



Investment = Flow of producers' durable goods to enterprises, plus flow of consumers' durable goods to enterprises and households.

v_D : Investment activity, actual.

v_D^* : Investment activity, as explained by:

$Z^c_{-1/2}$: profits

$(q_i)_{-1/2}$: price of iron

$(m_s)_{-1/2}$: short-term interest rate

$(m_{Ls})_{-1/2}$: share yield

t : trend.

lagged
1/2-year.

Figure 33.2 'Explanation' of investment activity, United States of America, 1919-33