

**Professor Raquel Fernández**  
**Fall 2008**

**Department of Economics**  
**New York University**

**Economic Growth and Development**  
**V31.0370**

**This course is offered by the Economics Department and by the Alexander Hamilton Center for Political Economy.**

**Class Times:** Mondays and Wednesdays, 12:30-1:45pm

**Class Location:** Waverly 669

**Office Hours:** Wednesdays, 1:45-2:45

**Location:** 19 W. 4<sup>th</sup> St. Rm 709

**TA:** Eduardo Zilberman. email: ez348@nyu.edu

**Office hours:** Tuesdays, 1-3 at 19 W. 4<sup>th</sup> St. Rm 618.

**Location:** 19 W. 4<sup>th</sup> St.

**Midterm Exam:** TBA

**Final Exam:** Wednesday, December 17, 12:00-1:50 PM.

**Course Description:** The first half of the course will be spent examining the roles of factor accumulation and productivity to the variation in observed growth and income across countries and across time. The second half of the course will explore, in more depth, some of the reasons for this variation and implications for policy. The exact ordering and topics covered may change over the course of the semester.

We will be asking several fundamental questions: How can we explain differences in economic status across countries? Why do some countries have higher income levels, others have higher health and educational outcomes, and even others have more equal outcomes with lower poverty levels? What are the determinants of growth? What is the role of technology? What are the barriers to technological change and adoption? How does political economy play a role in determining growth and development? We will examine the roles of government policy, openness to the world economy, income inequality and culture.

**Grading:** 10% Homework Assignments, 40% Midterm, and 50% Final Exam.

**Policy:** If you are sick or have some other excused absence for the midterm exam, the final exam will be worth 90% of the grade. There are no make-up exams. Homework assignments can be worked on with others but each person has to turn in an individual problem set.

**Textbooks:**

Weil, David, Economic Growth. 2009 (W). It seems there is now a 2<sup>nd</sup> edition. Required.

Jones, Charles, Introduction to Economic Growth. 2<sup>nd</sup> Edition, 2002 (J). Recommended.

**Some useful websites:**

<http://www.nyu.edu/fas/institute/dri/global%20development%20network%20growth%20database.htm>

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20535285~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

[http://chd.ucla.edu/dev\\_data/index.html](http://chd.ucla.edu/dev_data/index.html)

**Course Outline:** In addition to the textbook chapters, I will be complementing the general readings with some more advanced research papers. Please note that the second half of the course, in particular, may change.

*I. Motivation and Math Tools*

- Chapter 1: “Why Growth Matters” from The Elusive Quest for Growth by William Easterly, 2002.
- Chapter 1 (W): “The Facts to Be Explained”
- Chapter 1 (J): “Introduction: The Facts of Economic Growth”
- Appendix A (J): Mathematical review

*II. The Role of Physical Capital*

- Chapter 3 (W): “Physical Capital”
- Chapter 2.4 (J): “Growth Accounting, the Productivity Slowdown and the New Economy”

*III. The Role of Human Capital*

- Chapter 6 (W): “Human Capital”
- Chapter 3 (J): “Empirical Applications of Neoclassical Growth Models”

*IV. The Role of Population Growth*

- Chapters 4 (W): “Population and Economic Growth”
- Chapter 5 (W): “Future Population Trends”

*V. The Role of Productivity*

- Chapter 7 (W): “Measuring Productivity”
- Chapter 4 (J): “The Economics of Ideas”

*VI. Technology*

- Chapter 8 (W): Technology & Growth
- Chapter 9 (W): Technological Progress
- Chapter 10 (W): Efficiency (READ ON YOUR OWN)

*VII. Open Economy*

- Chapter 11 (W): Growth in the Open Economy

### *VIII. Endogenous Growth*

Course Notes

Chapter 8 (**J**): Some Endogenous Growth Models

### *IX. Government & Growth*

Chapter 12 (**W**): The Role of Government

### *X. Inequality*

Chapter 13 (**W**): Inequality and Growth

Fernández Research I:

Sorting and Long-run Inequality

<http://homepages.nyu.edu/~rf2/Research/LongRunSortingInequality.pdf>

Love and Money: A Theoretical and Empirical Analysis of  
Household Sorting and Inequality

(<http://homepages.nyu.edu/~rf2/Research/fgkcompletefinalRF.pdf>)

### *XI. Culture*

Chapter 14 (**W**): Culture and Development

Fernández Research II:

Culture: An Empirical Investigation of Beliefs, Work, and Fertility

<http://homepages.nyu.edu/~rf2/Research/culturepapernewest.pdf>