Department of Economics   University of Maryland

Advanced Macroeconomics- Economic Growth
Economics 407
Spring 2016

Professor: Martina Copelman

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Office: Tydings Hall 3127 F

Office Hours: Fridays, 10:00-11:55 am or by appointment

Course Time & Location: M, W, F   Section 0201   1-1:50 pm,   Tydings 1132

Required Textbook: **1. (Jones)** Jones, Charles I. and Vollrath, Dietrich,
                             Introduction to Economic Growth 3rd ed, W.W. Norton & Co.,
                             2013 e- version is sufficient. Here is the link for the rental of
                             the e-book
                             http://www.coursesmart.com/IR/7936092/9780393919172?__
                             hdv=6.8

                             2. (WE) Easterly, William. *The Elusive Quest for Growth:
                             Economists' Adventures and Misadventures in the Tropics*,
                             MIT Press, 2001. Required selected readings for this book will
                             be on ELMS as a pdf.

Recommended readings:

                             Abhijit V. Banerjee and Esther Duflo. *Poor Economics: A
                             Radical Rethinking of the Way to Fight Global Poverty*, MIT
                             Press, 2011

                             Acemoglu, D. and Robinson, J.A. *Why Nations Fail: The
                             Origins of Power, Prosperity, and Poverty*, Crown Business,
                             2012

                             Barro, R.J and Sala-i-Martin, X, *Economic Growth*, MIT
                             Press, 2nd edition, 2004

                             David N. Weil, *Economic Growth,* Pearson, 3rd edition; link for
                             rental of e-book
                             http://www.coursesmart.com/IR/7936092/9780321824257?__
                             hdv=6.8   This is a simpler version of some of the same
                             models, for those who need additional materials.

                             Acemoglu, D. *Introduction to Modern Economic Growth*,
                             Princeton University Press, 2009; link to e-book for
                             rental http://www.coursesmart.com/IR/7936092/9781400835
                             775?__hdv=6.8

Course website: https://myelms.umd.edu

Course Objectives: This is an introductory course to growth theory. The aim of the course is to offer basic analytical skills in understanding the sources of income inequality, cross-country differences in economic performance, and policy debates about poverty reduction and economic development. Topics include the accumulation of physical and human capital, population growth, technological change, natural resources, income distribution, government policies and institutions and income distribution. Students are expected to be able to manipulate the Solow model and its extensions, the Romer model, and other endogenous growth models.

Prerequisites: Minimum grade of C- in ECON326 and ECON 325; and 1 course with a minimum grade of C- from (ECON321, STAT400). Restriction: Must be in a major within the BSOS-Economics department. Credit only granted for one of ECON315 or ECON407. Economics 300 with a final grade of "C" or higher. Students should be comfortable with the material covered there, especially: constrained optimization, probability and decision-making under uncertainty (expected utility theory, risk aversion). Students in need of a review are encouraged to consult an intermediate micro or math for economists' textbook.

Recommended reading: Macroeconomic issues and articles on The Economist, The Financial Times and The Wall Street Journal. Occasionally I will post articles, and chapters from books that will become required for the course and will be "fair game" for the exam. It is your responsibility to keep up with the material from these sources.

Instructor power points and relevant articles will be made available on the class ELMS page. You are expected to check the class Elms page on a weekly basis and keep updated on class materials.

Grading: The final grade will be a weighted average based on the following requirements:

Mid-Term Exam- in class Monday March 7	**35%**
Final Exam, May 13 per univ. schedule 1:30-3:30pm	**45%**
Problem Sets	**15%**
Class Participation	**5%**

Policies and Important Notes:

Problem Sets: There will be 4 required problem sets with approximate **DUE DATES UNDER COURSE SCHEDULE BELOW**. Problem set solutions should be clearly, logically, and thoroughly presented. Problem sets are due no later than the **beginning** of class on the date indicated. Solutions will be posted on the course website. **LATE PROBLEM SETS WILL NOT BE ACCEPTED.**

Lecture and Section Attendance: I expect you to come to class and remain in class for the duration of the class period. Your class participation grade will depend on this. The course web page is provided to update and disseminate course information. **It is NOT intended as a substitute for attending lectures.** Any topic discussed in lecture is "fair game" for the exams. Private conversations and or use of electronic equipment (cell phones, i-pods, i-pads, computers etc….) are disruptive and rude to fellow students and your instructor and will not be tolerated. Laptops and I-pads are allowed for NOTE TAKING ONLY. If I find that you are using them for surfing the internet or other uses, I will ban the use of laptops in the classroom. **ALL THE MATERIAL COVERED IN CLASS IS FAIR GAME FOR THE QUIZZES AND EXAMS.**

Make –up Exam Policy: All students are required to take the in-term exams, quizzes, and the final exam. As a general policy I do not give make up exams. However, there are four valid

excuses according to University policy for a make up exam they are: medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. Students claiming excused absence must apply in writing and furnish documentary support for their assertion that absence resulted from one of these causes **at least a WEEK BEFORE the exam**. Medical conditions and compelling circumstances beyond your control must be adequately documented as soon as possible consistent with the reason and by the appropriate authority. Issues on the timing of exams should be directed to the professor.

Exam Re-grade Policy: If, after going over your exam and the exam solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, **in writing**, an exam re-grade request. Your re-grade request must specify which solutions(s) you believe were not graded appropriately and a **substantive explanation** for why you believe your solutions are more correct than originally judged (thus, re-grade requests that consist of essentially nothing more than "I think I should have received more points on this question" or similar will not be considered). <u>**Your entire exam is subject to re-grade**</u>. **EXAM RE-GRADE REQUESTS ARE DUE NO LATER THAN ONE WEEK (7 CALENDAR DAYS) AFTER EXAMS ARE RETURNED –** this deadline applies even if you are not present on the day graded exams are returned (it is your responsibility to pick up your graded exams in a timely manner).

Communication: Virtually all course material will be posted on the course website. The University has adopted email as the primary means of communication outside the classroom, and I will use it, if need be, to inform you of updates to the course. Students are responsible for updating their current email address via the appropriate link on http://www.testudo.umd.edu/Registrar.html and checking the course website regularly for new information. If you do not do this and subsequently are not informed of changes to any of the class or assignment particulars you are still held responsible for them. "I did not get the email" is not a valid excuse.

Assistance: If you are experiencing difficulties in keeping up with the academic demands of this course contact the Learning Assistance Service, 2202 Shoemaker Building, (301) 314-7693. Their educational counselors can help with time management, reading, math learning skills, note taking and exam preparation skills. All their services are free to UM students.

Disability Support Services: The University has a Center for Academic Success, which provides various disability and counseling services to support students. In order to receive any special consideration for a disability you MUST present a letter from them. Students who require special accommodations for exams must get in touch with the professor or a TA **within the first three weeks of class**. Please see http://counseling.umd.edu/DSS/ . If you intend to take the test in Shoemaker you MUST turn in the appropriate paperwork with me the week prior to the exam, otherwise you will be required to take the exam with everyone else in the class.

Academic Integrity: The University of Maryland, College Park has a nationally recognized *Code of Academic Integrity*, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, and plagiarism. For more information see http://www.studenthonorcouncil.umd.edu. I will not tolerate cheating in any form in my class. If you are caught cheating I will seek disciplinary action.

Copyrights: Course materials are copyrighted. Hence, selling or distributing copies or modified copies of instructors' course materials or assisting another person or entity in selling or

distributing those materials may be considered in violation of the University Code of Student Conduct, Part 9(k).

CLASS SCHEDULE: The following is *tentative* lecture schedule. Problem set due dates could be adjusted if lectures justify it. I will inform you in advance via ELMS and in class.

Dates	Topic and Readings
Jan 25-Feb 1	**Introduction, Stylized Facts of Growth, Overview** - Jones Ch 1 and Appendix A (mathematical review) - WE: Ch 1 and Ch 2
Feb 3-Feb 12	**The Solow Model, Physical Capital and Population Growth** - Jones: Ch 2.1 - WE: Ch 3 **- PSET 1 DUE (2/12)**
Feb 15- Feb 22	**The Solow Model and Technology, Growth Accounting** - Jones Ch 2.2-2.4
Feb 24 – Mar 4	**The Solow Model and Human Capital** - Jones Ch 3 - WE: Ch 4 - **PSET 2 DUE (3/2)**
Mar 7 (MONDAY)	**In Class Midterm**
Mar 9- Mar 25	**Introduction to the Romer Model** - Jones Ch 4 <u>and</u> 5.1 - WE Ch 8
Mar 28 - Apr 8	**The Romer Model Continued** - Jones 5.2 <u>and</u> 5.5 - WE: Ch 9
Apr 8	**PSET 3 DUE**
Apr 11 – Apr 18	**Technology Diffusion: Growth in the Open Economy** - Jones Ch 6
Apr 20 - Apr 25	**Population and Sustained Growth** - Jones Ch 8 - WE Ch 5

Apr 27- May 2   **The AK Model of Endogenous Growth**
- Jones Ch 9

==**May 4**==   ==**P SET 4 DUE**==

May 4- May 9   **Government and Institutions**
- Jones: Ch 7, Ch 11
- WE: Ch 11, 12

==**MAY 13**==   ==**FINAL EXAM 1:30- 3:30 PM**==