Economic Growth, Econ 4794

Spring 2013

MWF 9-9:50 a.m. in Econ 117

Course Outline

Professor: Carol H. Shiue
Office: Economics 206B
Office Hours: Fri. noon -3 p.m.
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Text

There is one required text: David N. Weil, Economic Growth, 2nd edition. There are copies available at CU Bookstore.

Objectives of the course

Economic Growth has emerged as an independent area of active field of research within economics. The aim of this course is to synthesize recent ideas and approaches to understanding economic growth at the undergraduate level, and to survey the leading explanations for the causes of growth. This course is organized into three substantive sections. The first examines the degree to which income variations across countries can be attributed to variations in factor accumulation, and, the determinants of factor accumulation. In the second part of the course, we study of the role of productivity and technology in explaining income differences. The third section explores the deeper or fundamental characteristics of countries that may underlie differences in factor accumulation and productivity among countries. We will supplement textbook material with articles about the economic history of country experiences.

Prerequisites

Econ 1088 Math Tools for Economists II or equivalent.

Econ 3070 Intermediate Micro or Econ 3080 Intermediate Macro.

Prerequisite courses should be completed with earned credit before taking this class. If you are uncertain whether you have the prerequisites, you should find this out immediately. Students without the necessary prerequisites will be administratively dropped.
Class Email: I will be using the class email list for this course to communicate information about classes. Please check your CU email account to ensure that you will be up to date with the latest announcements.

Course Requirements and Evaluation

There will be an emphasis on quantitative reasoning and problem solving. The format of classes will consist of lectures and lab demonstrations. Lab demonstrations basically consist of empirical problems that we will solve in class and hands-on examples of how data may be used to analyze issues in economic growth. These exercises will not be handed in for a grade but will be crucial for understanding how to answer questions that may appear on your exams.

Evaluation will be based on a midterm, a final exam, a group presentation of a published research article, and a research paper.

Your grade will have the following components:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Midterm</td>
<td>25%</td>
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<tr>
<td>Country Analysis Report and Presentation</td>
<td>25%</td>
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<tr>
<td>Presentation of an Article on the Syllabus</td>
<td>15%</td>
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<tr>
<td>Final Exam</td>
<td>35%</td>
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Country Analysis

In your report you will compare the growth performance of a country of your choice with the growth performance of two other countries. For example, you may compare the growth performance of Columbia over the years 1970 to 2006 with that of two other countries of similar income and size during the same period. The goal of the paper is to explain the growth performance of the country in question, drawing on concepts covered in class, while demonstrating your competence in quantitative methods and qualitative interpretation. By the third week of class, students should organize into groups of three and decide which countries your group will study. The report is due in class on April 26. The paper should be about 10 pages (double-spaced in at least 11 point font), including all references and tables and figures. During the last week of class each group will give a short presentation of their findings.

Presentation of an Article on the Syllabus

Groups will be randomly assigned and be responsible for a presentation (about 20 minutes) of an article paper, and, the crafting of three questions directed to the class to initiate discussion. I will be choosing some of the questions to include on the final exam. Groups must email me their PowerPoint presentation slides at least 1 hour ahead of class so that we can avoid wasting class time setting up presentation material.
**Class Attendance and Participation:** Participation is important for this class and you should attend class unless you are ill. I will hand out sign-up sheets on randomly chosen dates to evaluate this. You can miss 4 classes for any reason. Beyond 4 classes, each recorded absence will negatively impact your final grade by 3% points. If you miss a class, you are strongly encouraged to make an appointment with me to discuss specific questions about the material after you have obtained notes from someone in class.

**Policy on Late Work and Exams:** There are no makeup examinations for missed exams and no late papers will be accepted. If you miss the midterm due to an emergency, your grade will be reweighted by the final exam. The paper is a long-term project that cannot be missed because of an emergency. There are no extra credit provisions. All students must take the final exam to pass the course.

The final exam is on Thursday May 9, 7:30 a.m. - 10:00 a.m. It is comprehensive. Students who have three or more final exams on the same day are entitled to reschedule the last exam or exams that day, but must make arrangements to do so no later than Feb. 22. See University policy on final exam scheduling: [http://www.colorado.edu/policies/final_exam.html](http://www.colorado.edu/policies/final_exam.html).

**University policies:**

*Honor Code:* Cheating and plagiarism are academic offenses and any student caught cheating or plagiarizing will be sanctioned. [http://www.colorado.edu/policies/academic-integrity-policy](http://www.colorado.edu/policies/academic-integrity-policy).

*Classroom Behavior:* Courtesy in the classroom is expected. Disruptive conduct includes behavior that hinders or distracts the class from the subject matter or discussion, and may result in academic sanctions, see [http://www.colorado.edu/policies/student-classroom-and-course-related-behavior](http://www.colorado.edu/policies/student-classroom-and-course-related-behavior).

*Disability Accommodations:* If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services by the third week of class so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. [http://www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

*Religious observance:* (see full details of this policy at [http://www.colorado.edu/policies/fac_relig.html](http://www.colorado.edu/policies/fac_relig.html)). If you have a conflict covered by this policy, let me know by the third week of class so as to allow ample time to make alternative arrangements.
**Topic Outline and Readings**

The schedule is approximate and subject to change based on class progress. Articles in the Journal of Economic Perspectives, the Journal of Economic History, and other journals are available on the CU library website. Other readings are available for download from D2L.

I. **Introduction and Preliminaries**

(Week 1 and 2) Chapter 1 and 2: Differences in the level and rate of income growth among countries.

Theory: Working with growth rates; review of the logarithm function.
Readings:


II. **Factor Accumulation**

(Week 3 and 4) Chapter 3: Capital’s Role in Production

Theory: Harrod-Domar Model; the Solow Model.
Reading:
- Ray, pp. 47-57.

(Week 5 and 6) Chapter 4: The Role of Population in Economic Growth (skip appendix).

Theory: The Malthusian Model; Fertility Transition.
Reading:


(Week 7) Chapter 6: The Effect of Human Capital on Growth

Theory: Returns to Education.

**Midterm, Mar. 6**

III. **Productivity**

(Week 8) Chapter 7: How much does productivity growth differ among countries?

Theory: Growth Accounting, Total Factor Productivity
Reading:

(Week 9) Chapters 8 and 9: Can technological gaps explain differences in productivity?

Theory: Model of Technological Change
Reading:


(Week 10) Chapter 10: How much of productivity differences come from inefficiency?

Theory: Decomposing productivity into technology and efficiency
Reading:

**Student Presentation E:** Nicholas Bloom and John Van Reenen, “Why Do Management Practices Differ Across Firms and Countries?” *Journal of Economic Perspectives, 24*(1), 2010.

March 22, Preliminary draft of report due

(Week 11) Spring Break

(Week 12) Meetings with groups to discuss draft of report

**IV. Fundamentals**

(Weeks 13 & 14) Chapter 15: Historical Influences Explaining Differences in Wealth

Reading:


Cultural Differences and Growth
Reading: Weil, Ch. 14.


V. A Framework of Thinking about Policy

(Week 15)

Reading: Weil, p. 275-180


Case Study: Market Failures in Developing Countries, What can be done?

Credit Markets and Microfinance

- Ray, Ch. 14.

(Week 16)

Country Analysis Presentations