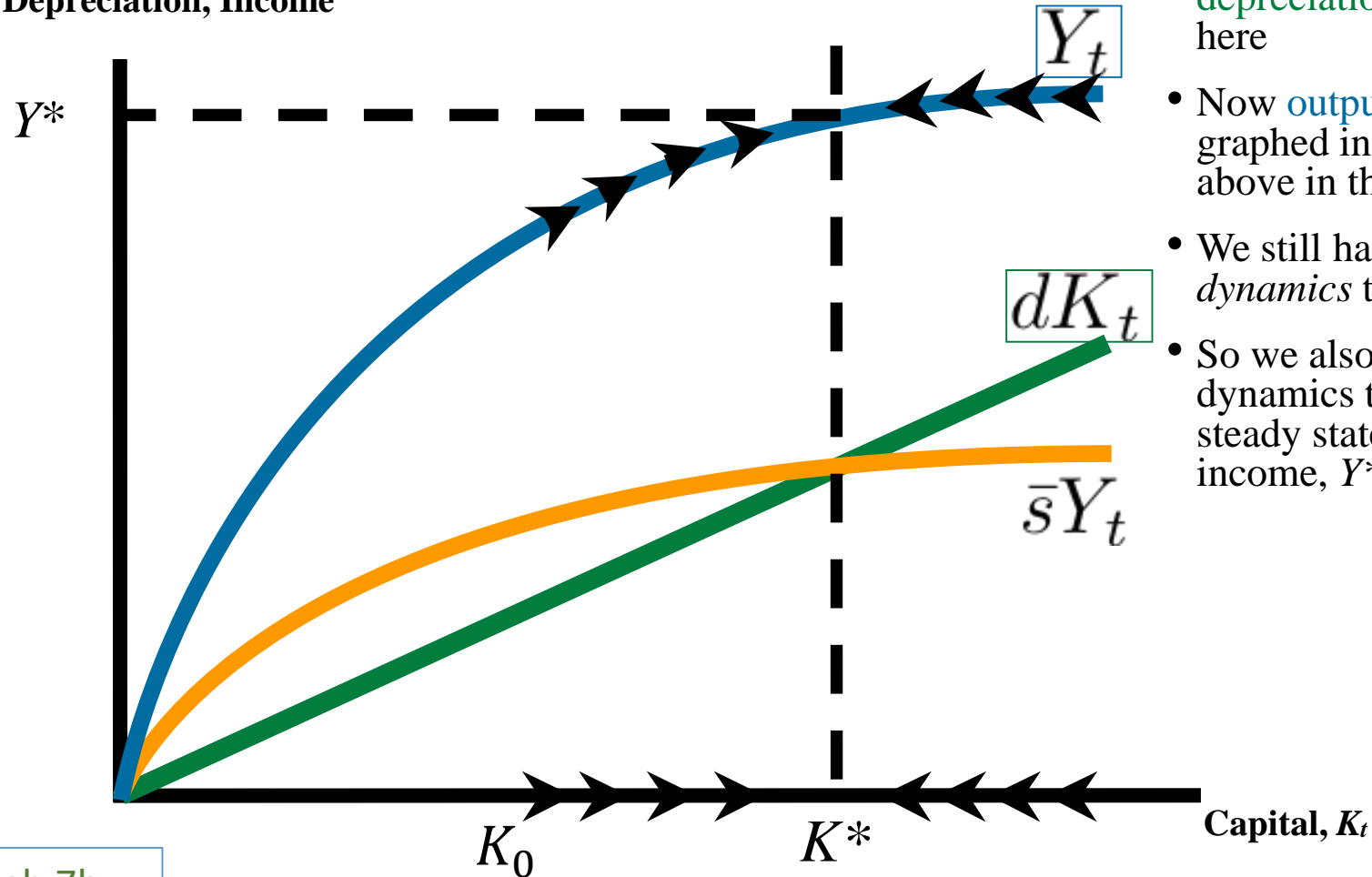


*We can see what happens to output,  $Y$ , and thus to growth if we rescale the vertical axis:*

Investment,  
Depreciation, Income



- **Saving = investment** and **depreciation** now appear here
- Now **output** can be graphed in the space above in the graph
- We still have *transition dynamics* toward  $K^*$
- So we also have dynamics toward a steady state level of income,  $Y^*$

Graph 7b.