The Solow Growth Model

Introduction

The Solow Growth Model spreadsheet implements the basic model and the exogenous technological change model from Jones (2002).

The Model

See Jones (2002) for detailed descriptions of these models.

You should only change the parameters in the shaded boxes. The calculations are divided into two subperiods of length 100 each. A typical application is to change one of the parameters for the second subperiod to see how the short-term and long-term results respond.

Note: If you set the savings rate to precisely equal the population growth rate plus the depreciation for both subperiods, the very small numerical truncation errors will produce a very mysterious looking graph of no practical importance.

Exercises

1. The Basic Model

2. Exogenous Technological Change

Reference

Charles I. Jones, Economic Growth, Second Edition, W.W. Norton & Company, New York, 2002.