



Sustainable Development



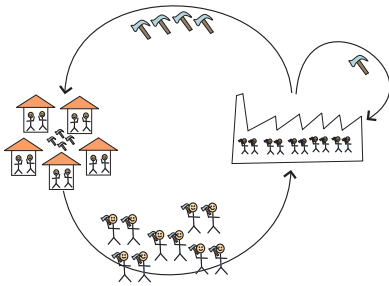
Sustainable Development

Chapter 3

Post-Malthusian—industrial—growth

Study questions

1. Consider the equation $Y = F(A_L L, A_K K, A_R R)$. Suggest units for each of the variables.
2. Consider the figure below. What are the values of K , L , Y , and s ? And δ ? Solve the model when $\alpha = 1/3$ and $\delta = 0.1$.



3. What is the elasticity of substitution in the Cobb–Douglas production function? Discuss its importance.
4. Discuss effects of different saving rates across countries. And if there is a global capital market?
5. What is the Solow model good for?
6. What drives growth in the Solow model?
7. What drives growth in real economies?
8. What is the Ramsey model good for?
9. What do we lose by dropping capital? Gain?
10. What is the vintage model good for?
11. What are endogenous growth models good for?