

Eco 362: Economic Growth
Fall 2013
Solutions for Problem Set 2

Note: all Weil question numbers refer to the 3rd edition textbook.

Question 1: Weil Chapter 4, Q4

Question 2 Consider the Malthus model where the production function is given by $Y_t = AT^\beta L_t^{1-\beta}$, $0 < \beta < 1$

- a) Derive the equation for the evolution of per capita income and population
- b) Derive the steady state of per capita income and population
- b) Discuss the effects on the economy of a **one time, permanent** increase in the **amount of land** (T). Discuss the effects graphically and in words.