Barcelona School of Economics

COURSE SYLLABUS | 15E031

Topics in Economic Growth and Development

3 ECTS | TERM 3 | ELECTIVE

Professor

Prof. Ruben Durante

Prerequisites to enroll

Recommended: introductory graduate courses in microeconomics and macroeconomics, and familiarity with basic econometric methods.

Overview and objectives

This course examines the origins of vast differences in income per capita across countries, regions, and time.

By the end of the course, students will be able to:

- Understand the main theoretical frameworks used to study long-run economic growth
- Discuss recent empirical research on the determinants of comparative economic development

- Critically evaluate empirical methodologies used in applied economic research
- Present and discuss academic research in a seminar setting

Course outline

The first part introduces theoretical frameworks for thinking about long-run economic growth. The second and larger part investigates empirically the fundamental determinants of comparative economic development, including the role of geography, institutions, culture, human capital, demography, conflict, and inequality.

Required activities

- **Class participation:** Active participation in class discussions is expected.

- **Class presentation:** Each student will present one paper from the reading list (papers marked with #). Presentations should be approximately 20–25 minutes and should cover the paper's motivation, methodology, main findings, and limitations, followed by class discussion.

- **Final exam:** there will be a closed book final exam on the material covered in all sessions.

Evaluation

Component	Weight
Class participation	10%
Three 1-page reading comments	15%
Class presentation	20%
Final exam	55%

Materials

Sessions 1–2: Introduction & Growth Theory

Why are some countries richer than others? Stylized facts on economic development. The Solow model, technological change, and endogenous growth.

Textbooks and references:

- Jones, C. & Vollrath, D. (2013). Introduction to Economic Growth. WW Norton
- Romer, D. (1996). Advanced Macroeconomics. McGraw-Hill
- Galor, O. (2011). Unified Growth Theory. Princeton University Press
- Aghion, P. & Howitt, P.W. (2008). The Economics of Growth. MIT Press
- * Solow, R.M. (1956). "A Contribution to the Theory of Economic Growth." Quarterly Journal of Economics
- * Galor, O. & Weil, D.N. (2000). "Population, Technology, and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond." American Economic Review, 90(4): 806–828
- * Jones, C.I. (1995). "R&D-Based Models of Economic Growth." Journal of Political Economy, 103(4): 759–784

Session 3: Geography

Does geography determine economic destiny? Climate, disease, and agricultural endowments as determinants of long-run development.

- * Gallup, J.L., Sachs, J.D. & Mellinger, A.D. (1999). "Geography and Economic Development." International Regional Science Review, 22(2): 179–232
- * Alsan, M. (2015). "The Effect of the TseTse Fly on African Development." American Economic Review, 105(1): 382–410
- * Dell, M., Jones, B.F. & Olken, B.A. (2012). "Temperature Shocks and Economic Growth: Evidence from the Last Half Century." AEJ: Macroeconomics: 66–95
- * Dell, M., Jones, B.F. & Olken, B.A. (2014). "What Do We Learn from the Weather? The New Climate-Economy Literature." Journal of Economic Literature
- # Nunn, N. & Qian, N. (2011). "The Potato's Contribution to Population and Urbanization: Evidence from a Historical Experiment." QJE, 126(2): 593–650
- # Barrios, S., Bertinelli, L. & Strobl, E. (2010). "Trends in Rainfall and Economic Growth in Africa." Review of Economics and Statistics, 92(2): 350–366
- Acemoglu, D., Johnson, S. & Robinson, J.A. (2002). "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." QJE, 117(4): 1231–1294
- Hibbs, D.A. & Olsson, O. (2005). "Biogeography and Long-Run Economic Development." European Economic Review, 49(4): 909–938
- Putterman, L. (2008). "Agriculture, Diffusion and Development: Ripple Effects of the Neolithic Revolution." Economica, 75(300): 729–748

Session 4: Institutions

Do institutions cause development? Colonial origins, property rights, democracy, and long-run growth.

- * Acemoglu, D., Johnson, S. & Robinson, J.A. (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." American Economic Review, 91: 1369–1401
- * Acemoglu, D., Johnson, S. & Robinson, J.A. (2005). "Institutions as a Fundamental Cause of Long-Run Growth." Handbook of Economic Growth, 1: 385–472

- * Dell, M. (2010). "The Persistent Effects of Peru's Mining Mita." Econometrica, 78(6): 1863–1903
- # Acemoglu, D., Cantoni, D., Johnson, S. & Robinson, J.A. (2011). "The Consequences of Radical Reform: The French Revolution." AER, 101(7): 3286–3307
- # Michalopoulos, S. & Papaioannou, E. (2013). "Pre-Colonial Ethnic Institutions and Contemporary African Development." Econometrica, 81(1): 113–152
- La Porta, R., Lopez-de-Silanes, F. & Shleifer, A. (2008). "The Economic Consequences of Legal Origins." Journal of Economic Literature, 46(2): 285–332
- Acemoglu, D. et al. (2019). "Democracy Does Cause Growth." Journal of Political Economy, 127(1): 47–100
- Pascali, L. (2016). "Banks and Development: Jewish Communities in the Italian Renaissance and Current Economic Performance." Review of Economics and Statistics

Session 5: Origins of the State

Where do states come from? Geography, agriculture, and the emergence of hierarchical political institutions.

- * Diamond, J. (1997). Guns, Germs and Steel. [Selected chapters]
- * Mayshar, J., Moav, O., Neeman, Z. & Pascali, L. "Cereals, Appropriability, and Hierarchy."
- * De la Sierra, R.S. "On the Origin of States: Stationary Bandits and Taxation in Eastern Congo." Journal of Political Economy
- # Becker, S., Ferrara, A., Melander, E. & Pascali, L. "Wars, Local Political Institutions, and Fiscal Capacity."
- # Acemoglu, D., Johnson, S. & Robinson, J.A. (2005). "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth." AER, 95(3): 546–579

Session 6: Culture

Does culture matter for economic development? Trust, religion, norms, and long-run prosperity.

- * Alesina, A. & Giuliano, P. (2015). "Culture and Institutions." Journal of Economic Literature, 53(4): 898–944

- * Algan, Y. & Cahuc, P. (2010). "Inherited Trust and Growth." American Economic Review: 2060–2092
- * Nunn, N. (2012). "Culture and the Historical Process." Economic History of Developing Regions, 27(S1): 108–126
- # Cantoni, D. (2014). "The Economic Effects of the Protestant Reformation." Journal of the European Economic Association, 13(4)
- # Spolaore, E. & Wacziarg, R. (2009). "The Diffusion of Development." Quarterly Journal of Economics, 124(2): 469–529
- Becker, S.O. & Woessmann, L. (2009). "Was Weber Wrong? A Human Capital Theory of Protestant Economic History." QJE, 124(2): 531–596
- Guiso, L., Sapienza, P. & Zingales, L. (2006). "Does Culture Affect Economic Outcomes?" Journal of Economic Perspectives
- Henrich, J. (2020). The WEIRDest People in the World. [Selected chapters]
- Clark, G. (2007). A Farewell to Alms. [Selected chapters]

Session 7: Human Capital

Is human capital the key to development? Education, knowledge diffusion, and the economics of innovation.

- * Squicciarini, M. & Voigtländer, N. (2015). "Human Capital and Industrialization: Evidence from the Age of Enlightenment." QJE, 130(4): 1825–1883
- * Dittmar, J.E. (2011). "Information Technology and Economic Change: The Impact of the Printing Press." QJE, 126(3): 1133–1172
- # Becker, S.O., Hornung, E. & Woessmann, L. (2011). "Education and Catch-Up in the Industrial Revolution." AEJ: Macroeconomics, 3(3): 92–126
- # Ciccone, A. & Papaioannou, E. (2009). "Human Capital, the Structure of Production, and Growth." Review of Economics and Statistics, 91(1): 66–82
- Bils, M. & Klenow, P.J. (2000). "Does Schooling Cause Growth?" American Economic Review, 90(5): 1160–1183
- Gennaioli, N. et al. (2013). "Human Capital and Regional Development." QJE, 128(1): 105–164

Session 8: Demography & Automation

From Malthus to robots: population dynamics, the demographic transition, aging, and the economics of automation.

- * Ashraf, Q. & Galor, O. (2011). "Dynamics and Stagnation in the Malthusian Epoch." American Economic Review, 101(5): 2003–2041
- * Acemoglu, D. & Restrepo, P. (2017). "Secular Stagnation? The Effect of Aging on Economic Growth in the Age of Automation." AER Papers & Proceedings, 107(5): 174–179
- # Acemoglu, D. & Restrepo, P. (2022). "Demographics and Automation." Review of Economic Studies, 89(1): 1–44
- # Galor, O. & Mountford, A. (2008). "Trading Population for Productivity: Theory and Evidence." Review of Economic Studies, 75(4): 1143–1179
- Galor, O. & Weil, D.N. (2000). "Population, Technology, and Growth." American Economic Review, 90(4): 806–828

Session 9: Conflict

War, violence, and economic development. Civil war, ethnic conflict, and the long-run legacy of political violence.

- * Blattman, C. & Miguel, E. (2010). "Civil War." Journal of Economic Literature, 48(1): 3–57
- * Miguel, E. & Roland, G. (2011). "The Long-run Impact of Bombing Vietnam." Journal of Development Economics, 96(1): 1–15
- # Rogall, T. & Yanagizawa-Drott, D. (2014). "The Legacy of Political Mass Killings: Evidence from the Rwandan Genocide." Mimeo
- # Michalopoulos, S. & Papaioannou, E. (2016). "The Long-Run Effects of the Scramble for Africa." American Economic Review
- Abadie, A. & Gardeazabal, J. (2003). "The Economic Costs of Conflict: A Case Study of the Basque Country." AER, 93(1): 113–132
- Becker, S. & Pascali, L. (2019). "Religion, Division of Labor and Conflict: Anti-Semitism in Germany over 600 Years." AER, 109(5): 1764–1804
- Jha, S. (2013). "Trade, Institutions, and Ethnic Tolerance: Evidence from South Asia." American Political Science Review, 107(4): 806–832

- Rohner, D., Thoenig, M. & Zilibotti, F. (2013). "Seeds of Distrust: Conflict in Uganda." Journal of Economic Growth, 18(3): 217–252

Session 10: Inequality

Does inequality hinder growth? Income distribution, poverty traps, and the political economy of redistribution.

- * Alesina, A. & Rodrik, D. (1994). "Distributive Politics and Economic Growth." QJE, 109(2): 465–490
- * Aghion, P., Caroli, E. & Garcia-Penalosa, C. (1999). "Inequality and Economic Growth: The Perspective of the New Growth Theories." JEL, 37(4): 1615–1660
- * Galor, O. & Moav, O. (2004). "From Physical to Human Capital Accumulation: Inequality and the Process of Development." Review of Economic Studies, 71(4): 1001–1026
- # Marrero, G.A. & Rodriguez, J.G. (2013). "Inequality of Opportunity and Growth." Journal of Development Economics, 104: 107–122
- # Alesina, A., Michalopoulos, S. & Papaioannou, E. (2016). "Ethnic Inequality." Journal of Political Economy, 124(2): 428–488
- Banerjee, A.V. & Duflo, E. (2003). "Inequality and Growth: What Can the Data Say?" Journal of Economic Growth, 8(3): 267–299
- Easterly, W. (2007). "Inequality Does Cause Underdevelopment: Insights from a New Instrument." Journal of Development Economics, 84(2): 755–776
- Duflo, E. (2012). "Women Empowerment and Economic Development." Journal of Economic Literature, 50(4): 1051–1079

Additional Session (if time allows): Trade & Migration

Does openness drive growth? International trade, technology diffusion, and the economics of migration.

- * Frankel, J.A. & Romer, D. (1999). "Does Trade Cause Growth?" American Economic Review, 89(3): 379–399
- * Pascali, L. (2017). "The Wind of Change: Maritime Technology, Trade and Economic Development." AER, 107(9): 2821–2854

- # Juhász, R. (2018). "Temporary Protection and Technology Adoption: Evidence from the Napoleonic Blockade." AER, 108(11): 3339–3376
- # Moser, P., Voena, A. & Waldinger, F. (2014). "German Jewish Émigrés and US Invention." AER, 104(10): 3222–3255
- Docquier, F. & Rapoport, H. (2012). "Globalization, Brain Drain, and Development." Journal of Economic Literature, 50(3): 681–730
- Rodríguez, F. & Rodrik, D. (2000). "Trade Policy and Economic Growth: A Skeptic's Guide." NBER Macroeconomics Annual, 15: 261–325

Reading List Legend

- Papers marked ***** are covered by the instructor and required for the final exam
- Papers marked **#** are presented by students and required for the final exam
- All other papers are supplementary reading

Competencies

☐ Capacity of utilization of the theoretical instruments of the to analyze situations of coherent form.

☐ Ability to use the appropriate (statistical and numerical) techniques.

☐ Ability to identify and successfully search for the data necessary for the analysis, either grossly or in the form of more elaborate databases.

☐ Ability to make independent judgments and defend them dialectically.

☐ Ability to write formal reports.

☐ Acquire a solid knowledge base for the study of quantitative issues.

☐ Ability to Recognize and know how to use the principles of econometrics and statistics.

☐ Ability to work with microeconomic analysis tools and their empirical and theoretical applications.

Learning outcomes

☐ Students should get an overview of economic and financial theory.

☐ Students must be able to recognize theories and present arguments with precise examples.

☐ Students will have the ability to understand how markets work and explain their weaknesses.

☐ Students will acquire the technical tools that will allow them to perform the advanced analytics required in the second module as econometric methods.

☐ Students will know what the appropriate inference for each situation is.