

**Economic Growth  
ECO362H1S Winter 2014  
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) 978-2268

*Office hours*

Tuesdays 11-1pm

Location: GE 224

*Meeting Times*

*Lectures:* Wednesdays 10 - 12 noon

Location: RW117

*Tutorials:* Wednesdays 12 noon - 1pm

Location: RW117

I expect to be using the tutorial hour every week

*TA*

TA information will be posted on Blackboard under the contacts tab.

### *Textbook*

The required text for this course is: *Economic Growth*, by David N Weil, Pearson, 3<sup>rd</sup> edition.

Note: We will be using the 3<sup>rd</sup> edition for the class. If you use the 2<sup>nd</sup> edition you are responsible for noting any differences between the editions. A single copy of the 3<sup>rd</sup> edition is on course reserves at Robarts.

The following book is recommended:

- *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* by William R. Easterly; MIT Press (available online via the library)

### *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. Please make sure it is linked to an email address that you check regularly.

### *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%	26-Feb	10-12pm, location TBA
Assignment 1	10%	5-Feb	10:00 am, online
Assignment 2	10%	19-Mar	10:00 am, online
Final	40%	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*

There will be **two** assignments, due on the dates above. **Assignment 1** will be a short writing assignment. You may also be asked to do a few empirical exercises and interpret your findings. You will be graded on depth of your analysis and your ability to communicate it. More details will be provided on the course website.

**Assignment 2** is an article critique. The purpose of this assignment is to develop your critical thinking and communication skills. You will have to critically analyze the assigned article using the economic tools. More details will be provided on the course website.

These are **individual** assignments. Please see the Academic Integrity expectations later on in the syllabus. You will need to submit the assignments online via Blackboard on the dates and times mentioned. Turnitin.com is now integrated into Blackboard so your assignment will automatically be submitted to it.

### *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. Solutions will be posted. If you have any questions on them you are encouraged to and come to see me or the TA during office hours.

## TOPICS AND ASSOCIATED CHAPTERS AND READINGS

**Note: This reading list is subject to change during the semester.**

**The JSTOR articles are free if accessed with a U of T ip address. If you are trying to access them off campus, use VPN**

1. Facts and Framework
  - Weil Chapters 1 and 2
  - Amartya Sen, "[Quality of Life: India vs. China](#)" New York Review of Books, May 12, 2011
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](#)" The Journal of Economic Perspectives, Volume 8, Issue 1, Winter 1991, 23-44
  - Robert Gordon, "[Why Innovation Won't Save Us](#)" Wall Street Journal, Dec 21<sup>st</sup>, 2012 (get the full text through the library if you cannot access it online)
  - "[Has the ideas machine broken down?](#)", The Economist magazine, Jan 12<sup>th</sup>, 2013
6. Efficiency
  - Weil Chapter 10
  - Paul Krugman, "[The Myth of Asia's Miracle](#)" Foreign Affairs, Nov/Dec 1994
7. Trade and Growth
  - Weil Chapter 11
  - Dani Rodrik, "[No More Growth Miracles](#)" Project Syndicate, Aug 8<sup>th</sup>, 2012
8. Inequality
  - Weil Chapter 13
  - Sokoloff and Engerman, "[History Lessons: Institutions, Factors Endowments, and Path of Development in the New World](#)" The Journal of Economic Perspectives, Volume 14, Issue 3, Summer 2000, 217-232
9. Institutions

- Weil Chapter 12
- Acemoglu, Daron, Simon Johnson, and James Robinson. "[Understanding prosperity and poverty: Geography, institutions and the reversal of fortune.](#)" *Understanding poverty*, Oxford University Press, 2006. Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds.
- Romer, Paul. "[For richer, for poorer.](#)" *Prospect Magazine* (2010)

#### 10. Geography

- Weil Chapter 15
- Sachs, Jeffrey D. "[Institutions Matter, but Not for Everything](#)" *Finance and Development* 40, no. 2 (2003): 38-41.

#### 11. Culture

- Weil Chapter 14
- Guiso, Luigi, Paola Sapienza, and Luigi Zingales. "[Does Culture Affect Economic Outcomes?](#)" *The Journal of Economic Perspectives* 20, no. 2 (2006): 23-48.

### **MISSING THE MIDTERM**

If you need to miss the midterm you need to do the following:

STEP 1 (EMAIL): You need to [email me BEFORE](#) the exam to say that you will not be taking the exam. In case of extreme emergencies (e.g. traffic accident right before the test) you have till 24 hours after the midterm to send the email.

The email should be sent from your [official University of Toronto email](#) address (no gmail, hotmail etc. email ids)

The FORMAT of the email is as follows

1. The subject line should be "Eco 362 missed midterm"
2. The content of the email should be as follows
  - The first part should concisely explain your reasons for missing the test. You should specify why your reason does not permit you to take the test.
  - This should then be followed with a list of classes and term work due the day of the midterm and two days before and after the midterm. If no term work was due please state that for each other class you are taking.
  - Whether you attended (or will attend) the classes and/or turned (or will turn in) in any term work due.
  - Names and contact information for the professors of those classes.

3. The email should end with the following sentence “I understand that it is a punishable academic offence to present false or misleading information in support of my request for accommodation for missed term work”
4. This sentence should be followed by your name and student number.

#### STEP 2 (DOCUMENTATION):

- If you missing the midterm for a medical reason you will need to hand in a medical note. At minimum it should be from the University of Toronto Health Service. It needs to be completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional)
- 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.
- You have till one week after the test to follow up the email with the documentation. Please attach a copy of the email you sent me to the documentation. This needs to be handed in at the economics reception desk at Max Gluskin house.

STEP 3 (MAKE UP MIDTERM): There will be a cumulative make-up midterm. When you email me you will get a short response with the date and time of the make-up test. If your reason is not accepted then you will be informed after writing the make-up test and will meet with me to discuss the issue.

If you do not email me or your email doesn't conform the format above or you do not provide the documentation in time or if your reason is not accepted then you will be assigned a grade of 0 for the midterm. The final decision to accept any reason lies with me or the undergraduate chair.

Please note that you may get your grades for the make-up *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 two weeks 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.

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 have questions about appropriate research and citation methods, seek out additional information from me, or from other available campus resources like the U of T Writing Website (<http://www.writing.utoronto.ca/>). 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.

Plagiarism is a concern with writing assignments. Your Assignments must be submitted via [turnitin.com](http://turnitin.com). You can find details about what constitutes plagiarism and how to avoid it in class at <http://www.utoronto.ca/academicintegrity/>. Being unaware of what constitutes plagiarism is not a defense.

The University disclaimer on Turnitin.com

*"Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site".*

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