

School of Economics and Finance

ECON 414 THEORIES OF GROWTH AND DEVELOPMENT

Trimester 1 2006

COURSE OUTLINE

CO-ORDINATOR/LECTURER:

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COURSE CONTENT AND OBJECTIVES:

The course covers modern mainstream theories of economic growth, including the neoclassical Solow-Swan mode, 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 most of the main textbook and related material. In the final four sessions, class members will give prepared presentations on text book chapters, selected monographs and journal articles from the list below.

TIMETABLE: Wednesdays 2.40 – 5.30 pm in RLWY 315.

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, 2002). (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 2004's debate in *The Economist* on world income distribution:

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

<http://www.columbia.edu/~xs23/papers/worldistribution/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 the "Course Materials" section of the ECON 414 site 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.
- 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 1989 pp.92-96.
- 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.
- 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.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the office on (04) 463 5376.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.

- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

Check with the Student Administration Office for opening times (04) 463 5376.

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.

Manaaki Pihipihinga Maori and Pacific Mentoring programme (Faculties of Humanities and Social sciences and Commerce and Administration).

- **What:** Academic Mentoring for Maori and Pacific students studying at all levels in the above faculties. Weekly sessions for an hour with a mentor to go over assignments and any questions from tutorials or lectures. Registered students can use the faculty's study rooms and computer suite at any time at Kelburn and Pipitea.
- Mature student and Post grad network

If you would like to register as a mentor or mentee please contact the coordinator.

Where:

Melissa Dunlop
Programme Coordinator
Room 109 D
14 Kelburn Parade: back courtyard
Ph: (04) 463 6015
Email: Maori-Pacific-Mentoring@vuw.ac.nz

Please Note: A mentoring room will also be running at Pipitea Campus starting January.
Please contact the Programme Coordinator for details.