

EE312 Macroeconomics, 2/2013 (Sec. 046402)
Ch.4 Part 2 Endogenous Growth Model
Supplement

Solow Growth (Williamson, CH. 7)	Endogenous Growth (Williamson, CH. 8)
$y =$	$Y =$
$c =$	$\pi =$
law of motion of capital $k' =$	$C =$
Analysis of steady state $(n + d)k^* =$	law of motion of human capital $H^{s'} =$
	At equilibrium $H^s = H^d = H$
	$w = \dots\dots\dots$
	effective human capital D=effective human capital S
	$\dots\dots\dots = \dots\dots\dots$
Long run growth rate of aggregate variables =	Balanced growth path
Long run growth rate of per capital variables =	$\frac{H'}{H} =$
Suppose there is no population growth, growth rate of aggregate variables will be equal to growth of per capital variables.	$\frac{H'}{H} - 1 =$
	growth rate of $C, Y =$
	because
	effect of government policy on u and b

- b = efficiency of human capital accumulation technology (or efficiency of the education sector).
- u = time spent on current output production.
- z = marginal product of efficiency units of labor, where $z > 0$;