

Macro Module 5 Readings

(The attached PDF file has better formatting.)

Chapter 5: Conditional Convergence and Long-run Economic Growth (Module 5)

Read pages 73-74, and know key equation 5.1 on page 73. The addition and subtraction signs (plus and minus signs) under the independent variables give the sign of the partial derivative: if the independent variable increases, does the dependent variable increase or decrease?

Read "Recent Research on the Determinants of Economic Growth" on pages 74-75 and "Examples of Conditional Convergence" on pages 75-77. The final exam may ask which characteristics raise the steady state level.

Read "Long-run Economic Growth" on pages 77-89. Focus on the mathematics of steady state growth and the concepts of endogenous growth theory. Know key equations 5.9 and 5.10 on page 80. Skip "Back to Reality" on page 86, and skip "Back to Reality" on page 88. Many economists believe research and development have strong effects on long-term economic growth, and this topic is hotly debated for generic drugs, drug imports from Canada, AIDS medications in Asia and Africa, and various anti-trust cases, such as Microsoft in Europe. Economists say that intellectual property rights are essential for strong economic growth. The "Back to Reality" boxes are fascinating, but they are not tested on the final exam.

Question B.3 on page 89 is reviewed in the homework assignment.