

# Economic Growth

## Questions for Final

July 7, 2009

### 1 Crecimiento economico

#### 1.1 Questions for the second exam

##### 1.1.1 Definitions and descriptions

1. CES sub-utility function
2. elasticity of intertemporal substitution
3. rival and/or excludable goods (with examples)
4. logic behind patents
5. creative destruction
6. Schumpeter
7. Poisson arrival rates
8. waiting times (and their distributions)
9. cob-web equilibrium in a model of research
10. sunspots
11. inelastic demand for consumption
12. Sharkovsky's ordering (and theorem)
13. Douglas North's definition of institutions
14. de jure and de facto
15. Importance of geography for growth
16. Data arguments for the importance of institutions
17. How are patent costs and inventions related (historically)
18. Financial markets and financial intermediaries (how are they different)

### 1.1.2 Longer questions

1. How can a model with human capital become an AK model?
2. What conditions are needed in an optimizing AK model?
3. Describe the two sector model of Lucas and Uzawa
4. What special assumptions about capital and intermediate goods are needed for the model of research and development?
5. How is monopoly power important in a model of research and development?
6. Is the market solution optimal in a model of research and development? Why or why not?
7. Describe how the model of creative destruction works? What does an innovations path look like?
8. Describe how the sunspot model works. Why is the existence of a three period cycle so important?
9. What happens in our model with sunspots as the crop size increases?
10. Describe how the model of AJR explains the process of institutions and political power over time.
11. What kinds of institutions are correlated with higher growth?
12. In the world of AJR, why will some dictators not want to promote growth?
13. What is special about the kind of colonial environment and current economic growth (according to AJR)
14. Why and when are commitment problems important for growth?
15. What are the faults that Glaesser, la Porta, etc. find with the model of AJR?
16. Where and when do banks predominate and where and when do markets?
17. What benefits do improved financial markets give to growth?
18. What does the data say about the relationship between inflation and economic growth?
19. Explain a model that can have increases in output correlated with higher inflation.