

Ricardo Santos  
Spring 2017  
Trinity University

## **Econ 3340-1: Economic Growth and Development**

### **Objective**

The main objective is to provide an overview of core growth theories and the result of its applications to both developed and undeveloped economies. Always with focus in the long-run performance of economies, we first introduce the key stylized facts in growth and development; then, we survey the theories that accomplish explaining those facts in developed world; we conclude by investigating why the same theories failed to help poor countries out of poverty.

### **Class Hours**

Lectures will be held on Tuesdays from 6:45pm to 9h40pm in CGC 104.

### **Office Hours**

Monday: 9h50am – 11h20am

Tuesday: 4h50pm – 6h00pm

Wednesday: 9h50am – 11h20am (by appointment only)

Thursday: 4h50pm – 6h00pm

### **E-mail list**

If at the moment of the first class you are registered for this course you are automatically included in the class email list. If not, make sure to register and to personally provide me your email address.

### **Tlearn**

I will also make significant use of Trinity's Learning Environment (tlearn). In particular, homework assignments and some figures to follow in class will be posted there (and will *not* be distributed as hard copies).

### **Grading**

Attendance/Participation: 12%

Homeworks (around 6): 12%

Group Project: 21%

Midterm: 25%

Final: 30%

15% presentation, 6% comment  
(March 7<sup>th</sup>)

(TU schedule: May 9<sup>th</sup>, 7pm)

### **Make-up Exams**

The only acceptable excuses for missing an exam are medical illnesses or family emergencies. Any exam that is missed without a *verifiable* legitimate reason will receive a grade of zero. Moreover, if you have a legitimate excuse and you will not be able to take an exam on time, you need to let me know *before* the exam.

## **Syllabus**

### I – Introduction

- The Quest for growth
- Stylized facts of development (Parente and Prescott)
- Growth stylized facts (Kaldor)
- The Malthusian model

### II – Exogenous Growth Theories

- Harrod-Domar
- Solow (model, extensions, evaluation)
- Taxes and Growth

### III – Endogenous Growth Theories

- The role of Human Capital (AK model, Human Capital, Lucas-Uzawa)
- Presence of Externalities (Romer, Infrastructures)
- Technology

### IV – Applications to Undeveloped Economies

- Failed Panaceas (aid for investment, education, population control, policy reforms together with debt forgiveness)
- Possible alternatives (substitution together with complementarities, the role of luck, governmental policies)

## **Bibliography**

### *Required Reading:*

- *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*; William Easterly, MIT Press 2002.

### *Complementary Textbook:*

- *Economic Growth*; David Weil, 2<sup>nd</sup> Edition, Pearson Addison Wesley (2008).

### *Suggestive Books:*

- *Economic Growth*; Robert Barro and Sala-i-Martin, 2<sup>nd</sup> Edition, MIT Press (2003).
- *Introduction to Economic Growth*; Charles Jones, 2<sup>nd</sup> Edition, W.W.Norton (2001).
- *Poverty and Famines: An Essay on Entitlement and Deprivation*; Amartya Sen, Oxford University Press (1982).
- *An Essay on the Principle of Population*; Thomas Malthus, Oxford University Press (1798 – this edition is from 2008).
- *Growth Theory: an Exposition*; Robert Solow, 2<sup>nd</sup> Edition, Oxford University Press (1970 – this edition is from 2000).
- *Barriers to Riches*; Prescott E. and Parente S., MIT Press (2000).
- *Determinants of Economic Growth: A Cross-country empirical study (Lionel Robbins Lectures)*; Barro R., MIT Press (1999).
- *Lectures on Economic Growth*; Lucas R., Harvard University Press (2004).

### *Selected articles:*

- *An Essay in Dynamic Theory*; Harrod, R.F., The Economic Journal 1939.
- *Capital Expansion, Rate of Growth, and Employment*; Domar E.D., Econometrica 1946.
- *A Contribution to the Theory of Economic Growth*; Robert Solow, Quarterly Journal of Economics, 1956.
- *Changes in the Wealth of Nations*; Prescott E. and Parente S., Quarterly Review Federal Reserve Bank of Minneapolis, Spring issue (1993).
- *Malthus to Solow*; Hansen G. and Prescott E., The American Economic Review (2002).

Lecture	Date	Assignment
1	Jan 17 <sup>th</sup>	Introduction; Class rules; syllabus
2	Jan 17 <sup>th</sup>	
3	Jan 24 <sup>th</sup>	Class material (part I: intro; Malthusian model)
4	Jan 24 <sup>th</sup>	
5	Jan 31 <sup>st</sup>	
6	Jan 31 <sup>st</sup>	
7	Feb 7 <sup>th</sup>	HW #1
8	Feb 7 <sup>th</sup>	Class material (part II: Harrod-Domar, Solow model)
9	Feb 14 <sup>th</sup>	
10	Feb 14 <sup>th</sup>	
11	Feb 21 <sup>st</sup>	
12	Feb 21 <sup>st</sup>	HW #2
13	Feb 28 <sup>th</sup>	Review Session
14	Feb 28 <sup>th</sup>	
15	Mar 7 <sup>th</sup>	Q & A
16	Mar 7 <sup>th</sup>	<b>Midterm</b>
17	Mar 21 <sup>st</sup>	Solve Midterm; “refresh” Solow
18	Mar 21 <sup>st</sup>	Class material (part II – Solow model extensions and evaluation)
19	Mar 28 <sup>th</sup>	
20	Mar 28 <sup>th</sup>	
21	Apr 4 <sup>th</sup>	HW #3
22	Apr 4 <sup>th</sup>	Class material (part III: endogenous growth theories; part IV: undeveloped world)
23	Apr 11 <sup>th</sup>	
24	Apr 11 <sup>th</sup>	
25	Apr 18 <sup>th</sup>	Student Presentations
26	Apr 18 <sup>th</sup>	HW #4
27	Apr 25 <sup>th</sup>	HW #5
28	Apr 25 <sup>th</sup>	Review Session