Figure 1: Unit Adjustment Costs
Figure 2: Total Adjustment Costs
Figure 3: Demand for Investment Goods

\[(1/q)\]

\[(1/K)^d\]
Figure 4: Phase Diagram for the Internal Adjustment Costs Model
Figure 5: Permanent Unanticipated Productivity Shock

\[
q = 0, \quad (q = 0)' \quad \text{if} \quad K = K^* = K^{**}.
\]
Figure 6: Time paths for K, I and q
Unanticipated Permanent Productivity Shock

Figure showing the time paths for capital (K), investment (I), and output (q) with a vertical dashed line at t=0.
Figure 7: Permanent Anticipated Productivity Shock

\[ q = 0 \]
Figure 8: Time Paths for K, I and q
Unanticipated Permanent Productivity Shock
Figure 9: Temporary Unanticipated Productivity Shock
Figure 10: Time Paths for K, I and q
Anticipated Permanent Productivity Shock
Figure 11: Phase Diagram for the External Adjustment Costs Model
Figure 12: Permanent Unanticipated Productivity Shock (Rent Control)
Figure 14: Time paths for K, I and PI
Unanticipated Permanent Productivity Shock
Figure 15: External versus Internal Adjustment Costs