

Econ 2020: Principles of Macroeconomics
Discussion Sections 105 & 157
TA: Erica Sprott
Homework #5
Due Friday, 3/26/21, 9:00 AM

Name:

- 1. Define the two key characteristics of the production function:**

- 2. The Solow Model focuses on how capital affects output.**
 - a. Name the other two major categories of resources.**

 - b. In the space below, draw a production function with its typical shape. Label this function F.**

 - c. Suppose the rate of investment increases, leading to an increase in the capital stock. Would this increase in K be associated with a movement along the curve F or a shift in the curve F? (no drawing necessary)**

 - d. On your illustration from (b), draw a second production function that indicates a technological advancement. Label this function F_1 .**

- 3. What is the key difference between Solow I and Solow II as Mr. Coppock defined them in class?**

4. Name 3 of the 5 institutions Mr. Coppock gave that foster economic growth.

5. Fill in the blanks:

**The key contribution of Modern Growth Theory (MGT) is that certain _____
create _____ for _____ growth.**

(each blank is one word)