

School of Economics and Finance

ECON 414 THEORIES OF GROWTH AND DEVELOPMENT

Trimester One 2007

COURSE OUTLINE

Contact Details

COORDINATOR/LECTURER: Dr. Geoff Bertram,
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Class Times and Room Numbers

TIMETABLE: Tuesdays 9.30-11.20 in RWW 220.
[24 April is Anzac Day. An alternative date will be arranged for that class.]

EXAM PERIOD: Between 11 – 30 June 2007

Course 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 six-eight weeks most of the main textbook and related material will be covered in lectures. In the final few sessions (the number will depend partly on class size), class members will give prepared presentations on book chapters, monographs and journal articles from the list below.

Expected Workload

Honours study is generally expected to require at least 12.5 hours per week. The class will normally meet for two hours each Tuesday morning. Students will be expected to put in at least two hours each week reading the background material for the session, in addition to which each student will be expected to prepare detailed presentations, summarising and evaluating allocated pieces from the literature and leading discussion. The presentation notes may be revised following the session but must then be handed in to form part of the assessment material for the course. At certain points in the course problems from the textbook may be set as assignments, and good marks on these assignments may be credited as part of a student’s assessment material.

Group Work

Students are encouraged to collaborate in reviewing material and preparing for presentations, but all assessment will rest on individual performance and contributions.

Assessment Requirements

The final mark will be on the basis of the final two-hour examination and marks given on oral and written presentations and/or assignments. Presentations/assignments will be weighted 35% and the final examination 65%.

Mandatory Course Requirements

Each student must prepare and deliver two in-class presentations.

Communication of Additional Information

All necessary information will be placed on Blackboard

Readings

TEXTS

The **set text** is Robert Barro and Xavier Sala-I-Martin, *Economic Growth*, MIT Press, 2nd ed 2004. Students are expected to purchase a copy, which may be taken into the final examination.

The main **supplementary text** is Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005. Photocopies will be distributed of key chapters selected for study, and a copy of the book will be on closed reserve in the Commerce Library.

A list of supplementary readings and papers that may be allocated for presentations is set out below:

SUPPLEMENTARY TEXTBOOK TREATMENTS OF THE FIELD:

Romer, D., *Advanced Macroeconomics*, McGraw-Hill, 2nd ed 2001, Chapters 1-3. (A rigorous graduate-level treatment of the neoclassical and endogenous-growth models.)

Jones, C.I., *Introduction to Economic Growth* (2nd edition, Norton, 2002). (An up-to-date undergraduate-level text.)

Nelson, R.R., *Technology, Institutions and Economic Growth* (Harvard University Press 2005). (A heavy-duty critique of the whole neoclassical growth paradigm, emphasising technical change and disequilibrium.)

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.)

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

PAPERS ON NEW DEVELOPMENTS: PRESENTATION OPTIONS

Acemoglu, D., Johnson, S. and Robinson, J.A., "Institutions as a Fundamental Cause of Long Run Growth", Chapter 6 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

Alesina, A., Spolaore, E. and Wacziarg, R., "Trade, Growth and the Size of Countries", Chapter 23 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

Azariadis, C. and Stachurski, J., "Poverty Traps", Chapter 5 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

Caselli, F., "Accounting for Cross-Country Growth Differences", Chapter 9 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

Galor, O., "From Stagnation to Growth: Unified Growth Theory", Chapter 4 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

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", Chapter 11 in Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volume 1A*, North Holland, 2005.

Kremer, M., "Population Growth and Technological Change: One Million BC to 1990", *Quarterly Journal of Economics* 108: 681-716, 1993.

Landau, D., "A Theory of Economic Growth", *Economic Development and Cultural Change* 52(1): 217-235, October 2003.

Lucas, R.E., "Some Macroeconomics for the 21st Century", *Journal of Economic Perspectives* 14(1):159-168, Winter 2000.

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 summary see Krugman, P. "The Fall and Rise of Development Economics", <http://web.mit.edu/krugman/www/dishpan.html>.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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 Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education 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.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.vuw.ac.nz/policy.

For information on the following topics, go to the Faculty's website www.vuw.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.