

**Economic Growth**  
**ECO362H1F, section L0101**  
**Fall 2012**  
**University of Toronto**

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**COURSE DESCRIPTION**

The main questions for this course are, why are some countries richer than others and what makes countries grow at different rates? This course helps develop your analytic reasoning about the complex issues surrounding economic growth. By breaking down the process of growth into various channels, it helps you predict and evaluate the outcomes of changes in the economy.

The topics covered include factor accumulation, human capital, technology and efficiency. We will also cover the role that openness, institutions and culture play in determining a country's growth rate.

By the end of this course a student should be mastered the basic growth model. For each topic, the student should be able to explain how and why it affects the growth rate of a country and be able to make predictions. The link between models and data is important. A course goal is for the student to be able to work with growth data, explore patterns and be able to communicate their findings. The student should also be able to critically evaluate arguments concerning growth.

**COURSE INFORMATION**

*Instructor*

Kripa Freitas

Department of Economics

Max Gluskin House, Room 224

[k.freitas@utoronto.ca](mailto:k.freitas@utoronto.ca)

(416) 978-4537

*Office hours*

Drop in: Thursdays 3.30-4.30pm

By appointment only: Fridays 9- 11 am

Appointments can be easily made at: <https://www.timetrade.com/book/2P41J>

*Lectures*

Wednesdays 10 - 12 noon

Location: UC 140

*Tutorials*

Wednesdays 12 noon - 1pm

Location: UC 140

*TA*

TA information and office hours will be posted on Blackboard under the Contacts tab

### Textbook

The required text for this course is: *Economic Growth*, by David N Weil, Pearson.

The following books are recommended:

- *Introduction to Economic Growth* by Charles I. Jones; W.W. Norton and Company.
- *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* by William R. Easterly; MIT Press

### Readings

In addition to the textbook there are required readings. For each of these I will expect you to be able to summarize and critically evaluate the main arguments and results of the paper. You will be tested on this in the exams. The assigned readings are meant to be more comprehensive than the material presented in class. You are responsible for learning any information presented in class or assigned in the readings.

### Website

The course website will be on Blackboard (<http://www.portal.utoronto.ca>). All course material, announcements, problem sets, assignments etc. will be posted on the website. It will be the primary means of communication for this class. You will be responsible for checking the Blackboard course site regularly for class work and announcements. Any communication will be emailed to the class list as it appears on Blackboard.

### Prerequisites

ECO200Y1/ECO204Y1/ECO206Y1, ECO202Y1/ECO208Y1/ECO209Y1, ECO220Y1/ECO227Y1/(STA247H1,STA248H1)/(STA250H1,STA255H1)/(STA257H1,STA261H1)

Exclusion: ECO352H1, ECO360Y1, ECO362H5

It is your responsibility to make sure you satisfy the prerequisites. The Economics Department strictly enforces them and you will be dropped from the course if you do not satisfy them. I will assume familiarity with the material in these courses. Specifically, I will expect you to know basic calculus (especially partial derivatives) and basic econometrics.

## EVALUATION

### Due Dates and Weights

The grade for this class will be based on a midterm, two assignments and a final with the following due dates and weights

Exam	Weight	Date	Time
Midterm	40%	Oct 24th	10-12 noon, location TBA
Assignment 1	5%	Oct 10th	10am online, details below
Assignment 2	5%	Nov 21st	10am online, details below
Final	50%	Final examination period TBA	

### *Midterm and Final*

The midterm exam will include material covered right up to the lecture before the exam. The final is **cumulative** and will include all the material covered in the class over the semester. I do not allow extra credit assignments.

### *Assignments*

The purpose of the assignments is for you to explore the growth data and to think more carefully about the empirical implications and possible limitations of the theory models. More details will be provided on the course website.

There will be two assignments, due on the dates above. Each of them will ask you to perform a few empirical exercises and then interpret your findings in the context of the class material. You will be graded on depth of your analysis and your ability to communicate it.

You need to submit them online via Blackboard on the dates and times mentioned. These are **individual** assignments. To remind you of the Academic Integrity expectations, and help you avoid accidental offences, I will ask you to include a signed Academic Integrity Checklist (available on Blackboard) with every assignment. If you do not include the statement, your work will not be graded.

### *Penalties*

For assignments submitted late, starting right after the deadline, every 24 hours period will result in a 10 percentage points (out of 100) penalty per assignment. If for example you are a day late for 2 assignments, the total penalty is 20%. No extensions will be granted under any circumstance (illness, computer problems, etc.)

### *Problem sets*

I will occasionally post practice problem sets on Blackboard as we go through the semester. The purpose of these problem sets will be to develop your problem solving skills. The TA will go over them during tutorial time. *Very brief* solutions will be posted. For more details you are encouraged to attend tutorials and come in to see me or the TA.

## **TOPICS AND ASSOCIATED CHAPTERS AND READINGS**

1. Facts and Framework
  - Weil Chapters 1 and 2
  - Richard Easterlin , "[The Worldwide Standard of Living Since 1800](#)"
2. The Solow Model
  - Weil Chapters 3 and 4.2

3. The Malthus Model and Population Growth
  - Weil Chapter 4
4. Human Capital
  - Weil Chapter 6
5. Technology
  - Weil Chapters 7, 8 and 9
  - Grossman and Helpman ["Endogenous Innovation in the Theory of Growth"](#)
6. Efficiency
  - Weil Chapter 10
  - Clark and Wolcott, ["One Polity, Many Countries: Economic Growth in India, 1873-2000"](#)
7. Trade and Growth
  - Weil Chapter 11
  - Dani Rodrik ["How Far Will International Economic Integration Go?"](#)
8. Inequality
  - Weil Chapter 13
  - Peter Gottschalk, ["Inequality, Income Growth, and Mobility: The Basic Facts"](#)
9. Institutions
  - Weil Chapter 12
  - Acemoglu, Johnson, and Robinson, ["An African Success Story: Botswana,"](#)
  - Sokoloff and Engerman, ["History Lessons: Institutions, Factors Endowments, and Path of Development in the New World"](#)
  - Acemoglu, Johnson, and Robinson, ["Understanding Prosperity and Poverty: Geography, Institutions and the Reversal of Fortune"](#)
10. Culture
  - Weil Chapter 14 and 15
  - Guiso, Sapienza and Zingales ["Does Culture Affect Economic Outcomes"](#)
11. Geography
  - Jeff Sachs, ["Institutions Matter, but Not for Everything"](#)
12. Growth Diagnostics
  - Dani Rodrick, ["Diagnostics before Prescriptions"](#)

## MISSING A MIDTERM

Please note that in you miss a midterm you are not automatically allowed to take the make-up. Only if your reason for missing the exam is for a *valid, documented* reason and your reason is accepted, will you will be given a make up test.

To be considered for a make up test you need to do the following:

- You need to **email me the day of the exam** to say that you will not be taking the exam. The email should have a detailed explanation of why you are unable to take the test.
- You have till **one week** after the test to follow up the email with the documentation. This needs to be handed in to me **in person** either after class or in my office. If you don't provide the documentation in time or if your note is not accepted you will be assigned a grade of 0 for the midterm.
- If you need to miss the test for a medical reason, I will require a fully completed original (not scanned, copied, or emailed) University of Toronto Medical Certificate, available at:  
<http://www.healthservice.utoronto.ca/pdfs/medcert.htm>
- It needs to be completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional) and the doctors OHIP registration number must be provided. As part of the process I may contact the doctor to verify details.
- The physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. I will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.
- For the illness to be considered, the note from a doctor should state that in their opinion on the date of the test you are too ill to write the exam.
- In general conditions such as colds, headaches, diarrhea, stomach aches or other similar conditions are not accepted as sufficient reasons for missing an exam. Simply not feeling your best, suffering from stress or anxiety is no longer considered to be an excused absence.
- If you need to miss the midterm for any *unexpected* other reason (like funerals etc..) you must provide documentation (like a funeral program/obituary, air tickets etc..). In addition I will need a note from a responsible adult which also has their contact information so I can verify the details.
- The final decision to accept any note lies with me or the undergraduate chair.

## MAKE-UP EXAM

If your note is accepted then you will be allowed to take the make up test.

The make-up exam is scheduled for **November 2<sup>nd</sup>, 2012 9-11am**. Please note that you will get your grades for this *after* the drop deadline. The format may be different from the class midterm.

Consistent with university policy, there is no “make-up” test for the make-up test. No medical excuses will be accepted, and grade of zero will be applied if a student fails to write the make-up test.

## **GENERAL CLASS POLICIES**

### *Re-Grades*

Requests for re-grades will be accepted in writing up to one week after each exam or assignment is returned. When requesting a re-grade, it is important to attach a detailed note on the front indicating the problem you want us to take a look at, as well as why you think your grade should be changed. We re-grade entire exams, not just individual questions, so your grade could go up or down.

### *Email Policy*

I will try to respond to emails within 24 hours outside of weekends. However, I do not respond to emails that ask a question that can be answered by looking at the syllabus or course website. Most questions cannot be answered adequately over the email so I will ask you to see me in office hours. Questions on grading will only be answered during office hours.

### *Academic Integrity<sup>1</sup>*

Academic integrity is fundamental to learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will be valued as a true indication of your individual academic achievement, and will continue to receive the respect and recognition it deserves.

Familiarize yourself with the University of Toronto’s *Code of Behavior on Academic Matters* (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). It is the rule book for academic behavior at the U of T, and you are expected to know the rules. To remind you of these expectations, and help you avoid accidental offences, I will ask you to include a signed Academic Integrity Checklist with every assignment. If you do not include the statement, your work will not be graded.

The University of Toronto treats cases of academic misconduct very seriously. All suspected cases of academic dishonesty will be investigated following the procedures outlined in the *Code*. The consequences for academic misconduct can be severe, including a failure in the course and a notation on your transcript. If you have any questions about what is or is not permitted in this course, please do not hesitate to contact me. If you are experiencing personal challenges that are having an impact on your academic work, please speak to me or seek the advice of your college registrar.

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<sup>1</sup> From the UofT Academic Integrity Statement and Checklist