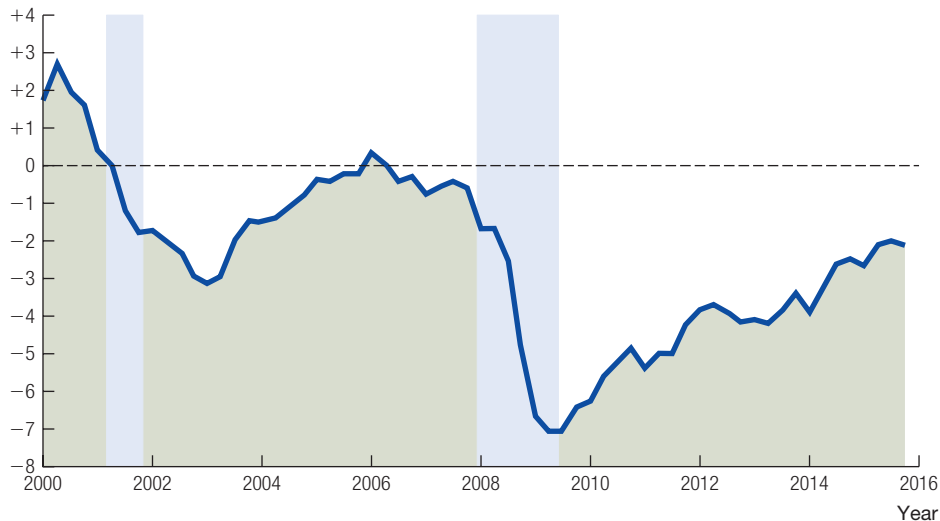


**FIGURE 10.7**

## U.S. Short-Run Output, $\tilde{Y}$

Short-run output,  $\tilde{Y}$   
(percent)



Source: The FRED database and author's calculations.

After its initial resilience to the financial crisis, the real economy declined sharply. At the bottom of the recession, real GDP was more than 7 percent below potential.