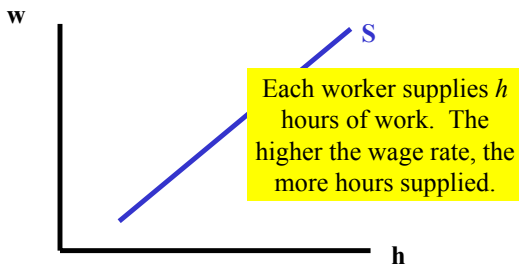
## Labor Supply and Demand



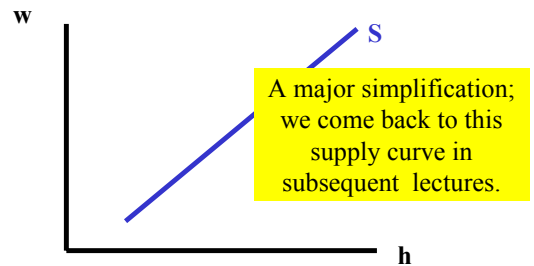
## Labor Supply and Demand



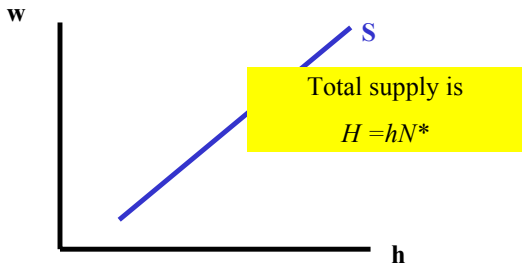
## Labor Supply and Demand



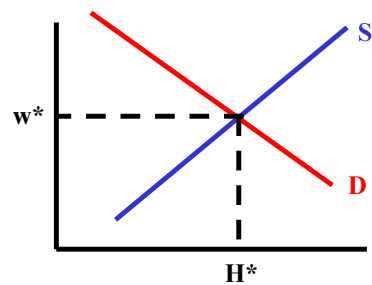
## Labor Supply and Demand



## Labor Supply and Demand



## Labor Supply and Demand



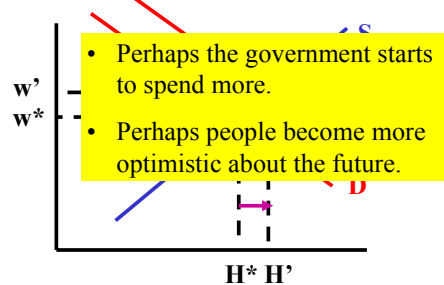
## Assumptions

- All  $N^*$  workers are alike
- $w^*$  is the hourly wage rate
- Each worker spends

$$h^* = H^*/N^*$$

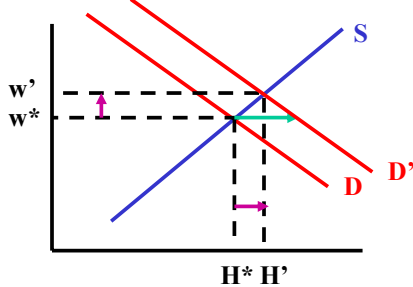
hours in work

## A Spending Spree

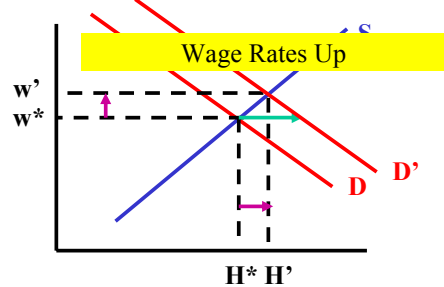


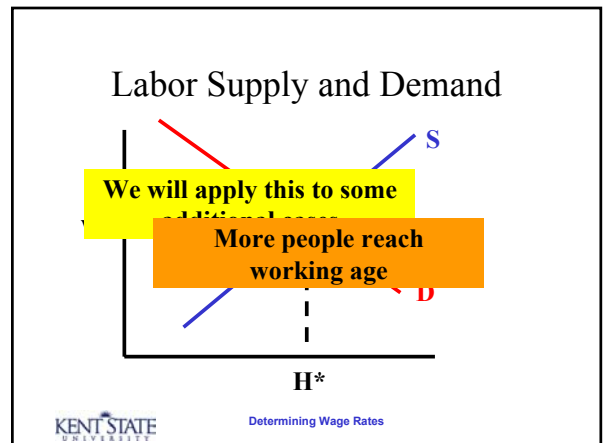
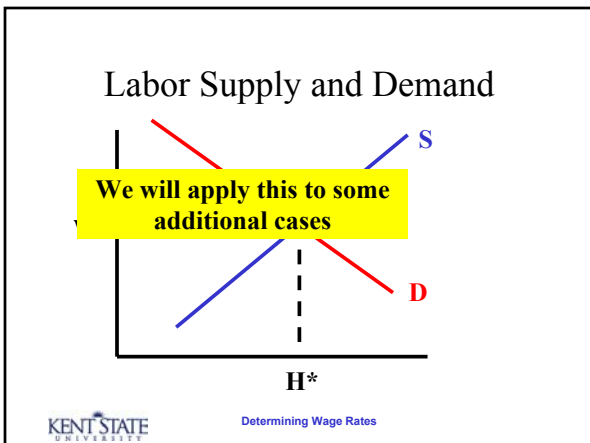
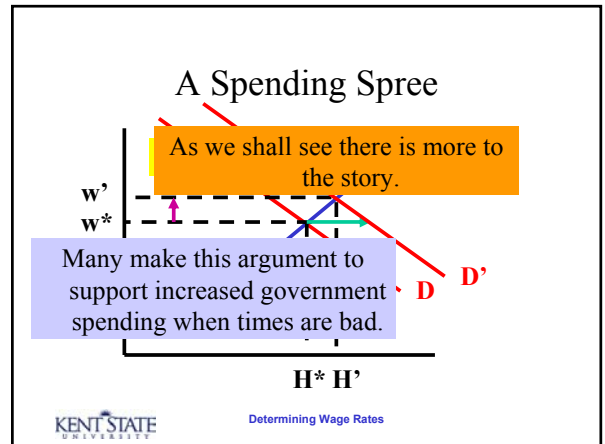
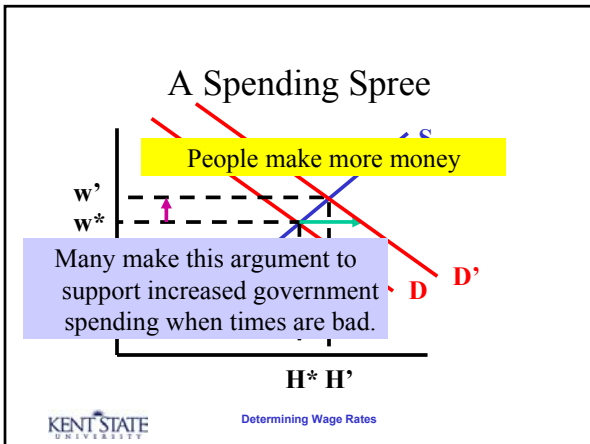
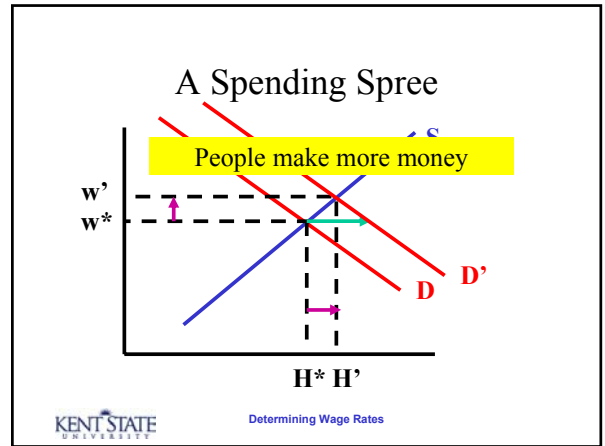
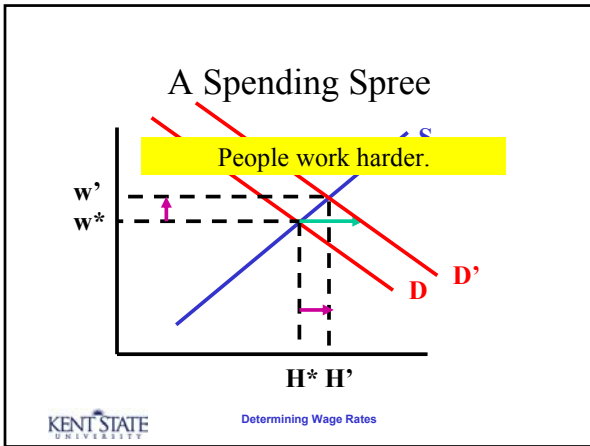
- Perhaps the government starts to spend more.
- Perhaps people become more optimistic about the future.

## A Spending Spree

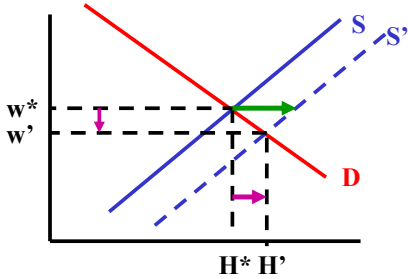


## A Spending Spree

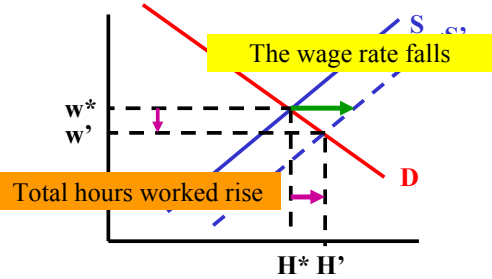




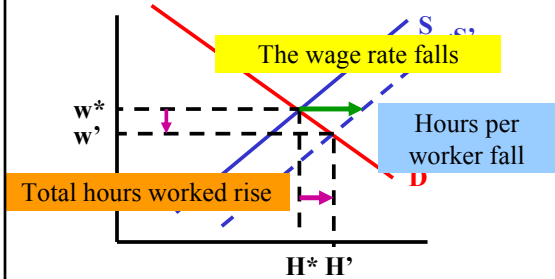
### More people reach working age



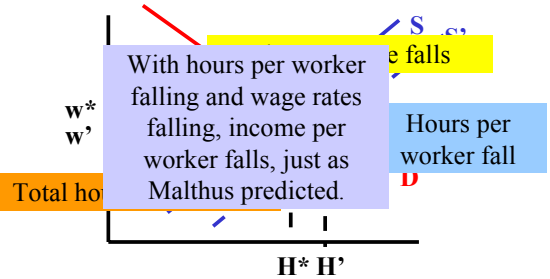
### More people reach working age



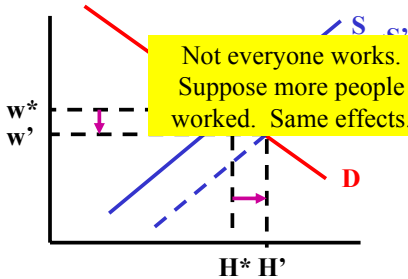
### More people reach working age



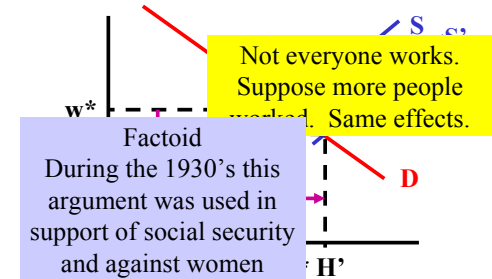
### More people reach working age



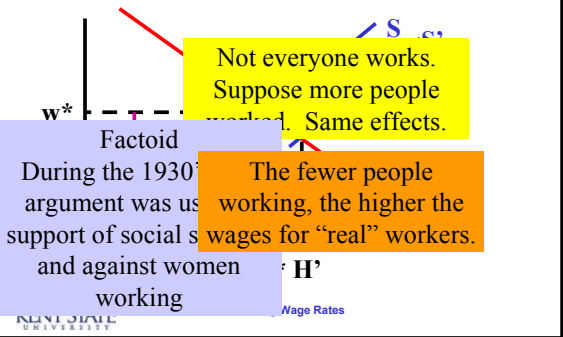
### More people reach working age



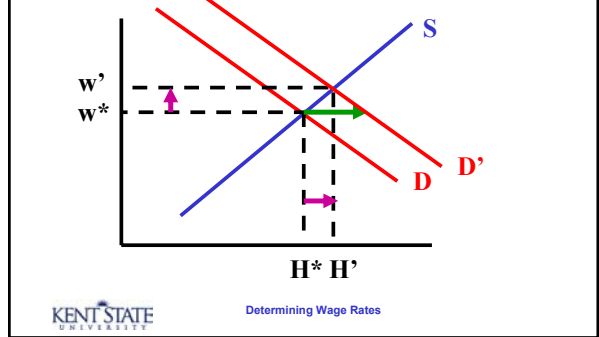
### More people reach working age



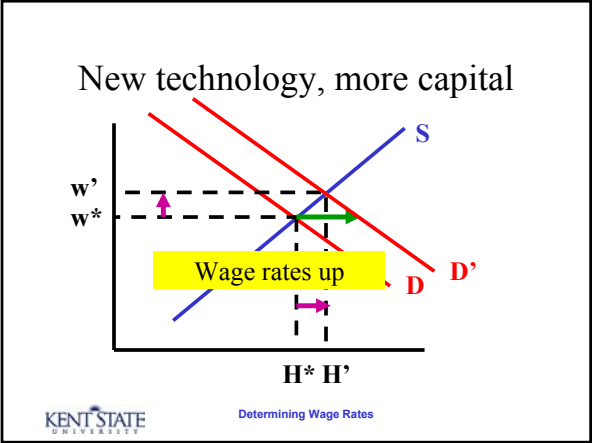
### More people reach working age



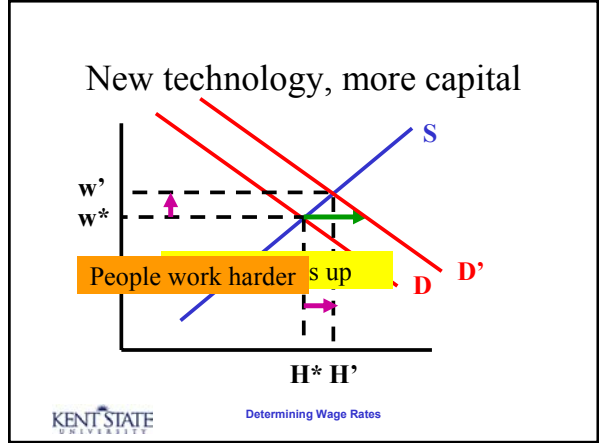
### New technology, more capital



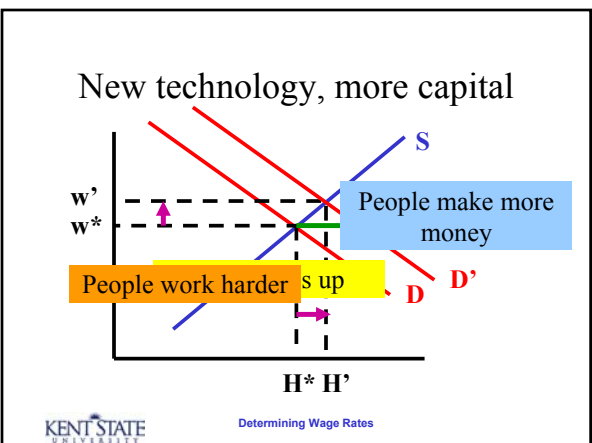
### New technology, more capital



### New technology, more capital



### New technology, more capital



End

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