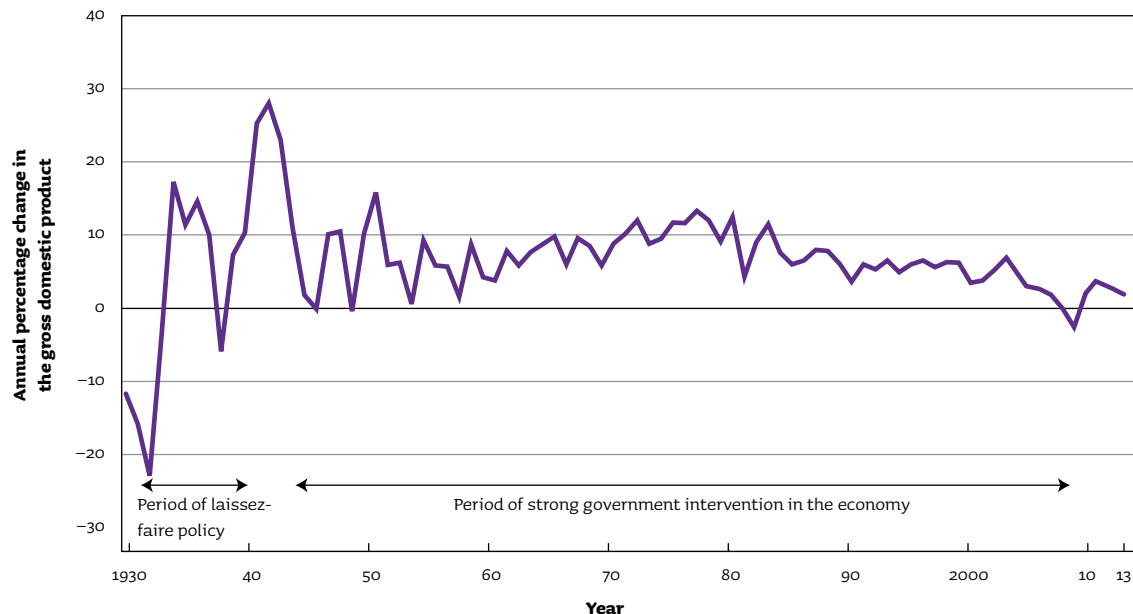


FIGURE 18.1

GOVERNMENT: A STEADYING INFLUENCE ON GROSS DOMESTIC PRODUCT



The zero line in this figure represents no economic growth (and no decline). The ideal for economic prosperity is steady, positive economic growth, or a change in the gross domestic product (GDP) just a few percentage points above the zero line. Notice here that with strong government intervention in the economy beginning in the late 1930s, the radical swings between growth and decline were substantially diminished. The depth of the recent recession is indicated by the actual drop in GDP in 2009.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov/national/txt/dpga.txt.