

Name _____

April 5, 2017

Quiz 20. Chapter 12, Human Capital and Endogenous Growth

1. What are the elements of the two sectors in the model of Chapter 12.

2. What is human capital and how do you invest in it?

3. What are the three margins of tradeoff in this endogenous growth model?

4. Set up and solve the endogenous growth model with human capital.
 - a. Write down the Bellman equation, the utility function, and the constraints.

 - b. Compute the first order condition for the three 'decision' variables.

 - c. Compute the envelope condition for the two state variables.

5. How do you measure the price of a consumption good in the AD-AS space?