ECON 420 - Growth and Development - Fall 2023

Instructor:	Cavit Baran	**Office Hours:**	Wed 4pm-5pm or by appointment
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Lecture hours and room: FASS 1096 - Thu 08:40-10:30 and Fri 09:40-10:30

Course objectives: Main objective of this course is to study the current income differences across countries and the underlying economic causes that can explain these disparities. By the end of this course, students should have a basic understanding of economic growth and gain the ability to evaluate the role of elements that determine growth. To that end, first part of the course will lay out theoretical foundations of economic growth. Second part will focus on empirical applications of economic theory to explore various important factors that help explain the current status of world economies such as political and cultural institutions, health and nutrition, education, labor markets and financial institutions.

Background: ECON 202 and 204 are prerequisite courses. In addition, basic knowledge of statistical concepts are recommended but not required for this course.

Textbook and readings: "David N. Weil, *Economic Growth*, 3rd edition. Routledge" will be closely followed during the first part of the course. In addition, a list of selected articles and lecture notes will be provided by the instructor.

Students are expected to install and use Stata software to complete basic Stata exercises for the assignments. For a refresher on Stata, tutorials can be found at https://www.stata.com/links/video-tutorials/.

(Tentative) Course Outline

1. Theory

    - Facts on world income distribution and determinants of growth

    - Neoclassical growth theory

    - Population, human capital, and technology

    - Growth and development accounting

    - Inequality, poverty traps, and misallocation

    - Endogenous growth models

2. Empirics

    - Review on probability, natural and quasi-natural experiments, and causal inference

    - Empirical methods: Difference-in-differences, event studies, and regression discontinuity design

3. Determinants of growth

    - Colonial origins, formal and informal institutions, and culture

    - Health, nutrition, education

    - Labor markets, inequality and mobility

    - Savings, insurance, and micro-credit institutions

    - Political institutions

4. Class presentations and discussion

    - Short class presentations on selected articles followed by a brief discussion in mid-December.

Assessment Criteria and Course Policy

1. Assignments (15%): There will be 3 assignments. Each assignment will be a combination of written problems and Stata exercises. Submitted answers to Stata exercises **must** be accompanied by corresponding log files that show all the work. Students are welcome to work together but they **must** (1) submit their work separately, (2) write answers in their own words, and (3) provide the names of students they collaborated with on the front page of their work. Late submissions will **not** be accepted under any circumstances and will receive **zero credit**.

2. Midterm (30%): There will be **one in-class** midterm exam. The exam date will be determined based on course progress and student input.

3. Final (35%): There will be **one written** final exam which will cover all the topics discussed in the lectures. The exam date will be announced by the University.

4. Class presentations (10%): Each student will do a short class presentation (5-10 minutes) on a research article from a list of selected articles which will be shared by the instructor. Students will select and submit **two** topics of interest **no later than Nov 1** and will be assigned to an article based on their preferences (any ties will be broken by a coin toss). Presentations will be in person and take place **in mid-December**.

5. Attendance and participation (10%) Class attendance will be taken. Although lecture slides will be shared later, attending lectures is highly encouraged as a more in-depth view of topics will be provided in the class.

Make-up exams: Make-up exams will be granted only if a student misses the midterm or final exam and has a valid and documented reason. In the case of an illness, a formal doctor's note must be presented to the instructor in three business days. Doctor's notes provided by a private hospital or a practice should be submitted to and verified by the University Health Service in a timely manner. If a student fails to do a class presentation, then her/his grade on the final exam will count for 45 percent of the final grade. Aside from the valid excuses stated above, **no make-up work** that can take place of the exams/assignments/presentations in the final grade will be granted under any circumstances.

Academic integrity: Students are expected to follow academic honesty guidelines set by the University. The definition of academic dishonesty is provided in the rules and regulations of the Sabanci University. Any case of academic dishonesty will result in zero credit for that particular work. Any form of cheating during the written work will result in an F for the course. All cases of academic dishonesty will be reported for further disciplinary action.