

Corrected Schedule

University of Kansas Department of Economics

**Economics 680
Economic Growth**

**Summer 2023
Professor Keating**

Purpose of this Course: To introduce you to theories and evidence about economic growth. If an aggregate economy does not grow, then when one person's income goes up at least one other person's income must fall. A growing economy potentially allows all incomes to rise at the same time. There has been tremendous variation across countries and across time, and this evidence is used to provide insights into policies that may help or hinder an economy's growth performance.

Office: 334 Snow Hall (probably irrelevant this semester)

Office Phone: 785-864-2837

Class Meetings: Mondays and Wednesday from 6-8:50 pm (Central Time)

You have 3 options:

- Online live lectures on Zoom;
- Recorded lectures will be placed Canvas;
- In-person live - most class meetings take place in room 325 in BEST Hall (at the Edwards Campus).

Office Hours: On Zoom!

- Most class days office hours will be from 5 to 5:55pm prior to class and 8:50 to 9:30 afterwards;
- On Exam Days I will start office hours at 4:30pm;
- If you need to talk to me at another time, contact me at: jkeating@ku.edu and we will set up a mutually convenient time or times to meet.

Additional Scheduling Issues:

- Now CLASS WILL MEET on Jun 26 and June 28 (in contrast to the original syllabus)!!!
- But now I will be at a conference for most of the week of July 3.
- Thus July 3 and July 5 classes must be rescheduled!!!
- To arrange each make-up class I will create a Doodle poll.
- The first make-up class will be selected from June 22, June 23, or June 29.
- The second make-up class will be selected from July 13, July 14, July 20, or July 21.
- All students will have the opportunity to vote and the majority wins.
- IMPORTANTLY, the Second Midterm WILL DEFINITELY be on July 12 !!! (Unlike before)

Required Readings: The text for the course is the 3rd Edition of *Economic Growth* by David N. Weil (Routledge, 2013). Readings from this text are listed by the letter "W" and one or more chapter numbers in the Course Outline. Homework and exams are primarily based on the required readings and the material covered in class.

Supplementary Readings: Below I provide a long list of supplementary readings. Those readings are interesting but often explore topics we won't have time to cover. Supplemental readings are almost never required reading. If something from these readings is covered in class, that information will be found in the lectures slides and might appear on a test.

Sources of multiple supplementary readings include:

- The 3rd edition of *Introduction to Economic Growth* (Norton, 2013) by Charles Jones and Dietrich Vollrath provides an excellent overview of the evidence and a more advanced introduction to growth theory. It is not a required text. Readings are denoted by "G".

- *Macroeconomics* by Charles Jones, [indicated by “J”] is posted on Canvas. This is an old edition of the textbook published by Norton. It provides a nice discussion of macroeconomics with particular emphasis on economic growth.

- *The Wall Street Journal* is a useful tool for applying economic concepts to actual events, evaluating policy debates and providing up-to-date information on economic performance. Regular reading helps develop a better understanding of economics. It takes the better part of a day to read the WSJ from start to finish, but articles relevant to growth, or macroeconomics more generally, rarely take more than a half hour. I do not require you to subscribe to WSJ nor require you to read it.

Homework is regularly assigned. Questions will come from the Weil’s text or will be my own creation. Your answers will NOT be collected, but I will provide solutions to each homework set. You will be making a costly error if you conclude that homework is unimportant because it counts for no direct points. Good effort on homework will improve your grade considerably. It is **STRONGLY RECOMMENDED** that you work hard on the questions **BEFORE** you take a look at the solutions.

My Web Page: <http://www.people.ku.edu/~jkeating/>, has course information such as the syllabus, a link to Canvas, and information about research, news, etc. that economists and students of economics will find interesting. I will use my Web page or Canvas to distribute important course materials. Canvas is needed to provide any items that I am not allowed to make freely available on the Web (e.g. chapters from *Macroeconomics* by Jones, solutions to the textbook questions, my lecture notes which contain copyrighted information, etc.).

Grading: Grades are based on two mid-term exams and a final exam. Each exam will be worth 150 points for a course total of 450 points. Class participation and attendance may be helpful in the case of a borderline course grade.

Exam Policies: Excused absence from an exam may be given, but only under justifiable circumstances and permission must be obtained prior to the scheduled exam period if possible. If that is not possible, you should contact me as soon as you are able. Voice mail or e-mail are easy ways to do this. The letter grade for one excused mid-term absence will be the same as your letter grade on the final exam. Unexcused absences earn 0 points. Cheating on tests will be punished to the fullest extent allowable at KU. **Good quality PDFs are helpful. Learning how to make them is in your best interests!**

EXAM SCHEDULE:

- **First Midterm: Wednesday, June 21**
- **Second Midterm: Wednesday, July 12**
- **Final: Wednesday, July 26**

COURSE OUTLINE

TEXT READINGS

PART 1: INTRODUCTION AND OVERVIEW

Thomas Piketty, *Capital in the Twenty-First Century*, Harvard, 2014.

Jared Diamond, *Guns, Germs and Steel: The Fates of Human Societies*, W.W. Norton & Company, 1999.

Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World*, Princeton University Press, 2007.

Joel Mokyr, *The Gifts of Athena: Historical Origins of the Knowledge Economy*, Princeton University Press, 2002.

David S. Landes, *The Wealth and Poverty of Nations: Why Some are so Rich and Some so Poor*, W.W. Norton & Company, 1999.

Elhanan Helpman, *The Mystery of Economic Growth*, Harvard University Press, 2004.

1. Empirical Evidence

W:1 J:1,2 G:1,2,3

Charles I. Jones [“The Facts of Economic Growth”](#) forthcoming in *Handbook of Macroeconomics*.

Charles I. Jones and Paul M. Romer, *American Economic Journal: Macroeconomics*, 2010 [“The New Kaldor Facts: Ideas, Institutions, Population, and Human Capital”](#)

Jonathan Temple, [The New Growth Evidence](#), *Journal of Economic Literature*, 1999

William D. Nordhaus, “Do Real-Output and Real-Wage Measures Capture Reality? The History of Lighting Suggests Not.” in: *The Economics of New Goods*, ed. Timothy F. Bresnahan and Robert J. Gordon, 29–66, University of Chicago Press. [Working Paper Version](#)

Nicholas Crafts, [“The Rise and Fall of American Growth: Exploring the Numbers”](#) American Economic Review, May 2016

Erik Brynjolfsson and Avinash Collis (2019) [“How Should We Measure the Digital Economy?”](#) From a Harvard Business Review article of the same name.

David M. Byrne, John G. Fernald, & Marshall Reinsdorf [“Does the United States have a productivity slowdown or a measurement problem?”](#) Brookings Papers on Economic Activity, 2016

2. An Overview of our Analytical Framework

W:2 J:3,4

PART 2: FACTORS IN PRODUCTION

3. Investment and Physical Capital

W:3 J:5

Robert M. Solow, “Neoclassical Growth Theory” in: *Handbook Of Macroeconomics*, 1999.

4. Labor Supply and Population Growth

W:4,5

5. Human Capital Formation

W:6

Claudia Goldin and Lawrence Katz, *The Race between Education and Technology*, Harvard University Press, 2010

Claudia Goldin and Lawrence Katz, 2007, [“The Race between Education and Technology: The Evolution of U.S. Educational Wage Differentials, 1890 to 2005”](#) NBER Working Paper

PART 3: THE ESSENTIAL ROLE OF PRODUCTIVITY

6. Measuring Productivity

W:7

Dale W. Jorgenson, Mun S. Ho & Kevin J. Stiroh, [“A Retrospective Look at the US Postwar Productivity Growth Resurgence,”](#) 2006.

Steven Oliner & Daniel Sichel, [“Resurgence of Growth in the Late 1990s: Is IT the Story?”](#) ,

Journal of Economic Perspectives, 2000.

John Fernald, [“Productivity and Potential Output Before, During and After the Great Recession”](#)
NBER Working Paper, 2014.

Paul Johnson and Chris Papageorgiou “What Remains of Cross-Country Convergence”
Journal of Economic Literature, 121-75, 2020.

7. Technology and Growth

W:8,9 J:6

Paul Romer, [“Economic Growth”](#) *The Concise Encyclopedia of Economics*, 2007

Paul M. Romer, [“The Origins of Endogenous Growth”](#), *Journal of Economic Perspectives*,
1994.

Kevin J. Stiroh, [“What Drives Productivity Growth?”](#), *Economic Review*, Federal Reserve Bank

Paul A. David, *The American Economic Review*, 1990. [“The Dynamo and the Computer: An
Historical Perspective on the Modern Productivity Paradox”](#)

8. Efficiency

W:10

Justin Yifu Lin. *The Quest for Prosperity: How Developing Economies Can Take Off*
(Princeton 2012)

Diego A. Comin and Bart Hobijn. “Cross-Country Technology Adoption: Making the Theories
Face the Facts.” *Journal of Monetary Economics*, 2004. [Working Paper Version](#)

Diego Comin and Bart Hobijn, [“An Exploration of Technology Diffusion”](#) *American Economic
Review*, 2010.

PART 4: THE FUNDAMENTALS OF GROWTH and DEVELOPMENT

9. Open Economy and Growth

W:11

10. The Government’s Role

W:12

Daron Acemoglu and James Robinson *Why Nations Fail: The Origins of Power, Prosperity, and
Poverty*, Crown Business Press, 2012

Douglass C. North, *Institutions, Institutional Change, and Economic Performance*, Cambridge
University Press, 1990.

William G. Gale & Andrew A. Samwick [“Effects of Income Tax Changes on Economic Growth”](#)
Brookings Report, 2016

11. Income Inequality

W:13

PART 5: A SUMMING UP

W:17 G:4,5,6,7,8,9

Robert J. Gordon *The Rise and Fall of American Growth: The U.S. Standard of Living since
the Civil War*, Princeton University Press, 2016

Robert J. Gordon. [“Is U.S. Economic Growth Over? Faltering Innovation Confronts the Six
Headwinds,”](#) NBER Working Paper No. 18315, 2012; and his follow-up paper: [The
Demise of U. S. Economic Growth: Restatement, Rebuttal, and Reflections](#)

Tyler Cowen. *The Great Stagnation: How America Ate All the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better*, Penguin/Dutton Publishing, 2011.

Erik Brynjolfsson and Andrew McAfee. *Race Against The Machine: How the Digital Revolution is Accelerating Innovation, Driving Productivity, and Irreversibly Transforming Employment and the Economy*, Digital Frontier Press, 2011

Philippe Aghion, Céline Antonin, & Simon Bunel. *The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations*, Harvard University Press, 2021