

1. Show the convergence dynamics if the population growth rate is  $n_1$  and the economy starts from capital stock  $k_0$ .
2. The economy is at B. What would happen if the economy's population growth increases to  $n_2$ .

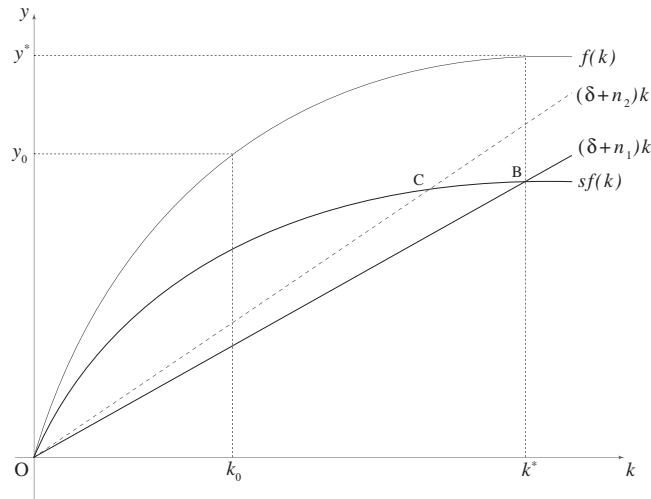


Figure 1: Effect of increase in population growth rate on the level of capital

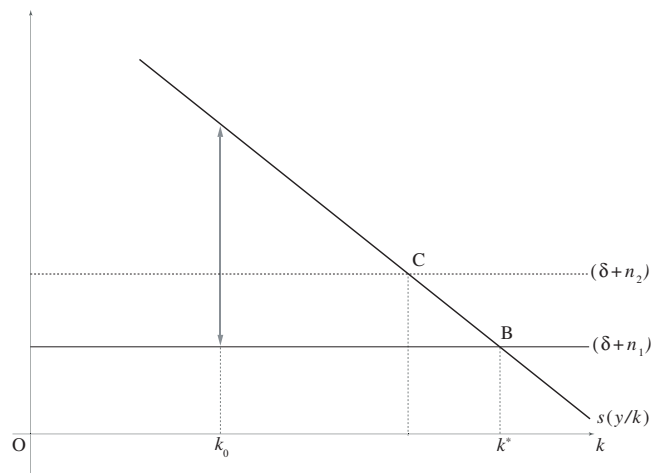


Figure 2: Effect of an increase in population growth rate on the growth rate of capital