

**Economics 314**  
**Daily Question #8**

**Spring 2013**  
**February 15**

Work Romer's Problem 2.7 on page 95. In part (b), you should assume a proportional reduction in  $f(k)$  so that both  $f(k)$  and  $f'(k)$  decrease. In part (c), be sure you think about both curves.