

# **GROWTH AND DEVELOPMENT**

Title:

Growth Models – Harrod-Domar Model - Joan Robinson's model of capital accumulation

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1). Which of the following economists is associated with the Solow Growth Model?

- a) Adam Smith
- b) Robert Solow
- c) David Ricardo
- d) Karl Marx

**b) Robert**

**Solow**

2). The Harrod-Domar model focuses on which key factors for economic growth?

- a) Capital accumulation and labor supply
- b) Savings and investment
- c) Technological advancement and education
- d) Inflation and monetary policy

**b) Savings and  
investment**

3). In the endogenous growth model, growth is primarily driven by:

- a) Capital accumulation
- b) Labor force expansion
- c) Technological progress and innovation
- d) Government spending

**c) Technological progress and innovation**

4). Which growth model suggests that an economy grows through increasing returns to scale in knowledge and technology?

- a) Harrod-Domar Model
- b) Solow-Swan Model
- c) Endogenous Growth Model
- d) Classical Growth Model

**c) Endogenous Growth Model**

5). According to the Solow-Swan model, long-term economic growth is mainly determined by:

- a) Government policies
- b) Technological progress
- c) Interest rates
- d) Population growth

**b) Technological**

6). The concept of "steady state" in growth models refers to:

- a) A situation where economic growth stops completely
- b) A stable growth rate where capital per worker remains constant
- c) A phase of economic decline
- d) A temporary economic boom

**b) A stable growth rate where capital per worker remains constant**

7). Which of the following factors is NOT emphasized in classical growth models?

- a) Land and labor
- b) Technological innovation
- c) Capital accumulation
- d) Diminishing returns

**b) Technological**

8). The "Golden Rule" level of capital in Solow's model refers to:

- a) The level of savings that maximizes economic growth
- b) The level of capital that maximizes consumption per worker
- c) The capital level required for a balanced budget
- d) The capital required to maintain zero inflation

**b) The level of capital that maximizes consumption per worker**

9). Which economist is associated with the Endogenous Growth Theory?

- a) Robert Solow
- b) Paul Romer
- c) John Maynard Keynes
- d) Thomas Malthus

**b) Paul**

10). According to the Harrod-Domar model, if savings increase without an increase in investment opportunities, what happens?

- a) Economic growth accelerates
- b) Inflation increases
- c) Economic stagnation or unemployment rises
- d) Trade deficit decreases

**c) Economic stagnation or unemployment rises**

11). The Harrod-Domar model is primarily focused on:

- a) Population growth
- b) Government policies
- c) Capital accumulation and savings
- d) Inflation control

**c) Capital accumulation and savings**

12). According to the Harrod-Domar model, economic growth depends on:

- a) The labor force and trade policies
- b) The savings rate and capital-output ratio
- c) The level of taxation
- d) The level of foreign aid

**b) The savings rate and capital-output ratio**

13). In the Harrod-Domar model, the warranted growth rate refers to:

- a) The growth rate needed to maintain full employment
- b) The growth rate required for stable inflation
- c) The minimum growth rate for economic stability
- d) The growth rate needed for achieving zero unemployment

**a) The growth rate needed to maintain full employment**

14). Which of the following is a key assumption of the Harrod-Domar model?

- a) The economy operates under perfect competition
- b) Capital and labor are used in fixed proportions
- c) The government actively controls growth
- d) Technological progress occurs at an increasing rate

**b) Capital and labor are used in fixed proportions**

15).The Harrod-Domar model suggests that economic instability arises due to:

- a) Excessive government intervention
- b) Fluctuations in inflation
- c) The difficulty in maintaining equilibrium between savings and investment
- d) Changes in trade policies

**c) The difficulty in maintaining equilibrium between savings and**

**investment**

16). If the actual growth rate is higher than the warranted growth rate, the economy will experience:

- a) Unemployment
- b) Inflationary pressure
- c) Economic stagnation
- d) A decrease in the savings rate

**b) Inflationary**

**pressure**

17). In the Harrod-Domar model, the natural growth rate is determined by:

- a) Technological progress and labor force growth
- b) Government spending
- c) Market demand fluctuations
- d) International trade policies

**a) Technological progress and labor force**

**growth**

18). Which factor can help an economy achieve higher growth according to the Harrod-Domar model?

- a) Increasing the marginal propensity to consume
- b) Reducing the savings rate
- c) Lowering the capital-output ratio
- d) Reducing government intervention

**c) Lowering the capital-output**

**ratio**

19). Joan Robinson's model of capital accumulation primarily focuses on:

- a) Technological progress
- b) The role of government in economic planning
- c) The relationship between capital accumulation and employment
- d) Inflation and monetary policies

**c) The relationship between capital accumulation and employment**

20). According to Joan Robinson, economic growth is influenced by:

- a) The rate of profit and real wages
- b) The amount of foreign investment
- c) Changes in international trade policies
- d) Government taxation rates

**a) The rate of profit and real wages**

21). In Joan Robinson's model, the accumulation of capital is linked to:

- a) The marginal propensity to save
- b) The level of interest rates
- c) The ability of firms to reinvest profits
- d) The growth of government expenditure

**c) The ability of firms to reinvest**

22). Which of the following is a **profits** key assumption in Robinson's model?

- a) Perfect competition exists in all markets
- b) Labor and capital are perfectly substitutable
- c) The economy is always in full employment
- d) The wage rate and profit rate determine capital accumulation

**d) The wage rate and profit rate determine capital accumulation**

23). In Robinson's model, the wage-profit relationship determines:

- a) The level of government debt
- b) The distribution of income between capitalists and workers
- c) The effectiveness of monetary policy
- d) The impact of international trade

**b) The distribution of income between capitalists and workers**

24). A higher wage share in Robinson's model leads to:

- a) Higher capital accumulation
- b) Lower profits and slower growth
- c) Higher inflation
- d) Increased labor productivity

**b) Lower profits and slower growth**

25). Robinson's model suggests that for sustained growth, an economy must:

- a) Maintain a balance between wages and profits
- b) Focus only on increasing capital stock
- c) Reduce the labor force to increase productivity
- d) Depend on foreign investments

**a) Maintain a balance between wages and profits**

26). One criticism of Robinson's model is that:

- a) It ignores the role of technological progress
- b) It assumes unlimited natural resources
- c) It does not account for income distribution
- d) It places too much emphasis on monetary policy

**a) It ignores the role of technological progress**

Thank  
**YOU**