

Theories of Growth and Development**Course Outline**

TIMETABLE: Fridays 9.30-11.30 am in RLWY 315.

CO-ORDINATOR/LECTURER Dr. Geoff Bertram, office RH 423, telephone: 4635814 fax: 463-5014; Email: Geoff.Bertram@vuw.ac.nz

COURSE CONTENT AND OBJECTIVES:

The course covers modern mainstream theories of economic growth, including the neoclassical Solow-Swan model, the intertemporal-optimisation Ramsey-Koopmans-Cass model, simple endogenous models with constant returns to capital (AK models), and “new” models with endogenous technical progress and/or population. For the first eight weeks the class will work in detail through the main textbook. In the final four sessions, class members will give prepared presentations on selected monographs and journal articles from the list below.

ASSESSMENT

The final mark will be whichever is the greater of (a) the final exam, or (b) final exam 65% and presentation (oral and written) 35%.

TEXTBOOK:

Robert Barro and Xavier Sala-I-Martin, *Economic Growth*, MIT Press, 2nd ed 2004.

SUPPLEMENTARY TEXTBOOK TREATMENTS OF THE FIELD:

Snowdon, B., *Conversations on Growth, Stability and Trade* (Edward Elgar, 2003) Chapters 1-3. (An excellent layperson’s guide to the current state of the growth literature.)

Miles, D. and Scott, A., *Macroeconomics: Understanding the Wealth of Nations* (John Wiley & Sons, 2002) Chapters 4-7. (A general applied approach to growth economics.)

Easterly, W., *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics* (MIT Press 2002). (An issue-by-issue engagement with the relationship of theory to reality, by a former World Bank economist.)

Jones, C.I., *Introduction to Economic Growth* (Norton, 1998). (An up-to-date undergraduate-level text.)

Romer, D., *Advanced Macroeconomics*, McGraw-Hill, 2nd ed 2001, Chapters 1-3. (A rigorous graduate-level treatment of the neoclassical and endogenous-growth models. The first edition, 1996, covers much the same ground.)

LECTURE NOTES: Lecture notes will be provided on Blackboard, accessible at www.blackboard.vuw.ac.nz.

KEEPING UP WITH THE FIELD

Get onto Sala-i-Martin's website (beware!.....)

<http://www.columbia.edu/~xs23/home.html>

Check out last year's debate in *The Economist* on world income distribution:

<http://www.columbia.edu/~xs23/papers/worlddistribution/Economist%20March%202004.htm>

<http://www.columbia.edu/~xs23/papers/worlddistribution/ravallion.htm>

Regularly check for new papers on

<http://www.nber.org/papers/>

For a wide-ranging set of papers on issues we'll get to in ECON 415 see *Journal of Monetary Economics* 50(1): 1-308, January 2003.

MONOGRAPHS AND JOURNAL ARTICLES

The last third of the course will look more closely at some specific issues raised in the recent literature. Most of the following are reproduced in "Course Materials" on Blackboard; each student will need to choose a paper to discuss, in consultation with the Course Coordinator.

Baldwin, R.E. and Forslid, R., "The Core-Periphery Model and Endogenous Growth: Stabilizing and Destabilizing Integration", *Economica* 67(267):307-324, August 2000.

Barro, R.J., *Determinants of Economic Growth: A Cross-Country Empirical Study* (MIT Press 1999)

Garofalo, G.A. and Yamarik, S., "Regional Convergence: Evidence from a New State-by-State Capital Stock Series", *The Review of Economics and Statistics* 84(2):316-323, May 2002.

- Hall, Robert E., and Charles I. Jones, "Why Do Some Countries Produce So Much More Output per Worker than Others?" *Quarterly Journal of Economics* 114:83-116, 1999.
- Howitt, P., "Endogenous Growth and Cross-Country Income Differences", *American Economic Review* 90(4):829-846, 2000.
- Kalyvitis, S., "Public Investment Rules and Endogenous Growth with Empirical Evidence from Canada", *Scottish Journal of Political Economy* 50(1):90-110, February 2003.
- Klenow, P.J. and Rodriguez-Clare, A., *Externalities and Growth*, NBER WP 11009, December 2004.
- Landau, D., "A Theory of Economic Growth", *Economic Development and Cultural Change* 52(1): 217-235, October 2003.
- Ley, E. and Steel, M.F.J., *We Just Averaged Over Two Trillion Regressions*, IMF Working Paper W/99/101, July 1999.
- Lucas, R.E., "Some Macroeconomics for the 21st Century", *Journal of Economic Perspectives* 14(1):159-168, Winter 2000.
- Lucas, R.E., "Why Doesn't Capital Flow from Rich to Poor Countries?", *American Economic Review* May 1980 pp.92-96.
- Maddison, A., *The World Economy: A Millennial Perspective*, OECD 2001.
- Mankiw, N.G., Romer, D. and Weil, D.N., "A Contribution to the Empirics of Economic Growth", *Quarterly Journal of Economics* 107: 407-437, May 1992.
- Murphy, R., A. Shleifer, and R. Vishny, "Industrialization and the Big Push." *Journal of Political Economy* 97(5): 1003-1026, 1989. For a favourable review see Krugman, P. "The Fall & Rise of Development Economics", on Blackboard.
- Olson, M., "Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor", *Journal of Economic Perspectives* 10(2): 3-24, Spring 1996.
- Parente, S.L. and Prescott, E.C., "Monopoly Rights: A Barrier to Riches", *American Economic Review* 89(5):1216-1233.
- Rodriguez, F. and Rodrik, D., *Trade Policy and Economic Growth: A Skeptics' Guide to the Cross-National Evidence*, NBER Working Paper 7081, April 1999.
- Others will be added during the course.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely.

Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.