Course overview

This course offers an introduction to the theories and models of economic growth. It will use these models to shed light both on the process of economic growth at the world level and on sources of income and growth differences across countries. Topics covered include income distribution and economic growth, where Piketty’s recent work will be mentioned, population and economic growth where Malthus’ work will be discussed, as well of course, the standard economic growth model of Solow, and its contemporary empirical implications. Macroeconomic questions addressed include: Why are some countries rich and some poor? What differences among countries can explain economic success and failures? This course is aimed at 2nd year Economics students on the Mathematical Pathway and homework questions will typically involve solving problem sets.

Learning Outcomes

Upon completion of the course the students should:

- Understand the reasons for long-term economic growth;
- Solve and manipulate a variety of simple models in economic growth;
- Identify applications and limitations of the models learned;
- Be familiar with the links between growth models and empirical evidence;
- Design simple empirical models of economic growth based on the theory discussed in class, and test them on real data.

Prerequisites

EC1101

Course delivery

The course is a one semester course which will be given in the autumn semester. There will be one two-hour lecture per week and one seminar per week. The lectures will be used primarily for reviewing the economic theory behind growth and the seminars for going through problem sets and for discussing empirical implications of the theory. You are advised that solving the homework problems will be of enormous help in preparing for examinations, although they will not be part of the formal method of evaluation. You should prepare answers to the problems before the weekly
seminars. You should also be ready to present them to the rest of the group. Please note that attendance will be taken at each seminar for each student. Excessive seminar absences (more than 4 absences) can result in the student being barred from the final exam, as specified in the Economics Department UG Handbook.

Note that the lectures, the seminars and the reading materials are complementary ways of achieving the learning outcomes in this course. To obtain a good result in the course students are advised to attend all lectures and seminars, to complete the assignments on time, and read the relevant chapters from the textbook on a weekly basis.

Course assessment

The final mark is composed of:

- Midterm Exam 25%;
- Final Exam 75%.

Exams: Both midterm and final exams will be closed book, closed notes exams. The midterm will cover the material up to, and including, week 5. The final exam will be comprehensive. The exams will cover the material presented in lectures and seminars. However, the exam questions will be unseen. The exams may be purely multiple choice or open-ended, as well as any combination of those.

Make-up examinations: It is your responsibility to arrive at the exam on time. Students who arrive late will not be given additional time, and anyone arriving after other students have finished will not be permitted to take the exam. Failing to take a scheduled examination will result in a score of 0. ‘Make-up’ examinations are not allowed, unless the student has been missing for proven medical reasons. No exam will be made-up after it has been graded and returned to the class.

The current UG Handbook shows the week the midterm test will take place.

Academic Integrity and Dishonesty: Cheating and plagiarism will not be tolerated.

Reading

The main text for this course is:


A supplementary text provides a more advanced treatment of the material covered in class. If you would like to expand your technical abilities to discuss economic growth models, please consult the following text, which is also used in graduate programs across the UK, Europe, and the US:


If you happen to find that you can make a career out of growth theory and its empirical implications, then you may consult the state-of-the-art PhD-level text:

Note that the lectures, the seminar discussions, most of the assignments, and all exams will be based on material covered in the main text: W.

Handouts: Class presentations and, in some cases, seminar memos will be provided on either moodle or a specifically designed class website.

**Tentative Schedule**

- **Week 02.** Physical capital and growth. W, Ch. 3.
- **Week 03.** Population and growth. W, Ch. 4-5.
- **Week 05.** The role of productivity and technology for growth. W, Ch. 7-8.
- **Week 06.** Reading week, no classes.
- **Week 07.** Midterm exam (covers W, Ch. 1-8, and the material discussed in class).
- **Week 08.** Government policies and growth. W, Ch. 11-12.
- **Week 09.** Income inequality and growth. W, Ch. 13.
- **Week 10.** The effects of culture, geography and natural resources on growth. W, Ch. 14-16.
- **Week 11.** Revision. Contemporary issues of growth and income distribution. W, Ch. 17.
- **Week 12.** Reading week, no classes.

The Final exam will be administered in the Summer term.

Best of luck,

P. Stankov