

Figure 1-A
Full Employment Equilibrium and Recession in the
Aggregate Product Market: The Conventional Approach

Key

$P_2 < P_1 < P_0$, and $w_1 < w_0$

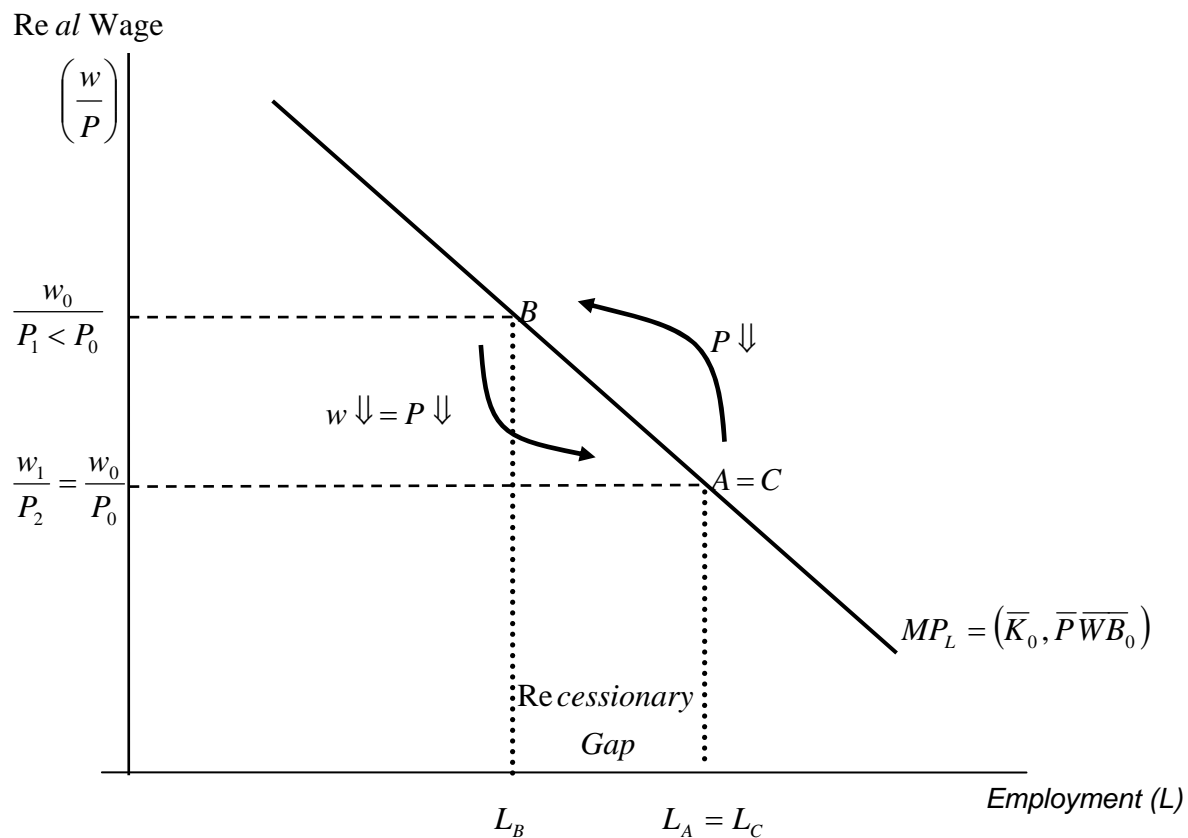


Figure 1-B
Employment and Unemployment Effects of a
Decline in Prices: The Conventional Approach

Key

$P_2 < P_1 < P_0$, and $w_1 < w_0$