

Economic Growth, spring 2007

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Course web: www.econ.ku.dk/dalgaard/growth.htm

As part of “Endogenous Growth through Factor Accumulation, Part I: Physical Capital”

Detailed Outline:

Theories of Endogenous Growth through Learning-By Doing

* On theories of endogenous growth, some preliminaries. Why making “A” endogenous is tricky.

(i). Evidence:

- Rapping (1965). The Liberty Ship “miracle”
- Irwin and Klenow (1994). Semiconductors.

Theory:

(ii) The Market Solution

- Assumptions regarding technology and the individual firm’s problem
- Deriving the aggregate production function and the equilibrium factor prices.
- Households and growth in the market economy

(iii) Social Optimum and Policy

- Planner’s problem and socially optimal growth.
- Policy