The steady state:

Capital per effective worker, $k^*$

Break-even investment, $(g + n + g)k$

Investment, $sf(k)$
Steady-state consumption
reduce steady-state capital
in steady-state increases
above the Golden Rule

Steady-state capital

Per worker, $k^*$

Steady-state

Output, $F(k^*)$

Gold

Steady-state (and investment, $g^*$)

Steady-state depreciation

Depreciation

Output and
1. To reach the steady state...

The Golden Rule...

Golden Rule

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

Investment per worker, \( \frac{K}{s} \)

steady-state capital

\( f(\frac{K}{s}) \)

\( s \)

\( c \)

\( C \)

\( \text{golden} \)

\( \text{golden} \)

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