Winter 2019, Econ 325, Economic Growth and Development

Time & Place: TuTh 11a-12:20p; Tech Institute M164

Your Prof: Kiminori Matsuyama@(KGH 3325). Google me to find my homepage for the contact info. Email me only for making an appointment or for simple administrative inquiries. You must come to see me in person if you have questions about the course material. If you have a few quick questions, you can ask me after the lecture. If you have a big question or many questions, come to my office.
Office Hours:
Weeks 1 to 4 & 6 to 8; Tu3:30p-4:20p@Kresge Café & Th1p-1:50p@Garrett Café or by appointment
Week 5: Monday, February 4, 1p-3p@(KGH 3325)
Week 9: Wednesday, March 6, 1p-3p@(KGH 3325)

Your TA: Unfortunately, there is no TA.

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 determinants of 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 the third world. This course deals exclusively with the former. Econ326 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. (I 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 Although this book is a little outdated, I have chosen this book, because it is closest to my own interest.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 sometimes explain things differently from the book, and discuss materials, not found 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. 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 down on your notebook. Furthermore, they tend to reduce the class attendance. Even worse, they could give you a 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. Furthermore, 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 would probably need to go through at least four times (before the lecture, during the lecture, after the lecture, and before the quiz).

Course Schedule:

Week	M	Tu	W	Th	F
1/7-1/11		Lecture #1		Lecture #2	
1/14-1/18		Lecture #3		Lecture #4	
1/21-1/25		Lecture #5		Lecture #6	
1/28-2/1		Lecture #7		Lecture #8	
2/4-2/8	1p-3p, Office Hours	Quiz-I		Lecture #1b	
2/11-2/15		Lecture #2b		Lecture #3b	
2/18-2/22		Lecture #4b		Lecture #5b	
2/25-3/1		Lecture #6b		Lecture #7b	
3/4-3/8		Lecture #8b	1p-3p, Office Hours	Quiz-II	
3/11-3/15	Reading Week				
3/18-3/22	Final Reading Assignment Due				

Grade: Mostly based on the **two in-class quizzes**, scheduled on **Tuesday, February 5** and **Thursday, March 7**, 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. The two in-class 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 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, due at **midnight, Tuesday, March 19**. (You will submit your writing by email to me.) The reading 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 in-class quizzes.

Attendance: Attendance is not formally a part of the grade. However, I occasionally introduce some "trivia" questions in lectures, which will be asked in the two quizzes, which count about 5% of your scores.