

Wesleyan University

ECON 349: Economic Growth

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Spring 2020, TR 11:10-12:30pm, online
Office Hours: T 1-2, R 9.30-10.30,
or by appointment

This course examines the causes and consequences of cross-country differences in economic performance. We will investigate why some nations are much wealthier than others. Using the neoclassical growth model as a starting point, we will explore the fundamental determinants of per-capita income and growth. In addition to the use of a standard textbook, we will work through a number of journal articles and policy papers to obtain a deeper understanding of the long-run drivers of economic development. Over the course of the semester, we will discuss numerous controversial issues with regard to economic growth. Examples include the importance of openness for the development process as well as the long-run impacts of colonialism.

Prerequisites

Intermediate macroeconomics (Econ 302) and a basic understanding of econometric techniques (Econ 300) are prerequisites for this course. Familiarity with basic economic concepts such as production functions, saving and investment identities and utility maximization will be assumed. The lectures, problem sets and exams will make regular use of algebra and calculus.

Course Materials

Book: Charles I. Jones and Dietrich Vollrath, *Introduction to Economic Growth*, 3rd edition (ISBN: 9780393919172).

Moodle: I will post additional readings (mostly journal articles and policy papers) and other course materials (problems sets, practice exams, etc.) on our Moodle course site during the semester, which you should check regularly.

In addition to completing the readings for the class, I also highly recommend that you follow current economic events. Good sources of economics news are *The Economist*, *The Wall Street Journal*, the *Financial Times*, or the business section of *The New York Times* (or a newspaper of similar standing). Reading the news is a good way to experience growth policies ‘in action’ and to apply the concepts you learn in class to the real world. You can find links to current subscription offers on the Moodle course site. The full online content of several newspapers can also be accessed free of charge through the [library](#).

Course Requirements

There will be two in-class non-comprehensive exams and a final paper, plus regular problem sets. The weights of the different elements for the final course grade are:

- Problem sets (15%): There will be five problem sets over the course of the semester. Each of them will be assigned one week before the due date. Problem sets are due in class. Late problem sets will not be accepted, and no extensions will be granted. You are encouraged to work together on the problem sets. However, I require an individual write-up by each student.
- Exam 1 (25%): tentatively scheduled for Thursday, October 15.
- Exam 2 (25%): tentatively scheduled for Thursday, December 3.
- Paper (35%): students will be required to write a term paper. Detailed information on the term paper requirements and topics will be distributed after the first two weeks of the semester.
- Extra credit (up to 5%): Class participation. I highly value class participation and encourage you to raise questions and to comment on level, pace and the content of the course during the semester. In addition, I will frequently open up topics for discussion. General guidelines: no class participation – 0%, demonstration of good understanding of material through occasional participation in class discussion – 2.5%, frequent participation in class discussion and raising insightful questions – 5%.

Class Organization

You are responsible for completing all assigned readings before coming to class. This course covers a lot of ground and it will be impossible to discuss every important point in lecture. Reading the textbook and other assigned materials is therefore critical to developing a good understanding of the course material. In the lectures, we will also frequently extend the material beyond what you find in the textbook, which requires prior familiarity with the assigned readings.

In order for the online classes to go as smoothly as possible, I expect you to follow the Zoom instructions posted for this course. Please read them carefully.

Wesleyan University is committed to ensuring that all qualified students with disabilities are afforded an equal opportunity to participate in, and benefit from, its programs and services. To receive accommodations, a student must have a disability as defined by the ADA. Since accommodations may require early planning and generally are not provided retroactively, please contact Accessibility Services as soon as possible. If you have a disability, or think that you might have a disability, please contact [Accessibility Services](#) in order to arrange an appointment to discuss your needs and the process for requesting accommodations. Accessibility Services is located in North College, rooms 021/022, or can be reached by email (accessibility@wesleyan.edu) or phone (860-685-5581).

Tentative Course Schedule*

Note: JV=Jones and Vollrath (3rd edt)

Class	Date	Reading	Topic	Notes
1	09/01	JV (Appendix A)	I. The Facts of Growth	
2	09/03	JV (ch. 1)		
3	09/08	Easterly (1999)		
4	09/10	JV (ch. 2.1)	II. Neoclassical Growth Theory	
5	09/15	JV (ch. 2.2-2.3)		PS 1 due
6	09/17	JV (ch. 2.4 & 3)		
7	09/22	Mankiw, Romer and Weil (1992)		
8	09/24	Romer (1994), JV (ch. 4)		PS 2 due
9	09/29	JV (ch. 5.1)	III. Endogenous Growth Theory	
10	10/01	JV (ch. 5.2)		
11	10/06	JV (ch. 5.3-5.5)		
12	10/08	JV (ch. 9), Akcigit and Nicholas (2019, 1-3)		PS 3 due
13	10/13	Akcigit and Nicholas (2019, 4-6)		
Exam 1	10/15			
14	10/20	JV (ch. 6)	IV. Openness and Development	
15	10/22	Frankel and Romer (1999)		
16	10/27			
17	10/29	JV (ch. 7)	V. Fundamental Growth Determinants	
18	11/05	Hall and Jones (1999)		PS 4 due
19	11/10	Acemoglu et al. (2001)		
20	11/12	Diamond (1997)		
21	11/17	Sachs et al. (2001)		
22	11/19	Rodrik et al. (2004)		PS 5 due
23	11/24	JV (ch. 8)	VI. Unified Growth Theory	
24	12/01	Becker et al. (2010)		
Exam 2	12/03			

*Subject to change. Check regularly for an updated version on Moodle.

Grading and Exams

This semester, students have the option in this course to be evaluated by a letter grade (A-F) or Credit/Unsatisfactory (CR/U). Students are responsible for entering their choice through their portfolio by the university-set deadline. Students who choose the CR/U option have to achieve at least 60% of overall points in the course to receive credit.

In the case of serious illness, or some other emergency, students may ask, in advance, for permission to take an exam at a later date. If you are not able to make it to an exam due to a serious reason, you have to contact me on the same day and explain what happened. In order to be eligible to reschedule an exam, you must provide proper valid documentation, such as a doctor's note.

In case you believe a grading mistake has been made on a problem set or exam, you may submit a written request for a re-grade within one week after the problem set or exam was returned.

Honor Code

I expect you to adhere to the [Wesleyan University Honor Code](#). All submitted work, whether it is an exam, problem set or the final research paper, must be your own. Although I encourage you to work together on problem sets, I require an individual write-up by each student and I will not tolerate if you copy others' work. Any academic dishonesty will be reported to the Vice President for Student Affairs and the Student Honor Board.

Additional Readings (all available on Moodle): * indicates required reading

I. The Facts of Growth

*Easterly, William (1999), "The Ghost of Financing Gap: Testing the Growth Model Used in the International Financial Institutions," *Journal of Development Economics*, 60(2), 423-438.

Jones, Charles I. (2016), "The Facts of Economic Growth," *Handbook of Macroeconomics*, Vol. 2A, 3-69.

II. Neoclassical Growth Theory

Johnson, Paul and Chris Papageorgiou (2020), "What Remains of Cross-Country Convergence?" *Journal of Economic Literature*, 58(1), 129-175.

*Mankiw, N. Gregory, David Romer and David N. Weil (1992), "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*, 107(2), 407-437.

Solow, Robert M. (1956), "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, 70(1), 65-94.

III. Endogenous Growth Theory

Akcigit, Ufuk and Tom Nicholas (2019), "History, Microdata, and Endogenous Growth," *Annual Review of Economics*, 11, 615-633.

*Bloom, Nicholas, Charles I. Jones, John Van Reenen and Michael Webb (2020), "Are Ideas Getting Harder to Find?" *American Economic Review*, 110(4), 1104-1144.

Jones, Charles I. (1995), "R&D-Based Models of Economic Growth," *Journal of Political Economy*, 103(4), 759-784.

Jones, Charles I. (2019), "Paul Romer: Ideas, Nonrivalry, and Endogenous Growth," *Scandinavian Journal of Economics*, 121(3), 859-883.

Romer, Paul M. (1990), "Endogenous Technological Change," *Journal of Political Economy*, 98(5), 71-102.

*Romer, Paul M. (1994), "The Origins of Endogenous Growth," *Journal of Economic Perspectives*, 8(1), 3-22.

IV. Openness and Development

Feyrer, James (2019), "Trade and Income – Exploiting Time Series in Geography," *American Economic Journal: Applied Economics*, 11(4), 1-35.

*Frankel, Jeffrey A. and David Romer (1999), "Does Trade Cause Growth?" *American Economic Review*, 89 (3), p. 379-399.

V. Fundamental Growth Determinates

*Acemoglu, Daron, Simon Johnson and James A. Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91(5), 1369-1401.

Bloom, David E. and Jeffrey D. Sachs (1998), "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, No. 2 (1998), 207-295.

*Diamond, Jared (1997), "A Summary of Guns, Germs, and Steel: The Fates of Human Societies," New York: Norton & Co.

http://www.jarediamond.org/Jared_Diamond/Guns,_Germs,_and_Steel.html

*Hall, Robert E. and Charles I. Jones (1999), "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *Quarterly Journal of Economics*, 114(1), 83-116.

*Rodrik, Dani, Arvind Subramanian and Francesco Trebbi (2004), "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development," *Journal of Economic Growth*, 9(2), 131-165.

*Sachs, Jeffrey D., Andrew D. Mellinger and John L. Gallup (2001), "The Geography of Poverty and Wealth," *Scientific American*, 284(3), 70-75.

VI. Unified Growth Theory

*Becker, Sascha O., Francesco Cinnirella and Ludger Woessmann (2010), "The Trade-off between Fertility and Education: Evidence from before the Demographic Transition," *Journal of Economic Growth*, 15(3), 177-204.

Galor, Oded (2005), "From Stagnation to Growth: Unified Growth Theory," *Handbook of Economic Growth*, Vol. 1, Part A, 171-293.