

Economic Growth and Development

Course 8003GED50 — Block 2 2015

Syllabus — December 20, 2015

Professor David Zetland

1 Course description

This 300-level course will present students with the basic theories and empirical evidence on economic growth and comparative development. It will cover conventional economic theories of growth (from Solow to endogenous growth theory), the role of institutions (from culture to governance) in growth and development, and review empirical evidence (from colonialism to the industrial revolution, to post-colonial growth in the modern era).

Themes: Political economy, institutions, trade, regulation, transaction costs

Learning objectives: After completing this class, students will:

- The role of individuals, groups and nations in innovation and productivity.
- The impact of equality, access and opportunity on development.
- The connections between theories and empirical evidence for growth.
- Growth via, e.g., colonial mercantilism and resource exploitation.
- Development via, e.g., comparative advantage and institutional evolution.
- The connections among growth, human development, sustainability and international relations.

2 Logistics

Greetings: I'm an assistant professor. Call me "Professor" or "David" but not "Doctor"

Contact: d.j.zetland@luc.leidenuniv.nl or mobile 06 2890-9774

Office hours: Room 4.37 14:00-16:00 on Tues/Thurs *or* appt. (<http://www.kysq.org/cal>)

Technology: Do not use laptops or mobile phones in class. Take notes

Classes: Monday (17:00-18:50) and Thursday (13:00-14:50) in Room 3.07, with a 10 minute break at :50

Dates: The first class is Monday, 26 Oct. The last class is Thursday, 10 Dec.

2.1 Instruction, attendance and plagiarism

Instruction: The course is taught through two-hour seminars. Students will be expected to participate in both large and small group discussions; present and defend their ideas within an academic setting; and take part in group projects. The instructor will facilitate and ensure the efficient running of the discussion, but students are responsible for its quality. Students must complete required reading *before* class.

Attendance: Students who miss three classes receive an F for the class (per student handbook). As usual, there is no deduction if you're absent due to "extenuated circumstances," but I'll need a doctor's note, approval of your tutor, or equivalent as justification. Arriving more than 10 minutes late counts as "missing the class." *Students who are more than two minutes late will bring "goodies" for everyone in the next class.*

Plagiarism "is understood as presenting, intentionally or otherwise, someone else's words, thoughts, analyses, argumentations, pictures, techniques, computer programmes, etc., as your own work." See <http://www.regulations.leiden.edu/education-students/plagiarism.html>. Your job, as a writer, is to summarize and organize the ideas and facts of this world into a *unique* presentation that reflects your thoughts, opinions and priorities. You will not be guilty

of plagiarism if all of the words in your work are your own (i.e., NOT copy/paste), if you quote others (“”), and if you acknowledge (cite) the “distinctive” ideas of others. Failure to observe any of these rules leaves you vulnerable to charges of plagiarism (*whether or not you intended it*), a lower grade (usually an F), and referral to the BoE.

2.2 Reading list (NB: *JEP* = *Journal of Economic Perspectives*)

Growth on Mondays

- Acemoglu, Daron, and James A. Robinson (2015). “The Rise and Decline of General Laws of Capitalism.” *JEP*, 29(1): 3-28. <http://dx.doi.org/10.1257/jep.29.1.3>
- Alston, Julian M., and Philip G. Pardey (2014). “Agriculture in the Global Economy.” *JEP*, 28(1): 121-46. <http://dx.doi.org/10.1257/jep.28.1.121>
- Dragusanu, Raluca, Daniele Giovannucci, and Nathan Nunn (2014). “The Economics of Fair Trade.” *JEP*, 28(3): 217-36. <http://dx.doi.org/10.1257/jep.28.3.217>
- Piketty, Thomas (2015). “Putting Distribution Back at the Center of Economics: Reflections on Capital in the Twenty-First Century.” *JEP*, 29(1): 67-88. <http://dx.doi.org/10.1257/jep.29.1.67>
- Romer, Paul M. (1994). “The Origins of Endogenous Growth.” *JEP*, 8(1): 3-22. <http://dx.doi.org/10.1257/jep.8.1.3>
- Simmons, Matthew (2000). “Revisiting The Limits to Growth: Could The Club of Rome Have Been Correct, After All?” (Parts One and Two) <http://tinyurl.com/ouh3cns>
<http://tinyurl.com/pzngazr>
- Stiglitz, Joseph, Amartya Sen and Jean-Paul Fitoussi (2009). *The Measurement of Economic Performance and Social Progress Revisited*. OFCE Report 2009-33. http://www.insee.fr/fr/publications-et-services/dossiers_web/stiglitz/doc-commission/RAPPORT_anglais.pdf
- Solow, Robert M. (1994). “Perspectives on Growth Theory.” *JEP*, 8(1): 45-54. <http://dx.doi.org/10.1257/jep.8.1.45>
- Yousef, Tarik M. (2004). “Development, Growth and Policy Reform in the Middle East and North Africa since 1950.” *JEP*, 18(3): 91-115. <http://dx.doi.org/10.1257/0895330042162322>
- Zhu, Xiaodong (2012). “Understanding China’s Growth: Past, Present, and Future.” *JEP*, 26(4): 103-24. <http://dx.doi.org/10.1257/jep.26.4.103>

Development on Thursdays

- Deaton, Angus (2010). “Price Indexes, Inequality, and the Measurement of World Poverty.” *American Economic Review* 100(1):5-34. <http://www.aeaweb.org/articles.php?doi=10.1257/aer.100.1.5>
- La Porta, Rafael, and Andrei Shleifer (2014). “Informality and Development.” *JEP*, 28(3): 109-26. <http://dx.doi.org/10.1257/jep.28.3.109>
- North, Douglass C and John Joseph Wallis, Barry R. Weingast (2006). “A Conceptual Framework for Interpreting Recorded Human History.” NBER Working Paper No. 12795. <http://dx.doi.org/10.3386/w12795>
- Quigley, John M. (1998). “Urban Diversity and Economic Growth.” *JEP*, 12(2): 127-138. <http://dx.doi.org/10.1257/jep.12.2.127>
- Voigtländer, Nico, and Hans-Joachim Voth (2013). “Gifts of Mars: Warfare and Europe’s Early Rise to Riches.” *JEP*, 27(4): 165-86. <http://dx.doi.org/10.1257/jep.27.4.165>
- World Bank (2015). *World Development Report 2015: Mind, Society, and Behavior*. Overview, Chapters 1–5, 10 and 11. <http://www.worldbank.org/en/publication/wdr2015>

3 Assessments

1. Participation: 10 Percent
2. Article presentation 10 percent
3. Class paper: 30 percent
4. Blog post: 10 percent
5. Peer critiques: 20 percent (10 percent each)
6. Presentation: 20 percent

3.1 Participation

Everyone starts with an A. Your grade will *fall* for failing to comprehend readings (e.g., “I can’t answer that question because I didn’t do the reading”), disruption (e.g., using a laptop in class), and/or at professor’s discretion. There is *no penalty* for asking questions, giving the wrong answer, etc.

3.2 Presenting an article

Each of you will read, understand, summarize and present one paper to your classmates.

- Who are/were the authors? Background on perspectives
- What’s the context of the article?
- What’s the purpose (research question or thesis)?
- What method did they use? Define jargon.
- What structure did they use? Outline the article.
- Was the article clear to you? Missing? Take aways?

Readers will be expected to have read and annotated the article with their notes and questions, especially:

- Structure of argument, from thesis to method to analysis and results
- What did you agree with? Not?
- What insights did you gain?
- What didn’t you understand?
- How does the article apply to growth and/or development?

NB: Why are we using printed copies?

3.3 Class paper

During this course, you will research, write and present a paper on a growth/development story, mechanism or theory of your choice.

Choose topic: Week 2

Blog post: Due Week 4

Draft: Due Week 5. Email your draft to me. I will grade peer critiques but *not* drafts.

Peer critiques: Due Week 6

Presentation: During Weeks 6 and 7. 15 minutes (focus on *key* ideas to save time) plus 7 minutes for discussion.

Paper: Due 23:59 on Monday, 14 Dec.

Hints: It's probably a good idea to choose a topic that's interesting to you, as you're going to be seeing it a *lot*. It's usually more fun to focus on a novel topic rather than an old one (e.g., corruption in your home country or the benefits/costs of capital-intensive growth), but you can also do a lot by looking at a new geographic area or analyzing a policy that's failed miserably. Positive stories (e.g., drinkable water in Phnom Penh) can be surprisingly hard to implement elsewhere.

Format for submission

Draft paper: Approx 2–3,000 words without references, figures and tables

- Do NOT put your name or ID number in the document
- Name your file xxxx.doc(x), where xxxx comes from the last four digits of your LUC ID
- Do NOT use a PDF file.
- Email to me before the deadline.

Final paper: Approx 3,000 words (10-15 double-spaced pages), ignoring references, figures and tables. Submit on blackboard 15 min before the deadline

Guidance

1. The essay is worth 30 points. Of this, 10 points will be on quality of writing, organization, grammar, etc. The remaining 20 points will be for economics (explanation of efficiency and equity, i.e., magnitude and distribution of costs and benefits) and policy analysis (what policies increase/reduce costs, actions; how did other policies – before or after current policies – differ; who wants/opposes changes in policy) – each worth roughly 10 points each...
2. I will give up to 5 bonus point for “soliciting and receiving outside opinions on the viability of your recommendations.” These outside opinions should be documented (e.g., email) and translated (if not in English). Please provide the name, title and contact information of any outside sources to me by MONDAY 7 Dec in case I want to talk to them. Include a record of your interactions with notes/transcriptions in an annex. There's NO guarantee that I will give points, but it's more likely if I see that you've engaged/learned from an expert.
3. As an outline, I suggest (but do NOT require) these sections and content. The goal, remember, is to help me (the reader) understand more about the issue you've been researching. Word counts are approximate. It's fine to go over 3,000 words but don't include a bunch of extra stuff that you read but no longer applies to your discussion (sunk costs are sunk, i.e., delete extra wording).

Introduction: What is the topic, why is it important, what research question you are asking, how will you address it, and what you find/conclude (250 words).

Background: Name and describe the history, facts, and actors affecting the issue up to the present (500-750 words).

Methods: Describe how you are going to approach the topic. I'm guessing that most of you will use an institutional (longitudinal or cross-cutting) case study approach with more qualitative than quantitative methods. Other methods are fine – even regression analysis (250-500 words).

Analysis: Explain what you find (and how you found it) using your methods. It's probably helpful to display a summary table or figure with costs and benefits (or another way of understanding impact or progress). Be sure to explain how those are quantified or qualified (750-1000 words).

Policy relevance: Describe the costs of / benefits from the current situation, taking economic and political features and forces into account. You may want to go back to a time when the “issue” was too small to worry about, then explain how it became relevant for attention or change. It will be useful to identify winners and losers, their interest in

the issue. This is also where you may want to describe how similar issues (in some way) were addressed in other places (500-750 words).

Recommendations: Suggest means of importing individual (bottom up)/group (top down) solutions or exporting individual/group successes. It's usually easier to start with a small improvement that can be expanded later. Discuss barriers to change and potential ways to overcome those barriers (250 words).

4. NB: I recommend that you have a friend read a draft from start to finish. They should get through it in 30 min and end with a smile on their face.

3.4 Blog post

Write an post discussing a topic related to your paper.

You will get an A+ if/when I accept it for publication, i.e., you will get an F if I reject your post *twice* for bad writing.

Your grade, however, will be reduced to an F for failure to leave a useful (critical, insightful, etc.) comment on at least ONE other post by a student.

Examples: Check out "guest posts" from LUC students on my blog <http://tinyurl.com/nmfmk4v> around Sep-Oct 2014.

Format for submission

Email your post to my personal account (dzetland@gmail.com) by midnight on the due date.

- Each post should be between 300-500 words. You can go longer but don't bore people.
- It's good to put an image (photo or figure) in the post.
- You will be identified by name. I will use your photo by default, unless you tell me no.
- It's helpful to have a "Bottom Line:" summary statement of your point to the reader.
- Send the email to me in plaintext (or no formatting).
- For URL links, use the format (this great blog)[<http://www.aguanomics.com/>]. Do not link to words in the email.

3.5 Peer critiques

For each of the two essays you read, please group your comments under the headings of:

- "What I learned"
- "What I did not understand"
- "How to improve"

I will grade your critiques based on the quality of your work, i.e., how helpful and insightful it is to the author (and me). This means you can ignore poor grammar and spelling (I will see it) and that you do not need to argue too much with poor reasoning. Just offer a simple counter-example or question to point out the weakness in the author's argument.

Format for submission

- Each critique needs to be 300 words or less.
- Do NOT put your name or ID number in the document
- Name your file xxxx-yyyy.doc(x), where xxxx comes from the author of the briefing and yyyy are the last four digits of your LUC ID
- Do NOT use a PDF file.
- Email to me before the deadline.

3.6 Presenting your paper

Each of you will present your paper to the class in 15 min, leaving 5 min for discussion. I suggest you cover the following topics (NB: different order from the paper).

- What's the context of your paper? Why you chose the topic?
- What's your purpose (research question or thesis)?
- How does your paper apply to growth and/or development?
- Outline the paper from thesis to method to analysis
- What are your results/recommendations and why are they important?

4 Weekly Schedule

- We will be covering material at a *rapid* pace (two-four papers per week).
- Monday is Growth; Thursday is Development
- Two students will present the day's paper(s) during the first half of class. I will lead further discussion (and examples) in the second half of class.
- Assessments are due *at the start* of Monday's class (usually one week after distribution).

Week 1: Introduction

Papers: M: None Th: North et al. (2006)

Assignments: None

Week 2 Papers: M: Solow (1994) and Romer (1994). Th: Voigtländer and Voth (2013); Deaton (2010)

Assignments: None

Week 3 Papers: M: Simmons (2000) and Stiglitz et al (2009). Th: La Porta and Shleifer (2014) Quigley (1998)

Assignments: None

Week 4 Papers: M: Zhu (2012) and Yousef (2004). Th: World Bank (2015) Overview plus 1–3

Assignments: Blog post due

Week 5 Papers: M: Alston and Pardey (2014) and Dragusanu et al. (2014). Th: World Bank (2015) Chapters 4/5/10/11

Assignment: Paper draft due (Thurs 12:59); Critiques assigned.

Week 6: Finish readings Monday. Presentations Thurs

Papers: M: Acemoglu and Robinson (2015) and Piketty (2015) Th: First 5 papers

Assignment: Critiques due Tues 23:59

Week 7: Presentations plus roundup discussion

Papers: Monday: 6 papers. Thurs: 6 papers

Assignment: Graded critiques returned.

Reading Week: Paper due 23:59 on Monday, 14 Dec.