



**College of Business Administration**  
**Department of Economics**  
**Aggregate Economic Conditions & Analysis**  
**Lecturer: O. Mikhail**  
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### **Can an outbreak of laziness generate a recession?**

Suppose that the representative consumer's preferences change, in that his or her marginal rate of substitution of leisure for consumption increases for any quantities of consumption and leisure.

- a) Explain what this change in preferences means in more intuitive language.
- b) What effects does this have on the equilibrium real wage, hours worked, output, and consumption? **EXPLAIN GRAPHICALLY.**
- c) Do you think that preference shifts like this might explain why economies experience recessions? Explain why or why not. (Hint: can this change in preferences' behavior generate similar to data key business cycle facts?)