

Economics 314  
Project #5 Assignment

Spring 2014  
Due: 9am, Wednesday, March 5

*Partner assignments*

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*Problems*

**Romer's Problem 3.3.**

- **Additional task:** For each part, sketch the time paths of  $g_A$ ,  $g_K$ , and  $\ln Y$  from the time of the change.

**Romer's Problem 3.4.**

- **Add new part (d):** Is this a “convergent” model (in which similar economies will converge to the same growth path) or is there endogenous growth in this model? How is your answer to this question connected with the answers to (b) and (c)?

**Romer's Problem 3.5.**

- **Addition to part (c):** Sketch the time path of  $g_K$ ,  $g_A$ ,  $g_Y$ , and  $\ln Y$  in response to an increase in the saving rate.
- **Omit the last part of (d):** I don't find a compelling intuition here, so I don't expect you to.

**Romer's Problem 3.13.**