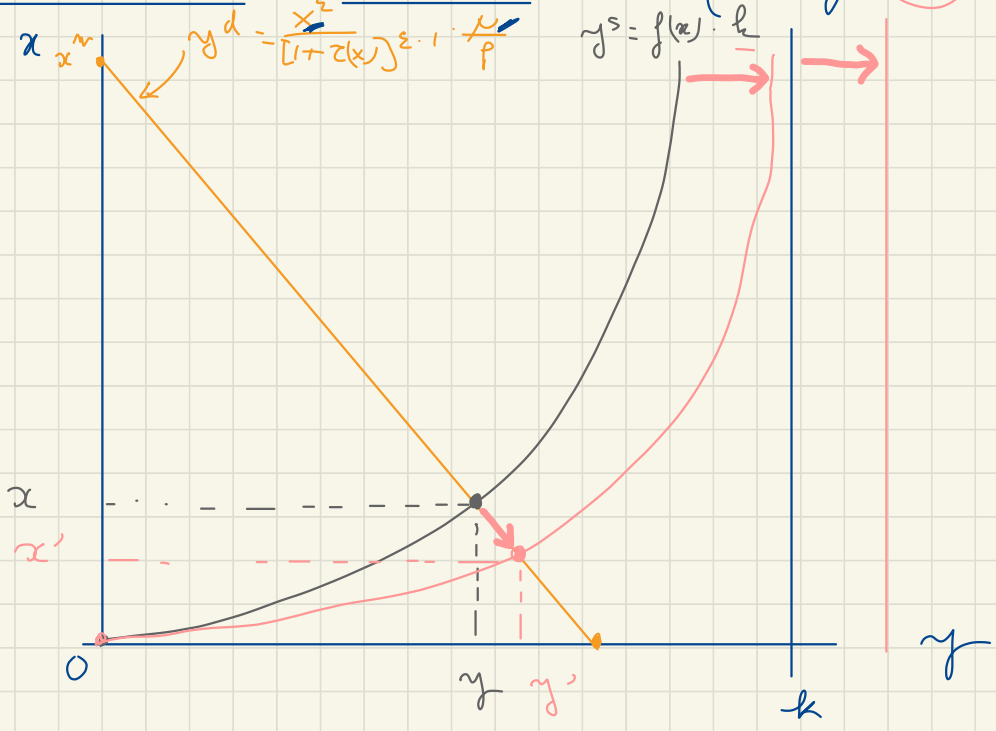


Comparative Statics with Fixed Prices

Pascal Michailat
<https://pascalmichailat.org/c2/>

AS shocks:

increase in capacity k



Summary: when $k \uparrow$

- tightness $x \downarrow$

- output $y \uparrow$

- buying proba $q(x) \uparrow$

- ^{wedge} matching \downarrow

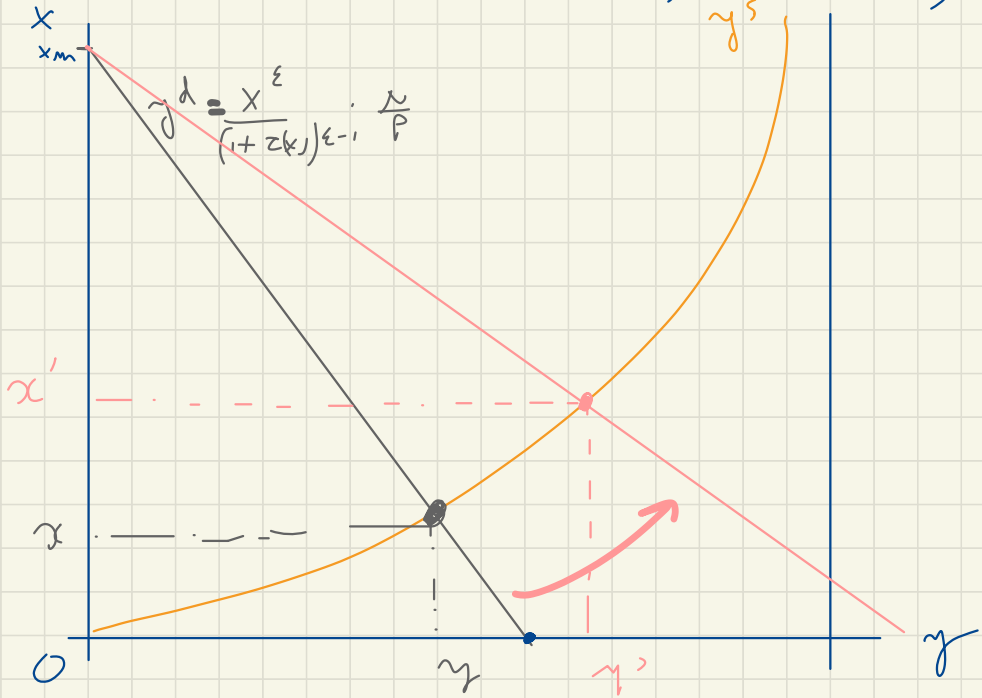
- selling proba $f(x) \downarrow$

measured productivity \downarrow

- rate of idleness $1 - f(x) \uparrow$

consumption $c = \frac{y}{1 + \tau(x)}$ \uparrow

AD shock: Increase in X , increase in μ



Summary when $x, \mu \uparrow$

- tightness $\alpha \uparrow$
- output $y \uparrow$
- buying proba. $q(x) \downarrow$
- matching wedge $\tau(x) \uparrow$
- selling proba. $f(x) \uparrow$
- measured productivity \uparrow

- rate of idleness $1 - f(r)$ ↓

- consumption $c = \frac{y}{1 + z(r)}$?