

Solution for assignment #1

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1 Economic part

a) Economic growth and convergence - descriptive statistics:

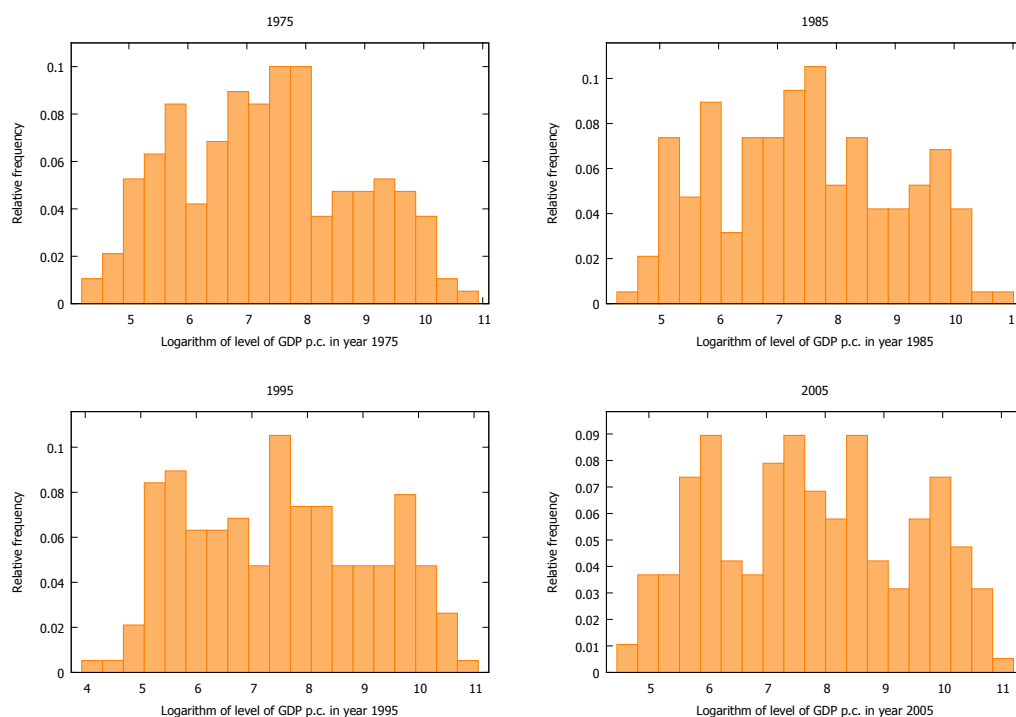


Figure 1: The changes in distribution of GDP p.c. among 190 countries in years 1975, 1985, 1995 and 2005.

Omitting Djibouti.

Commenting on changes.

Median income in 1975 is 1487.6

Rich countries

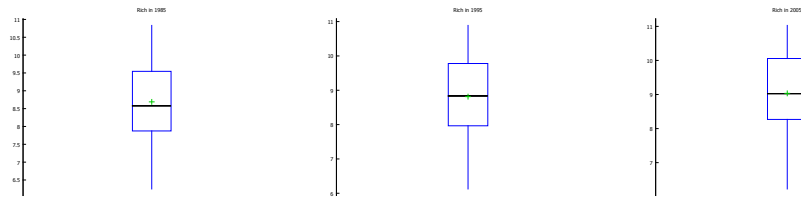


Figure 2: Development of income for rich countries in years 1985, 1995, 2005.

Poor countries

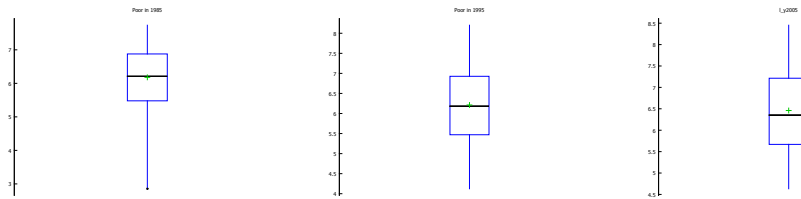


Figure 3: Development of income for poor countries in years 1985, 1995, 2005.

b) The Solow model: