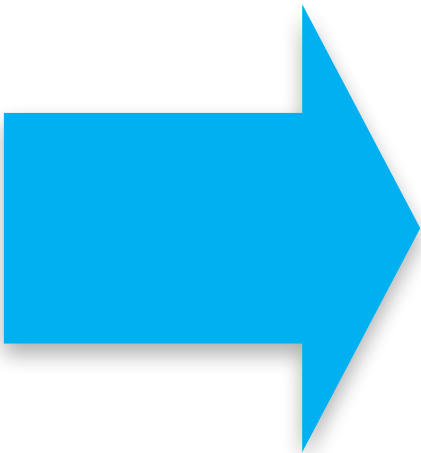


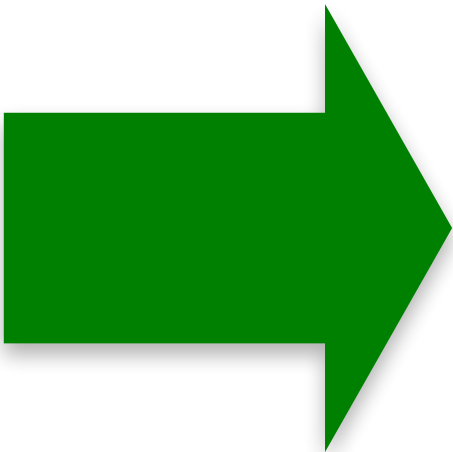
Investment

Total Purchase of
new capital goods

Net Addition to
stock of capital



= 3 pieces



3 old (depreciated) pieces
had to be removed and
replaced by 3 new ones

= 6 new pieces

Stock of Capital= 20 pieces



Gross Investment



Gross Investment







New Stock of Capital= 23 pieces



Net Investment







n

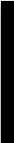




a

m









An example...

Stock of Capital= 20 pieces



Gross
Investment



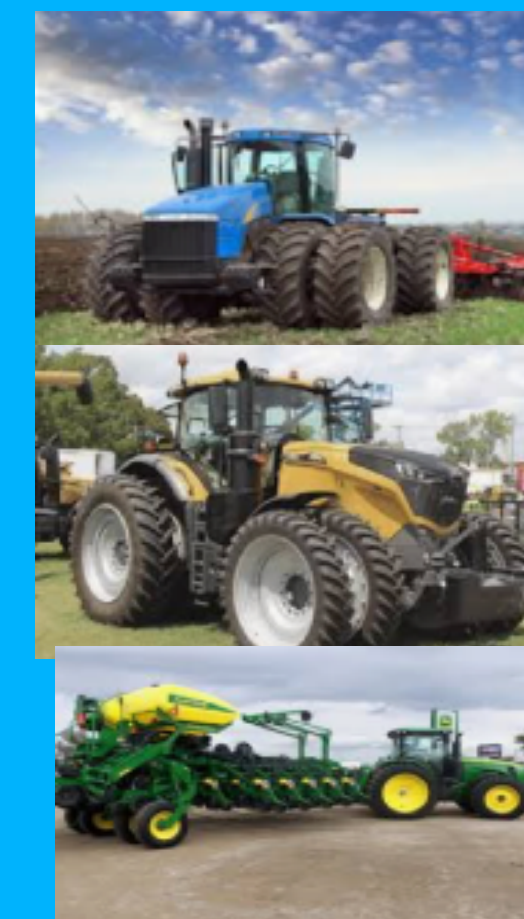
Investment

Total Purchase of
new capital goods
= 6 new pieces

New Stock of Capital= 23 pieces



Net
Investment



Net Addition to
stock of capital
= 3 pieces