Quiz

1. Let the production function be where and . The capital’s law of motion is

where and are fixed. If in the long run, then what is , the growth rate of ? Show all your work.

2) The graphs below show the logarithm of capital (K) and population (L) in the US. The dotted lines are the linear trend-lines

a) Compute the slopes of the trend lines.

b) What are the growth rates of and ?

c) Find the long-run growth rate of GDP per capita according to the Solow’s model.

d) What is the long-run growth of information/knowledge?

1. Economies that rely on slavery were less successful in terms of economic growth. Give a short explanation.