

Econ Exam 2 Cheat Sheet by Valucas14 via cheatography.com/31855/cs/9729/

-Rapid retirement decreases the firms overall

Neg Impact of Aging LAbor Force

Basic Cobb-Douglas Production Function		
Key Properties	Marginal Product of Capital	Marginal Product of Labor
-Constant Returns to Scale	MPK=Part ial derivate of F(K,N)	MPN=Part ial derivate of F(K,N)
-If inputs are 0 outputs will be 0	MPK= Aα(K/N)^ α-1	MPK= A(1- α)(K/N)^α
-The production function is increaseing in each of the inputs	α(Y/K) > 0	(1-α)(Y/K) > 0
-The production function exhibits diminishing returns		

knowledge, decreasing pr	roductivity.
-Productivity peaks at age	e 50
Growth Rate of GDP	
Y= (Y/N) * N	
then take logs	
lnY = ln[Y/N] + lnN	
Differentiate for time	
$Y \circ / Y = (Y \circ / N) / (Y / N) + N \circ / N$	
Growth rate of GDP equal abor productivity and the stock	· ·

Solow Growth Model Basics		
Aggregate Production Function	Y=AKαN1-α	
Per Worker Production Function	y= Ak ^α	
Capital Stock Accumulation	K°= I-δK	
Capital Per Worker Accumulation	$k^{\circ} = sf(k) - (n + \delta)k$	
Steady-State Equilibrium	$k^{\circ}=0 \rightarrow sf(k)=$ $(n+\delta)k$	



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