CH. 6 MODEL EQUATIONS

(1) $Y = K^{\alpha} (A \cdot L)^{1-\alpha}$

$\mu > 0$
$0 < \alpha < 1$
$\psi > 0$
$n > 0$

(2) $\dot{K} = s_K Y - d K$

(3) $\hat{K} = s_K \frac{Y}{K} - d$

(4) $\dot{A} = \mu \; e^{\psi n} A^{\gamma} A^{1-\gamma}$

(5) $\hat{A} = \mu \; e^{\psi n} \left(\frac{A}{A}\right)^{\gamma}$

(6) $\hat{L} = n$

(7) $\hat{A} = g$

MODIFIED VARIABLES : $\tilde{y} = \frac{Y}{AL} = \frac{y}{A}$

$\tilde{k} = \frac{K}{AL} = \frac{k}{A}$

(10) $\tilde{y} = \tilde{k}^{\alpha} \left(\frac{A}{A}\right)^{1-\alpha}$

(11) $\hat{\tilde{k}} = s_K \tilde{k}^{\alpha-1} \left(\frac{A}{A}\right)^{1-\alpha} - (d+g+n)$