

Extra questions for 2010 midterm exam

Infinite Horizon models

9. For what kinds of problems can we use variational methods and for what kinds must we use Bellmans equations?

AK models

8. How does a learning by doing model become an AK model? What does the Liberty Ships example say about learning by doing models?

9. Explain how to solve for consumer maximization in an AK model.

10. What is a CES utility function? How is it like a log utility function?

11. How can one add human capital to get an AK model? What is the no-arbitrage condition that must hold?