Spring 2021, Econ 325, Economic Growth and Development, Northwestern University

Time: MoWe (Lectures), 12:30pm-1:50pm; https://northwestern.zoom.us/j/99421476041
        Fr (TA session), 12:30pm-1:50pm; https://northwestern.zoom.us/j/96439659500
We ask you to turn your video on as much as possible.

Your Prof: Kiminori Matsuyama; k-matsuyama@northwestern.edu;
Office Hours, MoWe 2:00pm-3:00pm or by appointment. https://northwestern.zoom.us/j/97962730592
I will schedule additional office hours before the quizzes. Email me only for simple administrative
inquiries or zoom appointments. I will not answer your questions about the course materials over the
emails, because that would be very inefficient. If you have a few small questions, you can ask immediately
after lectures. If you have many and/or big questions, you must join me in zoom during the office hours, or
by making a separate zoom appointment.

Your TA: Utsav Manjeer; UtsavManjeer2015@u.northwestern.edu;
Office Hours, TuTh 9:30am-10:30am, or by appointment. https://northwestern.zoom.us/j/99361224371
He will schedule additional office hours before the quizzes. Again, email him only for simple
administrative inquiries or zoom appointments. He will not answer your questions about the course
materials over the emails because that would be very inefficient.

Course Description: How can economies grow rich? And how may economies fail to grow rich? These
are such fundamental questions in economics that Adam Smith even made it the title of his book, "The
Wealth of Nations." This is the main focus of this course. No one can claim to have the answer to these
difficult questions (and don't trust anyone who claims to know the answer). However, economic theories
tell us some important factors that determine long run macroeconomic growth and development
performances: Saving, capital accumulation, technological change, structural change, demographic
transition, income distribution, etc. We are going to tackle with many of these in turn.
Warning! The field of economic development is divided into two related but distinct subfields. One is
the economics of development processes, trying to understand why some countries grow rich, while others
fail. The other is *the economics of underdeveloped countries*, trying to understand prevailing economic
institutions and conditions in poor countries. Ec325 deals with the former. Ec326 deals with the latter.

Prerequisites: Econ 310-1 (281 and 310-2 are desirable, but not essential) or my permission. This course
is designed for economics majors and I assume that you are familiar with the basic concepts and tools in
economics. The previous exposure to the calculus is, while useful, not essential. (We also offer a review
of the mathematical operations that will be used throughout the course at the beginning.)

Readings:

Textbook: *Development Economics* by Debraj Ray; Princeton University Press, 1998. Although this
book is old, I have chosen this book, because it is closest to my own interest. However, I will make no
attempt to follow the book closely. I often explain things differently from the book, and discuss many
materials, not in the book. Hence, reading the book is not a substitute for attending the lectures.

Recommended Supplementary Reading: *The Mystery of Economic Growth* by Elhanan Helpman, 2004.
This book is also used for a reading assignment for those who failed to obtain C or better in the two
quizzes. See under **Grade** below.

Lecture Slides: Will be regularly updated and posted (by Sunday evening). I have a mixed feeling about the
use of lecture slides. On the positive side, they enable me to cover the materials more efficiently and allow
you to pay attention to what I say during the lectures, instead of worrying about copying graphs and

equations. On the negative side, you learn less by reading the slides than by writing them down on your notebook. Even worse, they could give you false sense of security and you might end up procrastinating your study. I cannot emphasize too much that the lecture slides do not show everything I say or cover during the lectures. So, following the lecture slides is not a substitute for attending my lectures. Moreover, they are quite densely written and rich in content, and you should not expect to be able to absorb them in one quick reading. To digest, you might need to go through at least four times (before the lecture, during the lecture, after the lecture, and before the quiz).

Attendance/Recording: Even though lectures will be recorded and lecture slides will be posted, attendance is highly encouraged. [In the past, to encourage the attendance, I introduced some "trivia" questions during lectures, some of which were asked in the quizzes and counted about 5% of the scores. Obviously, this does not work this time, given that lectures will be recorded.]

Course Schedule:

Week	M	Tu	W	Th	F
3/29-4/2		Lecture #1	Lecture #2		TA session
4/5-4/9	Lecture #3		Lecture #4		TA session
4/12-4/16	Lecture #5		Lecture #6		TA session
4/19-4/23	Lecture #7		Lecture #8		TA session
4/26-4/30	Quiz-I		Lecture #1b		
5/3-5/7	Lecture #2b		Lecture #3b		TA session
5/10-5/14	Lecture #4b		Lecture #5b		TA session
5/17-5/21	Lecture #6b		Lecture #7b		TA session
5/24-5/28	Lecture #8b		Quiz-II		
5/31-6/4	Reading Week				
6/7-6/11					Final Assignment Due

Grade: Mostly based on the **two in-class (i.e., synchronous) quizzes**, scheduled on **Monday, April 26** and **Wednesday, May 26**, but also **the final exam**. **Quiz-I** covers the materials in the first half (eight lectures) and **Quiz-II** covers those in the second half (eight lectures). Expect the questions to vary in style (graphs, algebra, numericals, essays, and possibly multiple choices). Also, expect them to vary in difficulty, ranging from trivial to very hard. (This is because I want the distribution of *numerical* scores to be diffuse.) The sample questions from the past quizzes will be posted. [An important caveat! This is my 1st time giving quizzes online. In the past, all my quizzes were closed-book, which may be unenforceable. So, this time, I may have to change the types of questions drastically or at least to change the weights on different types of questions.] The two quizzes count equally. More specifically, the grade is based on the distribution of the *simple sum* of the *numerical* scores of the two. Those who have performed well enough in these two quizzes, meaning that they deserve a C or better, would be exempt from **the final exam**. Those who do not perform well enough in these two quizzes, usually around 10% of the class, are given the opportunity to improve their final grade to a C (but not any better) by taking the final exam, which consists of *a reading assignment on Helpman's book and/or a listening assignment on some podcasts,* due at **noon, Friday, June 11**. (You will submit your writing by email to me.) This assignment is personalized, as it depends on how badly the student performed in the two quizzes. That is, you would have to do more to obtain a C if you did worse in the two quizzes.

Grade Distribution: Your letter grade will be based on your performance relative to your classmates. However, I do not follow any grade distribution mechanically. It really depends on the shape of the distribution of the numerical scores of the two quizzes, because I look for clusters and gaps in the score distribution, when I curve the grades. As a rough guide, you could expect that no less than 1/3 of the students receives the grade in the A−A⁻ range, about ½ of them in B⁺−B⁻ range, and about 1/6 of them in the C⁺−C range. But, the actual grade distribution may differ substantially, particularly when the class size is small.