**Worksheet 7**

1. Assume a production function with constant returns to scale. The share of capital in production is 1/4 and the share of labor is 3/4. If both labor and capital grow at 1.6% and the rate of technological progress is 1.2%, what is the rate of growth of real output?

2. Assume labor's share of income is 70% and capital's share of income is 30%. If we assume constant returns to scale, there are no technological advances, and both labor and capital grow at an annual rate of 5%, then the growth rate of output will be ………..

3. Assume a Cobb-Douglas production function where the share of labor is 0.4 and the share of capital is 0.6. If there is no technological progress, labor grows at 2%, and capital grows at 1.5%, then real output will grow by ………..