

Syllabus

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Economic Growth and Development

Course at Fudan University, Shanghai, fall semester 2018

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Course Description

Economic development represents one of the most interesting and important branches of economics. Understanding the causes and consequences of economic growth and development is the key to improving the material living conditions of humanity. This course addresses the topic from a pronouncedly transdisciplinary perspective, encompassing economics, sociology, politics, and history.

The course is aimed at (1) giving students an overview of the history of technology from the beginnings to the present, (2) introducing students to the most important theoretical models of economic growth (3) providing students with an overview of some of the major ideas in development thinking; (4) analysing the economic problems of developing countries, especially problems related to slow growth, high poverty rates, high income inequality, and chronic external crises; and (5) discuss strategies for accelerating growth, attaining sustainable development, reducing poverty and income inequality, and decreasing external imbalances. The applied analyses will give special attention to the challenges facing the Chinese economy.

Additional Information

The lectures begin with a historical perspective on economic development. After this, we shall look at some of the latest and most important facts and figures characterising the poorer parts of the world including poverty, income, inequality, gender, health, fragmented markets and institutional weakness. We then look at the most prominent economic growth models and theories. We continue with theories and strategies designed to break the vicious cycles of poverty. Finally, we shall take a closer look at some of the challenges facing the Chinese economy.

Prerequisites for this course are interest in questions related to economic growth and development and readiness to study the nominated Chapters of the textbook (Todaro/Smith) as well as the other mandatory readings in depth. Basic knowledge of economics is an advantage.

Altogether there will be 18 credit hours (45 minutes per credit hour).

Students are advised to complete the mandatory readings *before* the respective sessions.

In-class work consists of six lectures in the period Monday 29th of October to Thursday 8th of November 2018. Regular attendance is recommended, but not a prerequisite.

The course's assessment will be based on a written assignment and a final exam, to be delivered after the end of the lecturing period.

Learning Objectives

After successfully completing this course you should be able to:

1. Understand the basics of the economic history of the world from the beginnings to the present; identify the most important gradual as well as revolutionary changes.
2. Explain the basic concepts of economics growth models and evaluate their benefits and shortcomings.
3. Explain the basic concepts of development economics and compare the main characteristics of countries at the different stages of economic development.
4. Understand the implications of the major economic development theories.
5. Evaluate the growth and development performance of your own country and other countries with particular interest in the issues of poverty and inequality.
6. Evaluate the growth and development performance of your and other countries with particular interest in the policies relating to the role of human capital in economic development.
7. Understand the challenges that developing countries face in relation to population dynamics, globalisation and openness to trade, education, and financial development and evaluate the relevant policy options.
8. Understand the main issues at stake in the current policy debates on growth and development in domestic as well as global perspective.

Grading Information

Grading is based on two elements, a written assignment (25%) and a written final examination (75%).

The individual written assignment is a country report of consisting of a title page plus **no more than four pages of contents** (including the list of references and any graphs or tables). It is due **no later than 30th of November 6 pm** (Shanghai time), to be submitted as a single pdf file attached to an email to graff@kof.ethz.ch. Please notice that late submissions will not be accepted! (Early submissions are encouraged.)

Instructions:

Select a poor or middle-income country of your choice: Any country except China (or except your home country, if it is not China). Give a short summary of (e.g.) the country's level and evolution of economic and human development; demography, urbanisation; topography and transport infrastructure; integration into the international economy; most important economic activities, problems and opportunities. The format (language, style, referencing) is academic. The title page gives your name, student number, course title, your topic (chosen country) and the date of submission – and nothing else. The following main body of the text must not exceed four pages. A list of all references cited in the text (and only those) stands at the end of the main body. Set the format of the paper to A4, page margins 2.5 cm (or 1 inch), font size 12 pt., line spacing 15 pt., page numbers at the bottom of the main body text starting with "1". (The title page does not count and is hence not to be numbered.)

Grading will be according to academic form and integrity, precision and relevance of the information given with respect to the chosen country's economic development perspectives (or the lack of them).

The written final examination (60 minutes) will comprise multiple choice questions as well as open questions. It will be staged in December 2018, before the end of the semester. Date and time will be determined after consultation with all enrolled students to avoid conflict with other obligations.

The course's overall grading will refer to a predetermined 50% threshold of the total marks for assignment and exam for a 'pass', and equal intervals for all marks better than this, subject to a 30% cap for the total of all A and A- grades.

Learning Resources

All mandatory reading will be provided as pdf files to the students enrolled in the course.

Lecture Slides

The lecture slides will be made available before each session.

Basic Textbook

Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, 12th Edition: Pearson, selected Chapters.

This is the course's basic textbook. It gives a comprehensive overview over economic growth and development economics, including aspects that we cannot dwell on in depth during the lectures. There is a 'companion website', which may be useful, including things like tests and quizzes:

http://wps.pearsoned.com/aw_todarosmit_econdevlp_11/181/46378/11872794.cw/index.html

Other Mandatory Reading

Graff, M., A. G. Kenwood and A. L. Lougheed (2013): *Growth of the International Economy, 1820–2015*, Routledge, Prologue and Chapters 1 and 21–23.

Graff, M. and A. Karmann (2006): *What Determines the Finance-Growth Nexus? Empirical Evidence for Threshold Models*. *Journal of Economics* 87 (2): 127–157.

Psacharopoulos, George and H. A. Patrinos (2002): *Returns to Investment in Education, A Further Update*. World Bank Policy Research Working Paper No. 2881: Washington.

World Wide Web

Important and up-to-date information on international trade and the international economy is available on the web pages of numerous organisations, such as central banks and statistical offices as well as supranational organisations like the IMF, the OECD and the World Bank.

Lectures

Lecture 1

Course organisation: Syllabus, readings, grading, allocation of presentations

The status of economic history, growth theory and development economics

Economic stagnation and development: concepts and definitions, facts and figures

Mandatory reading (examinable):

- Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, Preface and Chapter 1.

Lecture 2

Economic history and history of technology from the beginnings to the present

Mandatory reading (examinable):

- Graff, M., A. G. Kenwood and A. L. Loughheed (2013): *Growth of the International Economy, 1820–2015*, Routledge, Prologue and Chapter 1
- Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, Chapter 2.

Recommendations for further reading (during or after the course, not examinable):

- Cameron, Rondo (1967), *Some Lessons of History for Developing Nations*, *The American Economic Review* 57 (2), Papers and Proceedings: 312–324.

Lecture 3

Economic growth theory: a short recapitulation

Demographic change and economic development

Poverty and inequality

Urbanisation and the informal sector

The environment

Mandatory reading (examinable):

- Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, Chapters 3, 5–7 and 10.

Recommendations for further reading (during or after the course, not examinable)

- Malthus, Thomas (1798): *An Essay on the Principle of Population*: London; Chapters 1–2.
- Mankiw, N. Gregory, David Romer, and David Weil (1992): *A Contribution to the Empirics of Economic Growth*. *Quarterly Journal of Economics* 107: 407–438.

Lecture 4

Human capital and economic development

Mandatory reading (examinable):

- Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, Chapter 8.
- Psacharopoulos, George and H. A. Patrinos (2002): *Returns to Investment in Education, A Further Update*. World Bank Policy Research Working Paper No. 2881: Washington.

Recommendations for further reading (during or after the course, not examinable):

- Pritchett, Lant (2001): *Where Has All the Education Gone?* World Bank Economic Review 15 (3): 367–391.

Lecture 5

Financial activity and economic development

Globalisation and economic development

International capital flows, aid and indebtedness

Mandatory reading (examinable):

- Todaro, Michael P. and Smith, Stephen C. (2015): *Economic Development*, Chapters 12–15.
- Graff, M. and A. Karmann (2006): *What Determines the Finance-Growth Nexus? Empirical Evidence for Threshold Models*. Journal of Economics 87 (2): 127–157.

Recommendations for further reading (during or after the course, not examinable):

- Levine, Ross (1997): *Financial Development and Economic Growth: Views and Agenda*, Journal of Economic Literature 35: 688–726.

Lecture 6

Summary and outlook: How economic development was achieved in the past and how it can be achieved in the future

Advice: How to do well in the final examination

Course critique

Mandatory reading (examinable):

- Graff, M., A. G. Kenwood and A. L. Loughheed (2013): *Growth of the International Economy, 1820–2015*, Routledge, Prologue and Chapters 21–23.

Recommendations for further reading (during or after the course, not examinable):

- Pomeranz, Kenneth (2000): *The Great Divergence: China, Europe, and the Making of the Modern World Economy*.