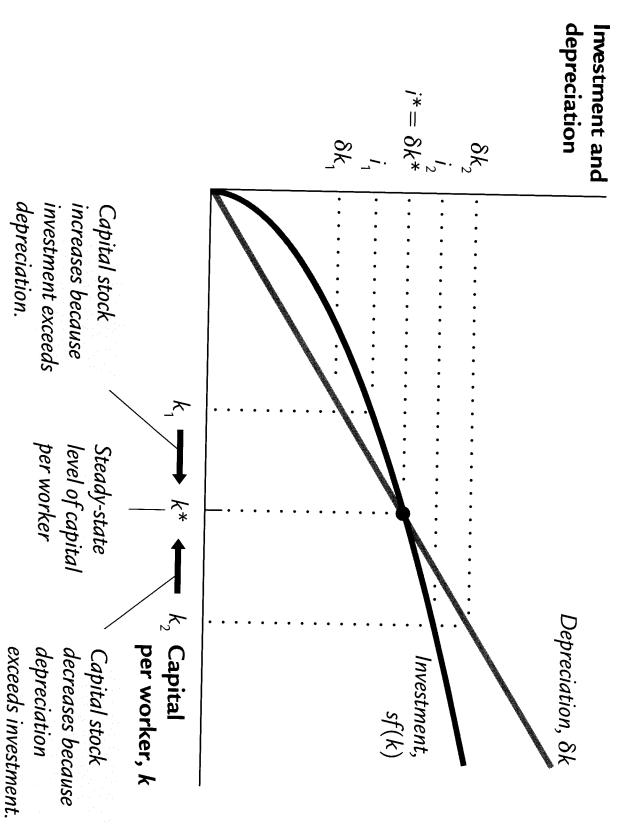
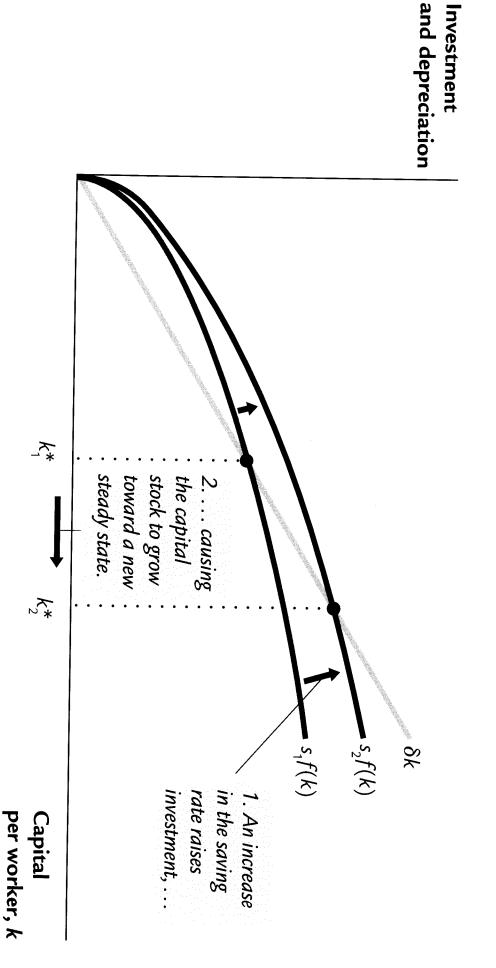
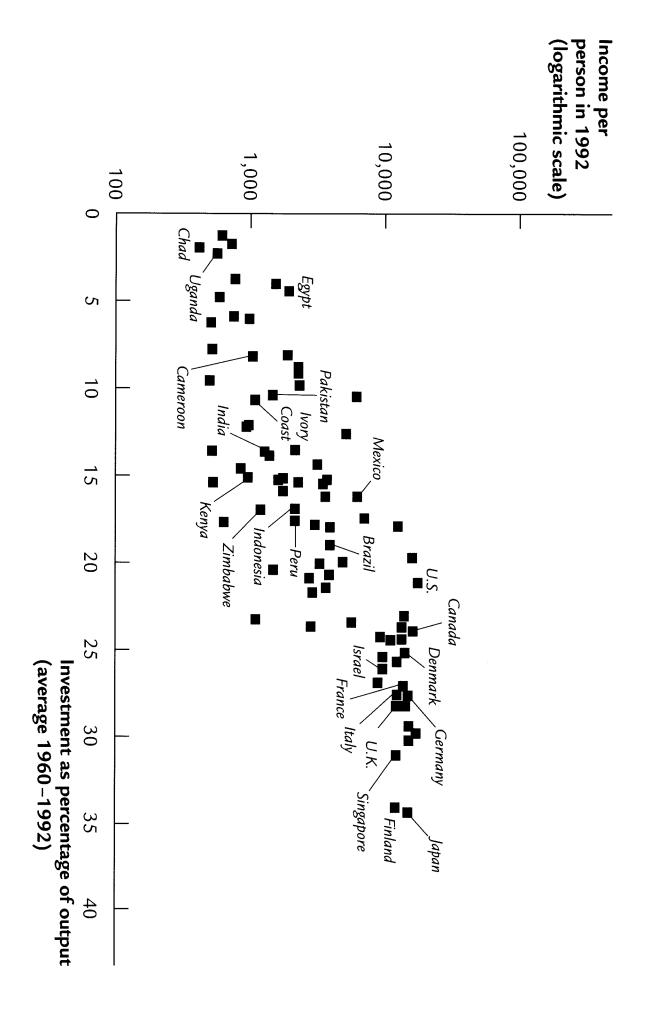


Capital per worker, *k* 

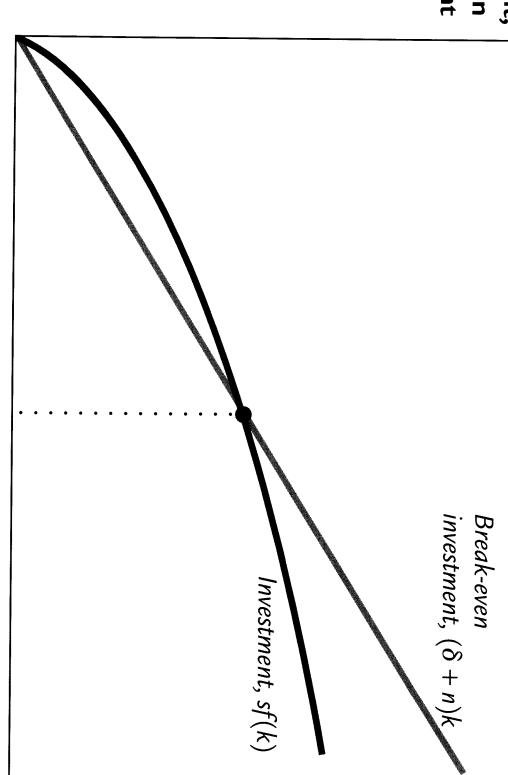








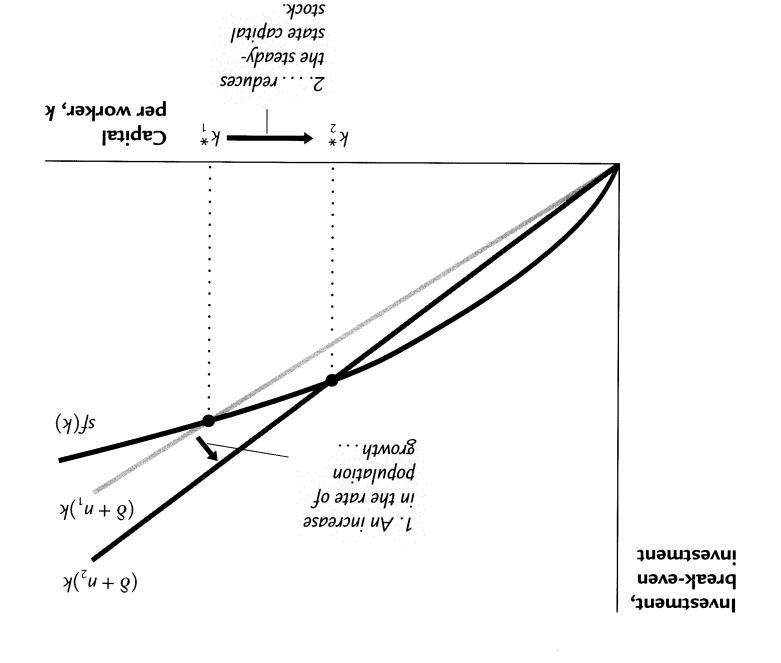
## Investment, break-even investment



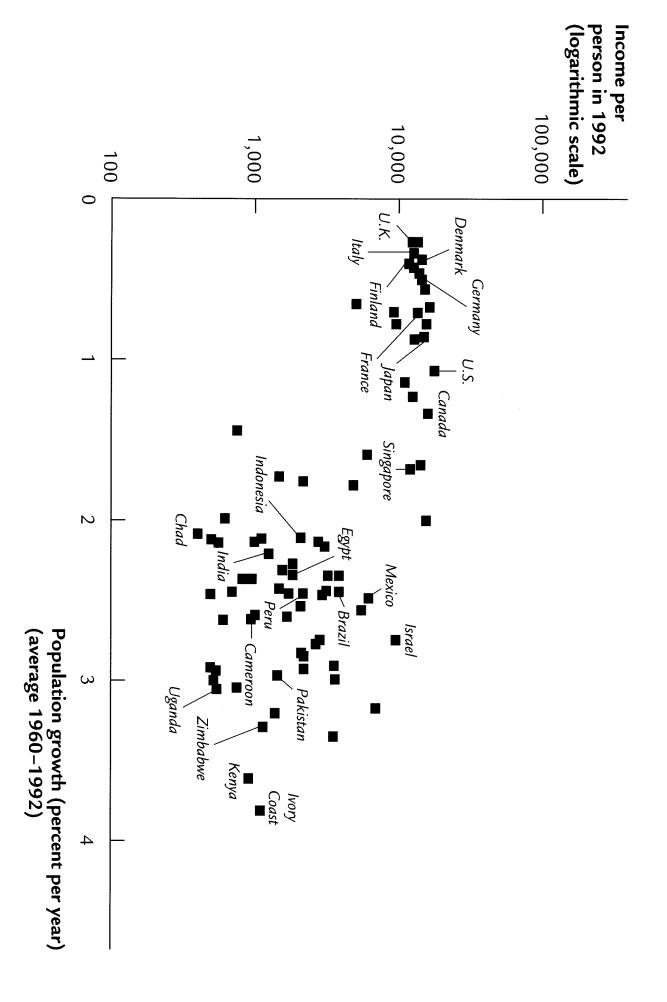
The steady state

\*

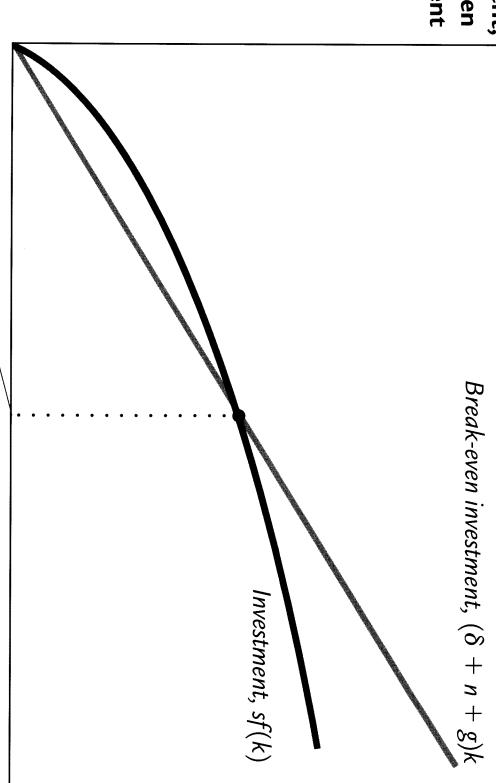
Capital per worker, *k* 



International Evidence on Population Growth and Income per Person



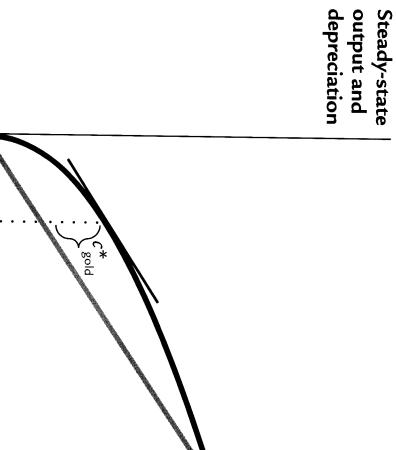
## Investment, break-even investment



The steady state

 $k^*$  Capital per effective worker, k

Steady-state depreciation (and investment),  $\delta k^*$ 



Steady-state output,  $f(k^*)$ 

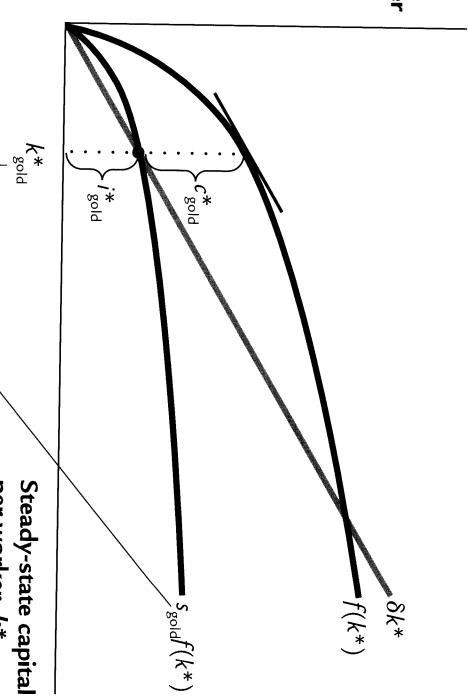
Below the Golden Rule steady state, increases in steady-state capital raise steady-state consumption.

Above the Golden Rule steady state, increases in steady-state capital reduce steady-state consumption.

Steady-state capital per worker, k\*

 $\kappa^*_{\mathrm{gold}}$ 

## Steady-state output, depreciation, and investment per worker



 To reach the Golden Rule steady state . . .

2....the economy needs the right saving rate.

per worker, k\*