

Wesleyan University

ECON 349: Economic Growth

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Spring 2024, TR 2:50-4:10pm, SCIE 309
Office Hours: T 12-1, R 1-2,
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 exam will make 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 materials, 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 (macro)economic events. Good sources of economics news are *The Economist*, *The Wall Street Journal*, or the *Financial Times*. Reading the news is a good way to experience economic growth ‘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 the WSJ, FT and *The Economist* can also be accessed free of charge through the [library](#).

Course Requirements

There will be one exam, a group presentation, a final paper, and problem sets. The weights of the different elements for the final course grade are:

- Problem sets (10%): There will be four problem sets over the semester. Each of them will be assigned one week before the due date. Problem sets are due in class. If you cannot make it to class, you need to contact me and leave your problem set before class in my mailbox in the Economics department (PAC 111). 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 (30%): Tentatively scheduled for Thursday, April 25.
- Paper (30%): 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. At the end of the semester, each student will present their topic to the class.
- Group presentation (15%): Groups of 2-3 students will present one published research paper from the economic growth literature. I will distribute a list with papers to choose from in the first week of the semester.
- Class participation (15%): 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 for your class participation grade: frequent absences (or tardiness): *C*, demonstration of good understanding of material through occasional participation in class discussion: *B*, frequent participation in class discussion and raising insightful questions: *A*.

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 to not divert my or the attention of your classmates, the use of cell phones and laptop computers is not permitted during class time. You are allowed to use a tablet to access class materials or take notes. However, any other usage is not permitted to minimize distractions for others in the classroom. Violations of this policy will lower your class participation grade.

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 (860-685-2332).

Tentative Course Schedule*

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

Class	Date	Reading	Topic	Notes
1	01/25	JV (Appendix A)	I. The Facts of Growth	
2	01/30	JV (ch. 1)		
3	02/01	JV (ch. 2.1)	II. Neoclassical Growth Theory	
4	02/06	JV (ch. 2.2-2.4)		
5	02/08	JV (ch. 3)		PS 1 due
6	02/13	Mankiw, Romer and Weil (1992)		
7	02/15	Hsieh and Klenow (2010)		
8	02/20	JV (ch. 4)		
9	02/22	Kremer et al. (2022)	III. Endogenous Growth Theory	
10	02/27	JV (ch. 5.1)		PS 2 due
11	02/29	Bloom et al. (2020)		
12	03/05	JV (ch. 5.3)		
13	03/07	Frankel and Romer (1999)	IV. Fundamental Growth Determinants	
14	03/26	Feyrer (2019)		
15	03/28	Hall and Jones (1999)		
16	04/02	JV (ch. 7)		PS 3 due
17	04/04	Acemoglu et al. (2001)		
18	04/09	Diamond (1997)		
19	04/11	Easterly and Levine (2003)		
20	04/16	Rodrik and Subramanian (2003)		PS 4 due
21	04/18	Comin et al. (2010)		
22	04/23	Exam review		
Exam	04/25			
23	04/30		V. Final Paper Presentations	
24	05/02			
25	05/07			

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

Grading and Exam

In the case of serious illness or some other emergency, students may ask, in advance, for permission to take the exam at a later date. If you are not able to make it to the exam due to a serious reason, you have to inform me as soon as possible. In order to be eligible to reschedule the 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 the exam, you may submit a written request for a re-grade within one week after the assignment was returned. As a result of a

re-grade, your grade can go up, down, or stay the same. In line with [FERPA](#) regulations, no grading information will be shared via email. In case of grading questions, students are encouraged to attend office hours.

Honor Code

I expect you to adhere to the [Wesleyan University Honor Code](#). All submitted work, whether it is an exam, problem set or your 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

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

II. Neoclassical Growth Theory

*Hsieh, Chang-Tai and Peter J. Klenow (2010), "Development Accounting," *American Economic Journal: Macroeconomics*, 2(1), 207-223.

*Kremer, Michael, Jack Willis and Yang You (2022), "Converging to Convergence," *NBER Macroeconomics Annual*, 36(1), 337-412. [Note: Only p. 337-357 are required reading.]

*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

*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.

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. Fundamental Growth Determinates

IV.1 Trade:

*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.

IV.2 Institutions:

*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.

*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 and Arvind Subramanian (2003), "The Primacy of Institutions (and what this does and does not mean)," *Finance & Development*, 40(2), 31-34.

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.

IV.3 Geography:

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

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

*Easterly, William and Ross Levine (2003), "Tropics, Germs, and Crops: How Endowments Influence Economic Development," *Journal of Monetary Economics*, 50(1), 3-39.

IV.4 Initial Conditions:

*Comin, Diego, William Easterly and Erick Gong (2010), "Was the Wealth of Nations Determined in 1000 BC?" *American Economic Journal: Macroeconomics*, 2(3), 65-97.

Spolaore, Enrico and Romain Wacziarg (2013), "How Deep Are the Roots of Economic Development?" *Journal of Economic Literature*, 51(2), 325-369.