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SYLLABUS for
TOPICS IN ECONOMIC GROWTH (ECON 4968)
Fall 2016

Objectives

This course will provide an introduction to the study of economic growth. After an overview of prominent facts that growth theory seeks to explain, the first part of the course reviews the “proximate determinants” of income levels and growth rates (which include factor accumulation, technology, and efficiency) and discuss the relevant theoretical models. In the second part, we turn to the “fundamental determinants” of differences in income levels and growth rates across countries. A final section of the course briefly discusses the effects of globalization---both as increased international trade in goods, and as increased financial integration of world financial markets---on growth and cross-country income inequality.

Class Hours

Lectures will be held on Mondays and Wednesdays from 1:00pm to 3:00pm in Carlson 1-127.

TA and Office Hours

I will hold office hours on Wednesdays from 11:00am to noon in my office (HMH 4-177). If you need ask a quick question, you can also contact me via e-mail at guvenen@umn.edu. Please keep in mind that during the busy times of the semester the email response might be a bit slower.

E-mail list: You will be added to the class email list if you are registered for this course. This email list will be the main way I will make announcements and communicate with the class.

Textbooks

Consistent with the flexible format of this course, we will use one main textbook but will also make use of several other books and reading material along the way. The main textbook is

- (CJ) “Economic Growth,” 3rd edition by Charles I Jones and Dietrich Vollrath published by W. W. Norton.

Below is a list of some additional books and resources. We will cover selected chapters of some of these books; others are for further reading as will be explained in class:

- (WE) “The Elusive Quest for Growth” by William Easterly, MIT Press.
- “Why Nations Fail: The Origins of Power, Prosperity, and Poverty” by Acemoglu and Robinson, Crown Business.
 - **Blog:** <http://whynationsfail.com>
- (DA) “Introduction to Modern Economic Growth,” by Daron Acemoglu, Princeton University Press.
- (PP) “Barriers to Riches,” by Stephen Parente and Edward Prescott, MIT Press.

- “Guns, Germs, and Steel: The Fates of Human Societies,” Jared Diamond, W. W. Norton.
- www.economist.com (A magnificent source of economics information. Recommended reading for this course and to anyone interested in economics)

Different perspectives on globalization:

- (JB) “In Defense of Globalization,” Jagdish Bhagwati, Oxford University Press.
- (JS) “Globalization and its Discontent,” Joseph Stiglitz, W. W. Norton.

Exams and Grading

There will be two in-class midterm exams and a Final exam. Each midterm exam counts **27.5%**, and the final exam counts **35%** of the total grade. The Final exam will be given in the last week of classes, before the exam week. You must take all three exams to pass the course. The remaining **10%** of your final course grade will be based on your participation in the discussions in the class. In order to perform well in these discussions (and in the class in general), you will need to read the assigned material regularly every week.

Extra points: I will also give you the opportunity to make an in-class presentation on a paper relevant for this class. I will post several papers for you to choose from around the middle of the semester. However, since this is an optional assignment, there will be a limited number of these presentations and they will be distributed on a first-come first-serve basis after papers are posted. A presentation will receive up to 7% of final semester score in extra points.

Make-up Exams: The only acceptable excuses for missing an exam are medical illnesses or family emergencies. If you do have a legitimate excuse that you can document, and will not be able to take an exam on time, please let me know before the exam. An exam missed without a valid excuse will receive a grade of zero.

Tentative Schedule

Week 1:

- Course Overview
- Preliminaries; Review of Measurement

Week 2:

- Main growth facts and Proximate Causes of Growth (CJ Ch. 1, DA Ch. 1)
- Why growth matters (WE, pp 1-15)

Exogenous Growth Models

Week 3:

- Basic Solow Growth Model (CJ Ch 2.1-2.2)

Week 4:

- Evaluating the Solow Model; Some Growth Accounting (CJ Ch 2.3-2.4, Ch 3)
- Aid for investment (WE, Ch 2-3)

Week 5:

- **MIDTERM #1 (tentatively: October 12)**

Endogenous Growth Models

Week 6:

- A Simple Framework: The AK model and its Variants (CJ Ch 8)

Week 7:

- The Economics of Ideas (CJ Ch 4)

Week 8:

- The Romer Model with Expanding Varieties (CJ Ch 5)

Week 11:

- **MIDTERM #2 (tentatively: November 14)**

Week 10:

- The Romer Model (continued) (CJ Ch 5)

Week 11-12:

- Cross-country Differences in TFP; Technology Diffusion (CJ Ch 6)

Week 13:

- Social Infrastructure and Growth (CJ Ch 7)

Week 14:

- Vested interest and barriers to adoption (PP, Ch 7, nice reading; Ch 9 (conclusion))

Week 15:

- **FINAL EXAM (Week of December 12)**