

Econ 432: Economic Growth

Class: Sec 001 MW 12:30-1:45pm, B124 MARB
Instructor: Christian vom Lehn
Contact: cvomlehn@byu.edu, (801) 422-4733, 2153 WVB
Office hours: T 4:00-5:00pm, Th 4:00-5:00pm, or by appt.
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LEARNING OUTCOMES AND COURSE VISION

*“Teach ye diligently... that you may be instructed more perfectly... in all things that pertain to the kingdom of God, that are expedient for you to understand; Of things both in heaven and in the earth, and under the earth; things which have been, things which are, things which must shortly come to pass; **things which are at home, things which are abroad; the wars and perplexities of the nations...**” (D+C 88:78-80, emphasis added)*

*“And verily, I say unto you, that it is my will that you should... obtain **a knowledge of history, and of countries, and of kingdoms, of laws of God and man**, and all this for the salvation of Zion...” (D+C 93:53, emphasis added)*

The learning outcomes for this course are as follows:

- Adjust values in one currency to values in another currency controlling for purchasing power parity (PPP)
- Demonstrate an understanding of basic dynamic models of economic growth
- Discuss growth and development accounting, and decompose observed differences across countries into efficiency and technology components
- Discuss Lorenz curves and Gini coefficients
- Discuss how growth interacts with population, human capital, technical progress, openness, government, inequality, culture, geography, climate and resources

PREREQUISITES

Either Econ 381 and Econ 388 OR Econ 380, Econ 381 and Poli 328.

TEXTS

Introduction to Economic Growth, 3rd Edition, by Charles I. Jones and Dietrich Vollrath, W.W. Norton & Company, 2013.

Why Nations Fail: The Origins of Power, Prosperity, and Poverty, by Daron Acemoglu and James A. Robinson, Crown Business Publishers, 2012.

GRADES

Grades will be based on the six categories listed below with the corresponding weights.

Item	Pct. %
Final Exam	30%
Midterm 1	20%
Midterm 2	20%
Homework	12.5%
Why Nations Fail Reading	12.5%
Course Engagement	5%

- **Midterms:** Midterms 1 and 2 will cover the content from their respective sections of the course. Both tests are *timed*. You will only have three hours to complete the test.
- **Final Exam:** The final exam will be comprehensive, including material from *Why Nations Fail*. Plan on taking the exam at the scheduled time, listed on the calendar at the end of this document.
- **Homework:** I will assign 10 problem sets and I will drop your lowest score. You may work in groups of up to four and turn in one assignment per group. Homework assignments are due at the beginning of class (see calendar at the end). Assignments can either be turned in on Learning Suite, at the front of class, or put in the class mailbox in the economics office before class. Late homework will not be graded. Although group work is permitted, I will penalize any reported free riding. Anyone who is confirmed to have put their name on an assignment without significantly contributing to its completion will lose credit on that assignment and the previous three assignments.
- **Why Nations Fail Reading:** There will be ten assigned readings from the book, *Why Nations Fail*, which you should complete during the semester. For each assigned reading, there are three review questions that you should write up the answers to and turn in, taking no more than 2-3 pages double spaced. The details on the readings and the review questions are available on the content tab of Learning Suite. All answers to review questions should be submitted electronically in Learning Suite by 11:59pm on the last day of classes, Wednesday, April 18. Grading of your answers to these review questions will be largely based on completion. Thus, I will accept one resubmission of any reading response that receives less than full points for every response turned in before the last week of classes. I strongly encourage you to not procrastinate this, as the book covers a lot of history, and you may find it difficult to cram the reading into a short period of time. If you are looking for a way to spread these out, consider turning in one chapter each time a problem set is due – that will evenly space the work throughout the semester.
- **Course Engagement:** As part of your grade, I expect you to engage with me and your fellow classmates both inside and outside of class. The primary purpose of this component of your grade is to give you an incentive to get the most out of this class. There is not a strict formula for how to obtain these points, but completing the following actions will guarantee full credit:

- Complete the beginning of class survey (link available on Learning Suite)
- Attend all classes, be prepared for each class and participate (see below for details)
- Complete all course assignments.
- Come visit me at least once in the semester during office hours to introduce or re-introduce yourself
- Complete a midcourse evaluation (sent by e-mail) and final student ratings for the course.

Other activities you can engage in that will contribute to your course engagement grade include: working together with other students on problem sets, attending TA office hours and review sessions, asking questions outside of class above and beyond what is covered in class, and attending visiting scholar seminars in the economics department.

- **NOTE - Class Participation and Preparation:** For each class, there will be a pre-assignment, expected to take ten minutes or less. In class, I will randomly call on individuals with questions about the pre-assignment. You have one “free pass” a semester, where I will randomly select someone else. Beyond this, there will be opportunities to voluntarily participate in the course of lecture each class.
- **NOTE - Final Grades:** I will assign final grades based on two possible curves, whichever gives you the highest grade. The first curve is the conventional curve based on ranking the entire class using everyone’s total weighted score. The second curve is based on changing the weight on your lowest midterm to 5% and increasing the weight on your best midterm to 35%. But know that this second curve will be far less generous than the first curve. For planning purposes, you should assume that the curve where I put higher weight on your best midterm will be roughly three points more strict. For example, if there is no curve on the conventional weighting scheme, a final score above a 93 would be an A. In this case, with the highest midterm counted extra curve, you should expect the bar for an A to be a 96. I view the option of this second curve as a privilege, and in cases of demonstrated cheating or academic misconduct, I reserve the right to rescind it.

TENTATIVE COURSE OUTLINE

Date	Day	Topic	Jones/Vollrath	HW Due
Jan 9	M	Introduction to Economic Growth	Ch. 1	
Jan 11	W	Fundamentals of the Solow-Swan Model	Ch. 2	
Jan 18	W	Applying the Solow-Swan Model	Ch. 2	HW 1
Jan 23	M	Technology and Long Run Growth	Ch. 2	
Jan 25	W	Technology and Transition Growth	Ch. 2	
Jan 30	M	Taking the Model to the Data: Growth Accounting, Human Capital	Ch. 2 and Ch. 3	
Feb 1	W	Taking the Model to the Data: Predictions and Convergence	Ch. 3	HW 2
Feb 6	M	The Economics of Ideas	Ch. 4	
Feb 8	W	Endogenous Growth: Romer Model	Ch. 5	
Feb 13	M	Endogenous Growth: Schumpeter	Ch. 5	HW 3
Feb 15	W	Catch up and exam review		
Feb 21	Tu	Development: Skills and Technology	Ch. 6	
Feb 22–24	W–F	Midterm 1 (No Class W)	Chs. 1–5	
Feb 27	M	Development: Globalization and Trade	Ch. 6	HW 4
Mar 1	W	Institutions: Investment Decisions	Ch. 7	
Mar 6	M	Institutions: Capital Misallocation	Ch. 7 (and Notes)	
Mar 8	W	Institutions: Capital Misallocation	Ch. 7 (and Notes)	HW 5
Mar 13	M	Population: Malthusian Growth	Ch. 8	
Mar 15	W	Population: The Industrial Revolution and the Demographic Transition	Ch. 8	HW 6
Mar 20	M	Catch up and exam review		
Mar 22–24	W–F	Midterm 2 (No Class W)	Chs. 6-8	
Mar 27	M	Natural Resources	Ch. 10	HW 7
Mar 29	W	Natural Resources	Ch. 10	
Apr 3	M	Understanding Policy and Growth Effects	Ch. 9	
Apr 5	W	Climate, Culture and Geography	None	HW 8
Apr 10	M	Industrial Transitions	None (Notes)	
Apr 12	W	Industrial Transitions	None (Notes)	HW 9
Apr 17	M	Inequality	None	
Apr 19	W	Why Nations Fail		HW 10
		<i>Exam preparation day, Apr 20</i>		
Apr 25	T	Final Exam, B124 MARB, 2:30pm		

PLEASE READ THE FOLLOWING STATEMENTS FROM BYU

In keeping with the principles of the BYU Honor Code, students are expected to be honest in all of their academic work. Academic honesty means, most fundamentally, that any work you present as your own must in fact be your own work and not that of another. Violations of this principle may result in a failing grade in the course and additional disciplinary action by the university. Students are also expected to adhere to the Dress and Grooming Standards. Adherence demonstrates respect for yourself and others and ensures an effective learning and working environment. It is the university's expectation, and every instructor's expectation in class, that each student will abide by all Honor Code standards. Please call the Honor Code Office at 422-2847 if you have questions about those standards.

In the College of Family, Home, and Social Sciences, our classroom participation and behavior are guided by our mission statement, the BYU honor code, and principles of Christian discipleship. It is imperative that we value and respect every person as a child of Heavenly Parents who has divine worth. Consequently, we need to take steps to listen to, learn from, and love one another by striving to consider thoughtfully the opinions of others and use language that is polite, considerate, and courteous even when we strongly disagree. It is essential to create an educational environment that ensures "the gift of personal dignity for every child of God." This includes embracing one another compassionately and "eliminat[ing] any prejudice, including racism, sexism, and nationalism. . . regardless of age, personal circumstances, gender, sexual orientation, or other unique challenges." It is vital to delight in individuality and welcome diverse perspectives and experiences as we "work tirelessly to build bridges of understanding rather than creating walls of segregation." To accomplish these goals we seek unity in higher principles of equity, charity, collaboration, and inclusiveness in order to build an environment in which all students, faculty, and staff can participate in, contribute to, and benefit equally from the academic community.

Brigham Young University prohibits all forms of sexual harassment—including sexual assault, dating violence, domestic violence, and stalking on the basis of sex—by its personnel and students and in all its education programs or activities. University policy requires all faculty members to promptly report incidents of sexual harassment that come to their attention in any way and encourages reports by students who experience or become aware of sexual harassment. Incidents should be reported to the Title IX Coordinator at t9coordinator@byu.edu or (801) 422-8692 or 1085 WSC. Reports may also be submitted online at <https://titleix.byu.edu/report> or 1-888-238-1062 (24-hours a day). BYU offers a number of resources and services for those affected by sexual harassment, including the university's confidential Sexual Assault Survivor Advocate. Additional information about sexual harassment, the university's Sexual Harassment Policy, reporting requirements, and resources can be found in the University Catalog, by visiting <http://titleix.byu.edu>, or by contacting the university's Title IX Coordinator.

Brigham Young University is committed to providing a working and learning atmosphere that reasonably accommodates qualified persons with disabilities. A disability is a physical or mental impairment that substantially limits one or more major life activities. Whether an impairment is

substantially limiting depends on its nature and severity, its duration or expected duration, and its permanent or expected permanent or long-term impact. Examples include vision or hearing impairments, physical disabilities, chronic illnesses, emotional disorders (e.g., depression, anxiety), learning disorders, and attention disorders (e.g., ADHD). If you have a disability which impairs your ability to complete this course successfully, please contact the University Accessibility Center (UAC), 2170 WSC or 801-422-2767 to request a reasonable accommodation. The UAC can also assess students for learning, attention, and emotional concerns. If you feel you have been unlawfully discriminated against on the basis of disability, please contact the Equal Opportunity Office at 801-422-5895, eo_manager@byu.edu, or visit <https://hrs.byu.edu/equal-opportunity> for help.