

School of Economics and Finance

## **ECON 414 THEORIES OF GROWTH AND DEVELOPMENT**

Trimester One 2009

### **COURSE OUTLINE**

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#### **Names and Contact Details**

COORDINATOR/LECTURER: Dr. Geoff Bertram, office RH 423, telephone:  
4635814; Email: [Geoff.Bertram@vuw.ac.nz](mailto:Geoff.Bertram@vuw.ac.nz)

#### **Trimester Dates**

Monday 2 March to Wednesday 1 July 2009

#### **Class Times and Room Numbers**

Friday, 3.40 – 5.30 pm in RWW128

#### **Withdrawal dates:**

Information available via

<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawalsrefunds.aspx>

#### **Course Content**

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), “new” endogenous models with endogenous technical progress and/or population, and recent developments in debates on the convergence hypothesis and the quest for a “unified theory”. For the first half of the trimester the main text and related material will be covered in lectures. In the second half, class members will give prepared presentations on chapters from the Aghion/Durlauf *Handbook*, and/or selected journal articles and monographs from the reading list to be supplied in class. PDF files of key readings will be posted on the course Blackboard site.

#### **Course Learning Objectives**

By the end of the course students should

- be familiar with the strengths and weaknesses of the neoclassical growth model in its Solow and Ramsey variants
- understand the issue of “endogeneity” in growth models and its relevance to empirical evidence relating to convergence or non-convergence across economies
- be aware of historical debates over the growth trajectory of key leading economies, the transition from Malthusian to post-Malthusian growth, and the quest for a ‘unified theory’ of growth
- have mastered and written on at least one of the issues on the research frontier as identified in the recent literature

### **Expected Workload**

Honours study is generally expected to require at least 12.5 hours per week.

### **Group Work**

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

### **Readings**

The **set text** is Robert Barro and Xavier Sala-i-Martin, *Economic Growth*, MIT Press, 2<sup>nd</sup> ed 2004. Students are expected to purchase a copy, which may be taken into the final examination. (No other material may be taken into the examination room.)

The main **supplementary text** is Philippe Aghion and Steven Durlauf (eds) *Handbook of Economic Growth Volumes 1A and 1B*, North Holland, 2005 and 2006. Photocopies will be distributed of key chapters selected for study, and copies of both volumes are on closed reserve in the Commerce Library in the Railway Station.

#### **Other textbook treatments of the field include:**

Romer, David, *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* (2<sup>nd</sup> edition, Norton, 2002). (An undergraduate-level text.)

Maddison, Angus, *The World Economy: Historical Statistics*, OECD 2003. No hard copy in the library, but available online through SourceOECD via the Library; the link you should be able to access from on-campus computers is <http://new.sourceoecd.org/9264104127> (Long-run data series for GDP per capita.)

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 that will turn up in ECON 415, see *Journal of Monetary Economics* 50(1): 1-308, January 2003.

#### USEFUL WEBPAGES

<http://www.gapminder.org/> for fascinating animated charts of country data from 1970 to 2005. An outstanding example of how to use computer power to generate information from dry tables, including the Penn World Tables!

<http://pwt.econ.upenn.edu/> The Penn World Tables homepage for authoritative time series of purchasing-power-parity GDP per capita and much more

<http://www.columbia.edu/~xs23/Indexmuppet.htm> Sala-i-Martin's webpage. Ignore the flashy top and scroll down to his animated world income distribution chart.

#### A RECENT LINK INTO THE UNIFIED-THEORY DEBATE

<http://www.voxeu.org/index.php?q=node/937#fn2>

#### 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%.

Each student will be expected to prepare two detailed presentations, summarising and evaluating allocated pieces from the literature, and leading discussion on them. The presentation should be encapsulated in written form as a critical review essay,

which may be revised following the session but must be handed in to form part of the assessment material for the course.

### **Examinations**

The final exam will be in the period Friday 12 June to Wednesday 1 July (inclusive). Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

### **Penalties**

Coursework submitted late will not be graded. The absolute deadline for all essays to be handed in is the day before the final examination.

### **Mandatory Course Requirements**

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

### **Communication of Additional Information**

Additional information will be posted on Blackboard.

## **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 on the ground floor (EA005). This counter is the first point of contact for:

- 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.victoria.ac.nz/home/about/policy/students.aspx](http://www.victoria.ac.nz/home/about/policy/students.aspx)

For information on the following topics, go to the Faculty's website [www.victoria.ac.nz/fca](http://www.victoria.ac.nz/fca) under Important Information for Students:

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

## **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. The University defines plagiarism as follows:

*The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other students or staff.*

It is still plagiarism even if you re-structure the material or present it in your own style or words.

*Note: including the work of others will not be considered plagiarism as long as the work is acknowledged by appropriate referencing.*

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

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

Find out more about plagiarism, and how to avoid it, on the University's website:

[www.victoria.ac.nz/home/studying/plagiarism.html](http://www.victoria.ac.nz/home/studying/plagiarism.html)

### **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](mailto:manaaki-pihipihinga-programme@vuw.ac.nz) or phone (04) 463 6015. To contact the Pacific Support Coordinator, email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz) or phone (04) 463 5842.