The New Kaldor Facts: Ideas, Institutions, Population, and Human Capital

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When was this model presented?

Why?

Growth theorists working today brought other endogenous state variables excluded from consideration by the initial neoclassical setup into their models. Which ones?

What are the main Kaldor´s conceptual outline of his model?

**I. The Formal Foundations of Modern Growth Theory**

What are the main growth assumptions?

What are the main aspects of modern growth?

**II. The new stylized facts**

This model explains several growth facts of Kaldor’s model. Can you list them?

Which are the main aspects here?

What is the key lesson of the first factor?

Discuss equation 5

What are the limitations of this model?

XXXXXXXXX

**Question 1:** What are Kaldor’s original 6 facts and which fact is still being actively researched by economists in the present? (p. 224-225)

**Question 2:** According to Jones & Romer (2010), what are the new six stylized facts that modern growth models should explain and are driving the research agenda? Why are they considered more ambitious than the previous six Kaldor’s facts? (p. 225)

**Question 3:** Kaldor’s facts revolve around one single variable, which is it? What are the four variables that are not considered in the original Kaldor facts and that, according to Jones & Romer (2010), should be incorporated into economic growth theory? (p. 226)

**Question 4:** Explain what are nonrival goods. Explain how ideas are different from physical capital? (p. 227)

**Question 5:** Regarding fact #1 discussed by the authors (increases in the extent of the market), in addition to trade and foreign direct investment, what other variables might help explain gains from the increasing extent of the market? (p. 229)

**Question 6:** Please explain why, in the long-run, increasing population does not necessarily imply resource scarcity (p. 231)

**Question 7:** According to the concepts and models presented in Jones & Romer (2010), explain why population growth results in accelerated GDP per capita growth? (pp. 233-234)

**Question 8:** In page 234, Nordhaus (1997) provides an example regarding the decrease of the real price of light over time and the connection with accelerated growth. According to this example, why did the price of light decrease over time? Did the average annual rate of price declines accelerated, decelerated, or remained the same?

**Question 9:** Explain the “triangle” shape in figure 3 located on page 236 and how it relates to fact 3

**Question 10:** Explain why the average annual growth of real GDP per capita was larger for China during 1980-2004 than Japan between 1950 and 1980? (p. 236)

**Question 11:** Explain figure 4 and how it pertains to fact #4: “*Large income and total factor productivity (TFP)”* (p. 238)

**Question 12:** Describe what is total factor productivity (TFP)? Using the concepts developed in the paper, explain why TFP is important to explain GDP per capita growth (pp. 237-239)

**Question 13:** From the four variables outlined in the beginning of the paper (ideas, population, human capital, and institutions) which one does the authors say is the fundamental source for the large variation of income growth and TFP in the lower income economies? (p.238)

**Question 14:** Discussing fact #5, which variable do the authors use to quantify “human capital”? Why do the authors argue that in the future, rising human capital might not contribute as much to GDP per capita growth in the USA as it did in the past? (p. 240)

**Question 15:** Explain why the wage premium relative to years of schooling has not been decreasing over time in the USA? (p. 241)