

The top graph illustrates the labor market clearing condition. The vertical axis represents the number of workers (L) and the horizontal axis represents the number of firms (N). The labor supply is fixed at $L=100$. The labor demand is determined by the number of firms and the labor per firm (l). The labor market clearing condition is shown as a downward-sloping line from $(0, 100)$ to $(100, 0)$. The labor per firm (l) is determined by the number of firms (N) and the labor market clearing condition. The labor per firm (l) is shown as a series of downward-sloping curves, with the highest curve representing the labor per firm in the capital-intensive sector and the lowest curve representing the labor per firm in the labor-intensive sector. The area between the labor supply line and the labor demand curves is shaded blue.

The bottom graph illustrates the capital market clearing condition. The vertical axis represents the number of firms (N) and the horizontal axis represents the number of workers (L). The capital supply is fixed at $K=100$. The capital demand is determined by the number of firms and the capital per firm (k). The capital market clearing condition is shown as a downward-sloping line from $(0, 100)$ to $(100, 0)$. The capital per firm (k) is determined by the number of firms (N) and the capital market clearing condition. The capital per firm (k) is shown as a series of downward-sloping curves, with the highest curve representing the capital per firm in the capital-intensive sector and the lowest curve representing the capital per firm in the labor-intensive sector. The area between the capital supply line and the capital demand curves is shaded blue.

