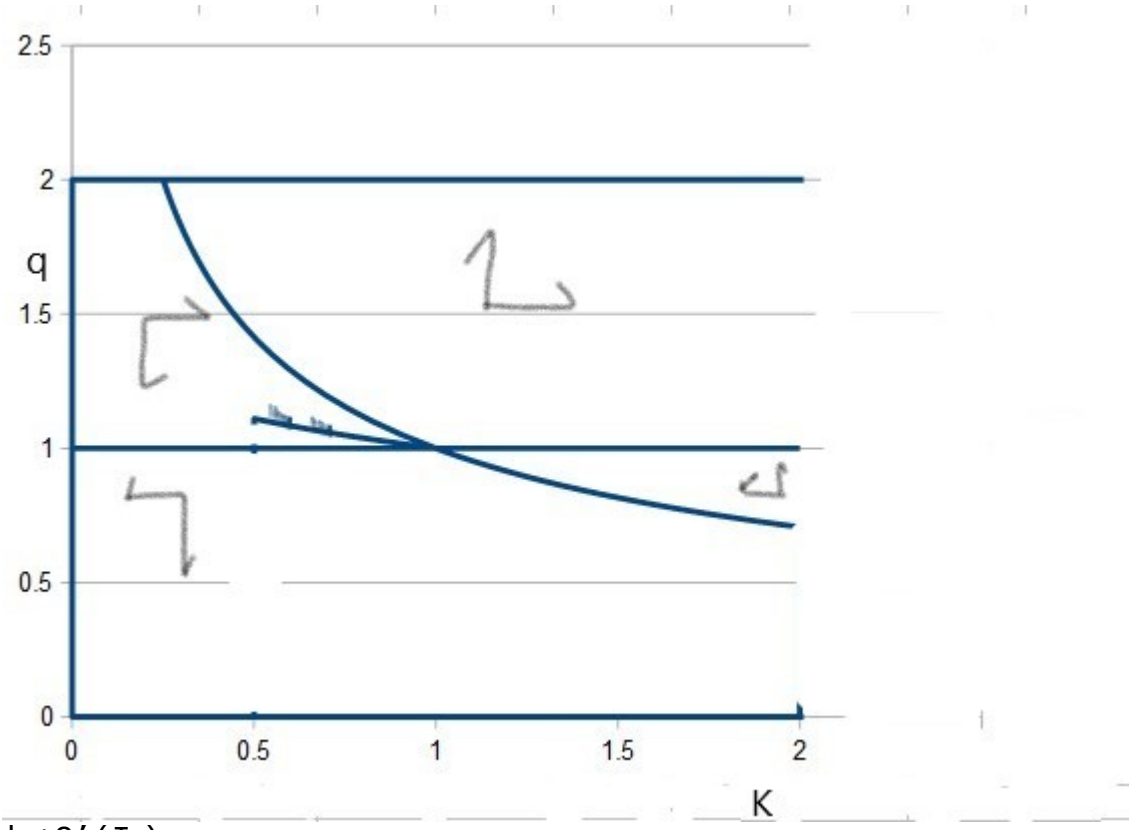
5) $\lim_{t\to\infty} (\lambda_t k_t) = 0 = \lim_{t\to\infty} (e^{-rt} q_t k_t)$.

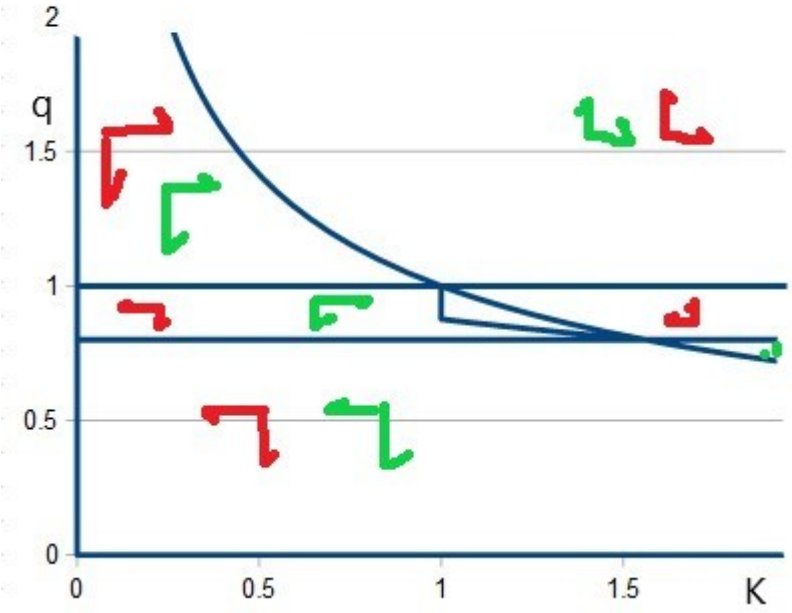
9) $q_t = 1+C'(I_t)$

10) $\dot{q}_t = q_t(r) - \pi(K_t)$

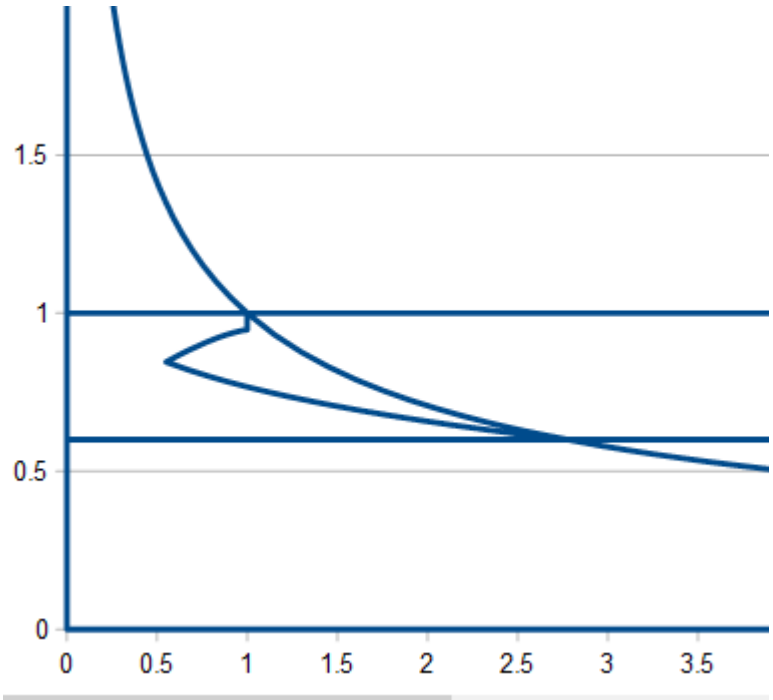


9') $q_t = 1-$ subsidy$+C'(I_t)$

give an investment subsidy suddenly by surprise

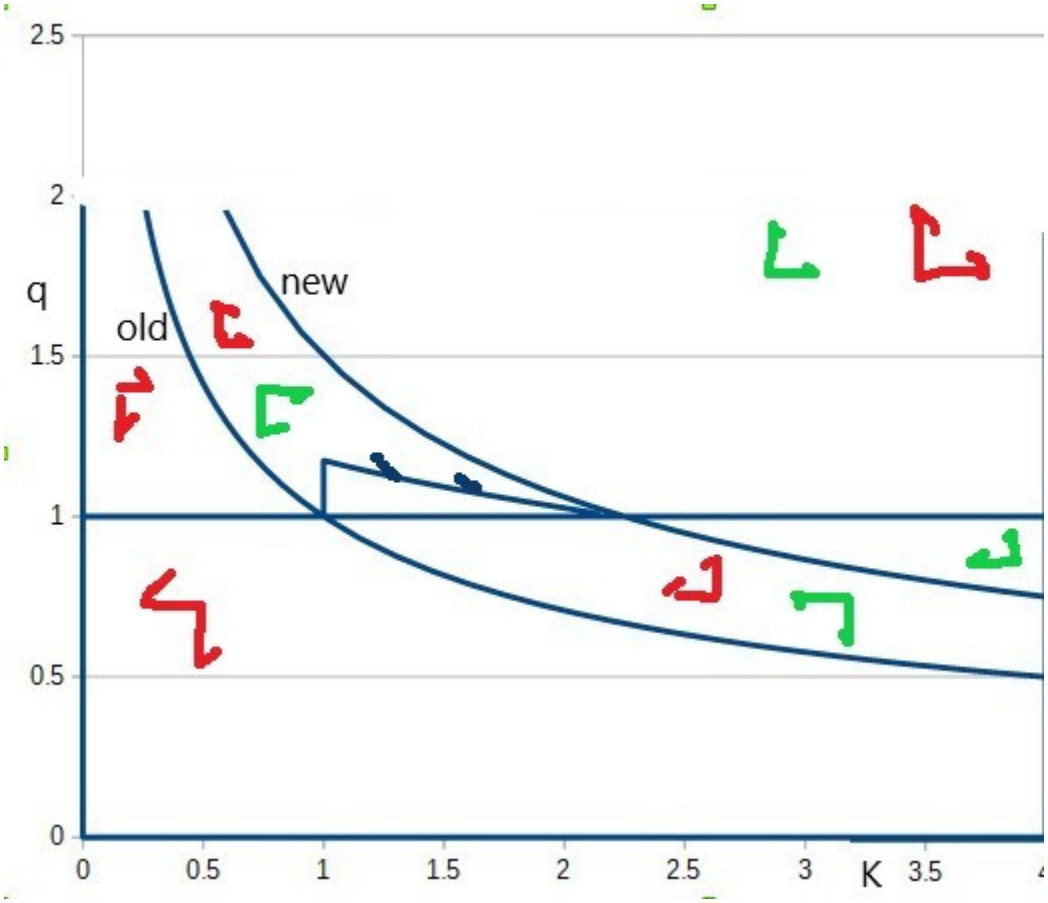


at time t1 say will subsidize starting t2



10′) $\dot{q}_t = q_t(r) - \pi(K_t)(1-\tau)$

cut the tax suddenly by surprise


2.5
2
1.5
1
0.5
0
q
old
new
0
0.5
1
1.5
2
2.5
3
K
3.5