
Algorithm 5 Answer to Question 3 (pseudo-code)

```
 $\alpha \leftarrow 0.35$   
 $\delta \leftarrow 0.06$   
 $\sigma \leftarrow 0.20$   
 $k^* \leftarrow \left(\frac{\sigma}{\delta}\right)^{\frac{1}{1-\alpha}}$   
 $y^* \leftarrow (k^*)^\alpha$   
  
 $k_1 \leftarrow 0.5 \cdot k^*$   
 $t \leftarrow 0$  {Initialize the time counter}  
 $d \leftarrow 100$  {Any arbitrary value greater than 0.005}  
while  $d > 0.005$  do  
   $t = t + 1$   
   $y_t \leftarrow k_t^\alpha$   
   $i_t \leftarrow \sigma y_t$   
   $k_{t+1} \leftarrow (1 - \delta) k_t + i_t$   
   $d \leftarrow \left| \frac{y_t - y^*}{y^*} \right|$   
end while  
  
return  $t$ 
```
