Economic Growth and Development

Purpose of Course: This course provides an intensive overview of the field of economic growth and development. The course is designed primarily for economics majors, but is also appropriate for international studies, business, history, or political science majors seeking a comprehensive understanding of both theoretical and empirical aspects of growth and development. We will study the underlying determinants of economic growth, including factor accumulation and technological progress. We will also explore the extent to which political and social institutions influence the process of economic development. Our overarching goal will be to explain why some countries experience rapid increases in their standard of living while others do not. A central feature of our discussion will be the role policy plays in affecting economic success or failure across countries. Given the comprehensive coverage of the course, the workload is heavy and expectations for students are high.

Prerequisites: Students will have successfully completed EC 131-132, Principles of Economics and EC 201-202 (or 203-204), Intermediate Micro and Macro Economics.

Office Hours: I will hold office hours on Tuesday and Thursday afternoons from 2:00 to 3:00 in room 485 of 21 Campanella Way. You are welcome to make an appointment for other times. My office phone number is 552-3688 and my e-mail address is murphyro@bc.edu.

Texts:

Economic Growth, second edition, by David N. Weil, Pearson Addison-Wesley, 2009, available at the BC Bookstore. This book provides a thorough coverage of the theory and empirical aspects of economic growth. In addition, Addison-Wesley Publishers has a website that accompanies the Weil textbook, http://www.aw-bc.com/weil/, on which you will find some useful materials. I encourage you to explore the site. On the site you will find some very useful lab exercises that will help you learn about cross-country data and enhance your understanding of important concepts.


Problem Sets: I will assign problem sets that are drawn from the problems at the ends of chapters of the Weil textbook. The assignments will be posted on the course website, which you will find on my homepage (http://www2.bc.edu/robert-murphy). Answer keys will be posted on the class website following the due dates listed. These problem sets are
to be handed in after class on the due dates and will be graded on a pass-fail basis. I urge you to work through them and check the answer keys. You may work together on the problem sets. As long as you hand in the problem sets by the due dates, I will have them graded and returned to you.

Current Economic News: Frequently, I will hand out or direct you to additional readings on current international policy issues. I may also post materials on the course web page. I encourage you to follow current international development issues by reading on a daily basis one of the major national newspapers (e.g., The Wall Street Journal, The New York Times, and The Washington Post). Fortune, The Economist, and Business Week magazines are also good sources for keeping up on economic events. We frequently will discuss in class the relevant economic news of the day.

Grading: Your grade for the course will be based on a mid-term exam (40%) to be given on THURSDAY, OCTOBER 27 in class, a scheduled final exam (60%) to be given on THURSDAY, DECEMBER 15 at 12:30 P.M. Makeup exams will not be given. If you must miss the mid-term exam (but only with an excuse ahead of time), all of your grade will be based on the final exam. Performance on the problem sets will be used to adjust grades on the borderline between levels.

Course Outline

Part I. Introduction and Overview

1. The Facts to Be Explained and a Framework for Analysis
   Weil, Chapters 1 and 2.

Part II. Factor Accumulation

2. Physical Capital
   Weil, Chapter 3

3. Population and Economic Growth
   Weil, Chapters 4 and 5.

4. Human Capital
   Weil, Chapter 6.

Part III. Productivity

5. Measuring Productivity
   Weil, Chapter 7.
6. The Role of Technology in Growth  
   Weil, Chapter 8.

7. Explaining Technological Change  
   Weil, Chapter 9.

8. Productivity, Technology and Efficiency  
   Weil, Chapter 10.

9. International Openness and Economic Growth  
   Weil, Chapter 11.

*******MIDTERM EXAM THURSDAY, OCTOBER 27, IN CLASS*******

Part IV. Fundamentals Behind Economic Growth

10. Government Policies  
    Weil, Chapter 12.

11. Income Inequality and Economic Development  
    Weil, Chapter 13.

12. The Role of Culture in Economic Development  
    Weil, Chapter 14.

13. Geography, Climate, and Natural Resources  
    Weil, Chapters 15 and 16.

14. Alternative Approaches to Economic Development  
    Easterly, The White Man’s Burden,  
    Sachs, The End of Poverty.

Part V. Conclusion

15. Lessons from the Past and Prospects for the Future  
    Weil, Chapter 17.

*******FINAL EXAM THURSDAY, DECEMBER 15 at 12:30 P.M.******