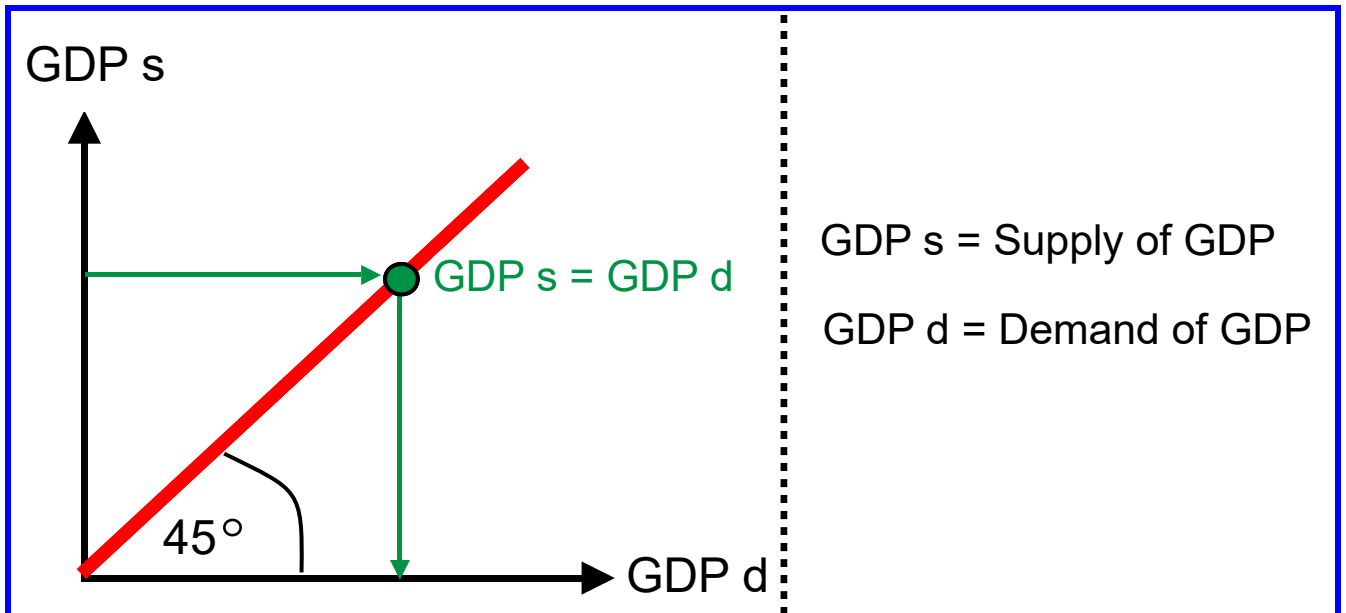


# Equilibrium - Say (classic)



According to **Say**, **supply** determines demand, employment and gross domestic product (GDP). The production of supply generates income, which leads to demand. Short-term supply surpluses or deficits in individual markets would be eliminated by the price mechanism, so that full employment would prevail in the long run.

**Keynes** later argued the other way round: **Demand** determines supply, GDP and employment.