

Economics 100b, Fall 2005  
Sample Midterm Questions  
Chapter 5

Question 1: Suppose that the level of total factor productivity in an economy declines permanently from  $A$  to  $A'$ . The economy starts in steady state. Graphically, show what happens to gdp per capita over time.

Question 2: Suppose that the population decreases permanently from  $L$  to  $L'$ . The economy starts in steady state. Graphically, show what happens to gdp per capita over time.