**Assignment 7, Lecture 11**

Read sections 4.4-4.7 in “the Facts of Economic Growth” by Chad Jones, and section IV (pp 14-16) in Development Accounting by Hsieh and Klenow.

Answer the following questions in up to half a page:

1. Answer briefly: what do growth economists refer to by the term total factor productivity (TFP), and how is it related to the production function of an economy?
2. What is broadly meant by the concept “misallocation” in research on economic growth? how does it enter the production function of an economy?
3. Provide **one concrete example** of how the material and topics studied in lectures 2, 6, 7, 9 or 10 can be related to misallocation. Explain briefly.

\*If needed, more explanation on TFP can also be found in the beginning of “the Facts of Economic Growth” and in Aghion and Howitt.