

Pandas and Statsmodels

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Econ 126: Computational Macroeconomics

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- K : stock of physical capital
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- A *total factor productivity* or TFP

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 - Y measured by (real) GDP
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- Of course macroeconomic measurement is subject to *measurement error*.

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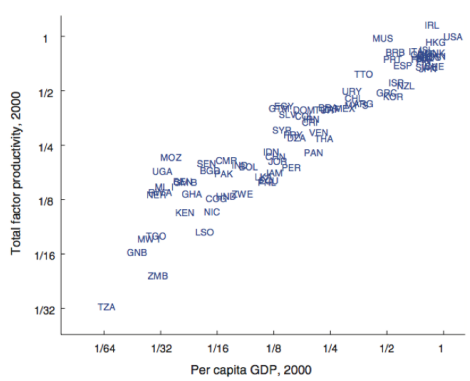
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 - Quality of economic and political institutions
 - Degree of technology adoption
 - Public health

Figure 1: **TFP and GDP per capita across countries.** All values relative to the US. Source: ?



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- Workers in lower-income countries use what human and physical capital they *do* have less efficiently than workers in higher-income countries.
- Since TFP isn't directly observable, we still don't know exactly why.

References