HS5.201 Growth and Development

Mid-Semester Exam
Spring 2023

Max Time: 90 minutes   Max Marks: 25

- Marks are given next to the question.
- Your answers should be about 600-800 words each.

1. Many rich countries are facing an increasingly aged population.
   a. Why is this a potential economic problem?
   b. Do countries with a young population not have an economic problem arising out of their demographic composition? Explain.

2.
   a. How does endogenous growth theory (e.g., Romer's model) improve on the Solow growth model?
   b. In what sense are institutions claimed to be *fundamental* determinants of economic growth?
   c. Based on the schematic framework presented in class, are you convinced that institutional quality is essential in explaining the divergence in growth rates worldwide?