

GRADUATE SCHOOL OF INTERNATIONAL STUDIES
SEOUL NATIONAL UNIVERSITY
Spring 2019

ECONOMIC GROWTH AND INTERNATIONAL DEVELOPMENT

Time: Monday 13:00 - 15:50.

Place: 140-2-202.

Instructor: Hyeok Jeong (Email: hyeokj@snu.ac.kr, Tel: 02-880-2921).

Office Hour: Tuesday 14:30 - 15:30 with Appointment.

Last Update: January 10, 2019.

Course Description

Main goal of this course is to learn theoretical perspectives and empirical tools in thinking about the central question of how to make poor countries rich, i.e. the issue of international development. To answer this question, we try to understand the sources of and barriers to economic growth and development, focusing on the differences in levels and rates of change of real per capita income across countries and the associated income distribution dynamics across countries. We will learn about these issues by using both economic models and data interactively and infer policy implications to promote economic development and welfare of nations.

We start from learning some empirical facts about different levels and rates of change of real per capita income across countries for motivation. Neoclassical models of economic growth will be introduced to interpret these facts. These models emphasize (i) accumulation of production factors such as physical and human capital, and (ii) productivity growth from technological progress as general sources of economic growth. We review the existing empirical evidence to evaluate the main success and failure of these benchmark models.

Understanding the above *sources of growth* is an important agenda of economic growth and development. At the same time, understanding the *lack of development* and uneven experience of growth across countries is another equally important agenda. To this end, we study other important perspectives and issues of growth and development, which emphasize (i) allocation efficiency, (ii) government

and market, (iii) population growth and demography, (iv) urbanization, (v) agriculture and development, and (vi) poverty, inequality and growth linkage. Taking these factors into account, the economic environments including government policies as well as individual incentives and the associated income distribution dynamics becomes an integral part of the process of growth.

Finally, if time permits, we may study some selected topics such as natural resources and global climate changes and international issues.

Textbook

David Weil, *Economic Growth*, 3rd. ed., Addison-Wesley, 2012.

(Classroom Resources: http://wps.aw.com/aw_weil_econgrowth_3/)

Evaluation

Course grade will be based on (i) homework sets (20%), (ii) two in-class exams: midterm (30%) and final (30%), and (iii) class participation (20%). Class participation grade will be measured by (i) attendance (10%), and (ii) the quality of answers to the review questions that will be asked in class to the randomly selected students and the quality of questions that are considered to contribute to class (10%). Keeping class etiquette is required. For example, no cell phones including text messaging is allowed. For any negative disruptions to class, negative participation grade will be given.

This course does not allow alternative dates of exams except for student's own health reason, which needs to be proved by official medical documents provided by non-family member doctors. For any cheating behavior, students will fail the course without exception.

According to the revised SNU school rule (the 4th Clause of the Article 85), effective date of September 1st in the year 2018, any students who attend less than two-thirds of the required classes will receive a grade of "F "or "U" with exception of inevitable cases which is upon discretion of the instructor.

Course Outline

Part I. Overviews of Development Facts and Theories

1. Stylized Facts of Growth and Development
Reading: Weil Chapter 1.
HW 1: Lab Exercise Chapter 1 (Lab1AExcelversion, Lab1CExcelversion).
2. Overview of Growth and Development Theories
Reading: Weil Chapter 2.

Part II. Neoclassical Perspectives of Economic Development

3. Capital Accumulation
Reading: Weil Chapter 3.
HW 2: Lab Exercise Chapter 3 (Lab3B).
4. Human Capital
Reading: Weil Chapter 6.
HW 3: Lab Exercise Chapter 6 (Lab6B).
5. Productivity Growth
Reading: Weil Chapter 7.
HW 4: Lab Exercise Chapter 7 (Lab7B).
6. Technological Change
Reading: Weil Chapters 8 and 9.
HW 5: Lab Exercise Chapter 8 (Lab8C).

Midterm Exam (Week 7)

Self-Study period (Week 8)

Part III. Other Important Perspectives of Economic Development

7. Allocation Efficiency
Reading: Weil Chapter 10.
8. Government and Market
Reading: Weil Chapter 12.
HW 6: Lab Exercise Chapter 12 (Lab12C).
9. Population Growth and Demography
Reading: Weil Chapters 4 and 5.
HW 7: Lab Exercise Chapter 4 (Lab4B).

10. Inequality and Poverty

Reading: Weil Chapter 13.

HW 8: Lab Exercise Chapter 13 (Lab13B).

11. Culture

Reading: Weil Chapter 14.

HW 9: Lab Exercise Chapter 14 (Lab14C).

12. Natural Resources and Climate Change

Reading: Weil Chapters 15 & 16.

HW 10: Lab Exercise Chapter 15 (Lab15B).

Final Exam (Week 15)

Remark 1. When the time constraints prevail, we may cover a subset of the above topics or rearrange the order of the topics.

Remark 2. This syllabus is written on January 10, 2019. It may be necessary to make adjustments during the semester.

Suggested Readings for Food for Thoughts

1. Lucas, Robert E. Jr., 2002, *Lectures on Economic Growth*, Cambridge, Harvard University Press.
2. Easterly, William, 2001, *The Elusive Quest for Growth*, Cambridge, MIT Press.
3. Rodrik, Dani, 2003, *In Search of Prosperity*, Princeton, Princeton University Press.
4. Schultz, Theodore, 1993, *The Economics of Being Poor*, Oxford, Blackwell.
5. Banerjee, Abhijit and Esther Duflo, 2011, *Poor Economics*, New York, Public Affairs.
6. Deaton, Angus, 2013, *The Great Escape: Health, Wealth, and the Origins of Inequality*, Princeton University Press.
7. Lee, Ju-Ho, Jeong, Hyeok, and Hong, Sung-Chang, 2018, *Human Capital and Development: Lessons and Insights from Korea's Transformation*, Edward Elgar.