

Economic Development
Econ 4331W
Fall 2009

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Course Description

This course is about the economic performance of countries. We will be asking several fundamental questions: Why are some countries rich, and others poor? Why do poor countries sometimes catch up, and rich countries sometimes fall behind? Why do all countries experience variation in their growth rates? These questions have intrigued not just economists, but also policy-makers and the general public for more than a century and many of the great economists have worked in this area. In spite of their efforts, many questions remain unanswered, making this one of the most interesting and challenging fields in economics. We will look at some stylized facts that characterize the economic growth of countries across the world and develop theories helpful to analyze and understand these facts. During the first half of the course we will explore the impact on performance of factor accumulation and consider the role played by saving and investment, population growth, productivity and technology. In the second half, we will turn to investigate the role played by policies and institutions and discuss the impact on development of inequality and culture.

Prerequisites

Students should have completed successfully the Intermediate Theory sequence (ECON 3101-3102) before they register for this class. Knowledge of some calculus is necessary.

Course Materials

Economic Growth (Second Edition, Addison Wesley) by David Weil is the required text for this course. Owning a text is recommended. I will follow the book but complement it with extra material from other books as well as articles from the press and specialized articles. It follows that attendance is highly recommended.

Deliverables and Grades

There will be three homework assignments, a writing assignment, one midterm exam, and a final exam. You are responsible for all the material covered in class as well as for the assigned readings.

- Homework assignments. HWs are due at the beginning of class on the listed dates. No late assignment will be accepted. If you miss an assignment more weight will be given to your final. You may work in groups, and collaboration is encouraged, but you are not required to. In any case, each student must write up her own version of the solution. Turning in identical homeworks will result in a zero for both parties. According to department policy, all homeworks must be typed, or they will receive a maximum grade of 75% (your score will be multiplied by 0.75). Graphs and calculations may be handwritten.
- Exams. There will be two exams. The midterm date is noted on the syllabus. There will be no makeup examination for the midterm. In the case of documented special circumstances (i.e. illness) your final exam score will replace the midterm exam. If you have another final scheduled at the same time as our final or have 3 finals scheduled within 16 hours, you may take a makeup final. You MUST register for the makeup final with the appropriate documentation (printed registration from web including finals schedule) in the last 3 weeks of class.
- Writing Assignment. Students must successfully complete a paper in order to get a grade for the course. More information will be provided later.

Your grade for the course will be based on your performance on all of these deliverables, weighted as follows:

Homeworks	20%
Written Assignment	30%
Midterm Exam	20%
Final Exam	30%

Grading Scale:

%	Grade
92-100	A
90-91	A-
88-89	B+
82-87	B
80-81	B-
78-79	C+
72-77	C
70-71	C-
68-69	D+
60-67	D
0-59	F

Some grade curving may be undertaken according to department guidelines.

Outline and Calendar

A. Measuring Growth

Session 1 (September 10)

The Facts of Economic Growth. Math Tools

How do we measure development? How do we measure growth? How large are the differences in income and growth of income among countries? How different are their living standards? Are the poor catching up?

B. Factor Accumulation

Session 2 (September 17)

The Role of Physical Capital

A framework for analysis. The Solow model, production functions, saving and investment, diminishing marginal returns.

Session 3 (September 24)

The Role of Population Growth

The Malthusian model. Population growth in the Solow model. Explaining population growth and the fertility transition. Future population trends.

HW1 due

Paper topic due

Session 4 (October 1)

Review of Solow model

HW1 returned and explained

Paper topic returned

Session 5 (October 8)

The Role of Human Capital

Schooling differences across countries. The quality of schooling. Education and wages. The college premium in the United States.

C. Productivity

Session 6 (October 15)

The Role of Productivity

Measuring productivity. The relative importance of productivity and factor accumulation for growth. Decomposing productivity in technology and efficiency.

Outline due

Session 7 (October 22)

The Role of Technology

The nature of technological progress. Technology creation. International technology transfer. Incorporating technological progress in the Solow model. The technology production function.

HW2 due

Session 8 (October 29)

Midterm examination

HW2 returned

Outline returned

D. Fundamentals

Session 9 (November 5)

The Role of Openness

The effect of openness on growth. Openness and factor accumulation. Openness and productivity. Opposition to openness. The globalization debate.

Presentations

First draft due

Session 10 (November 12)

Inequality and Growth

The facts about income inequality. Sources of income inequality. The effect of income inequality on economic growth.

Presentations

Session 11 (November 19)

The Role of Government

The case for and against government intervention. How government affects growth. Democracy and economic growth.

Presentations

First draft returned

Session 12 (November 26)

Thanksgiving

Session 13 (December 3)

The Role of Culture

The effect of culture on economic growth. Social capital. Culture determinants. Cultural change.

HW3 due

Presentations

Session 14 (December 10)

The Role of Geography

Geography, climate, and natural resources. Growth and the environment.

Paper due

Presentations