

ECONOMIC GROWTH AND DEVELOPMENT

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SETTING BASIC RULES

- This is not a English course
- We are a Spanglish Friendly Zone
- I expect you to actively participate in this course

BASIC MOTIVATION

GapMinder

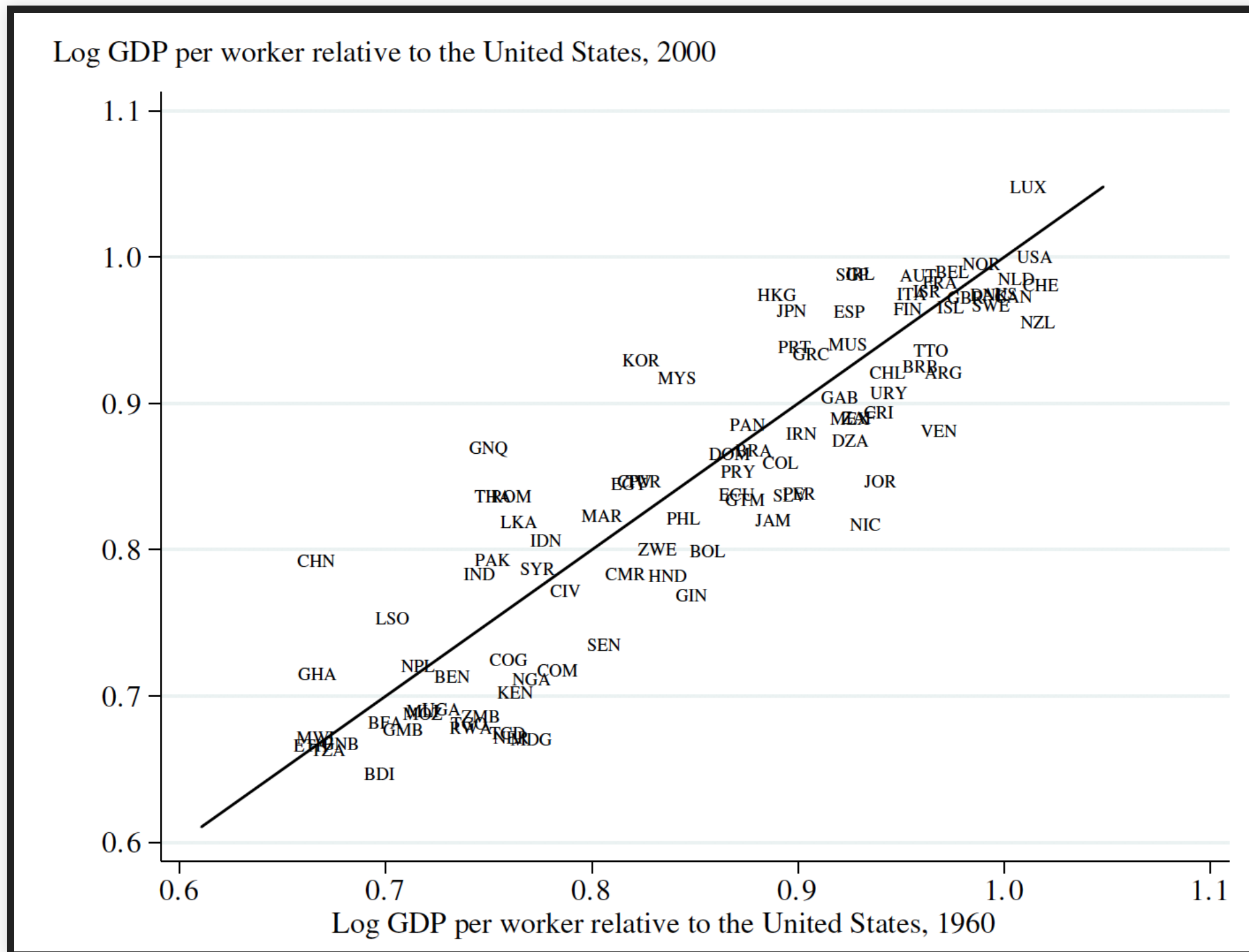


FACTS/QUESTIONS

- Why is the United States richer in 1960 than other nations and able to grow at a steady pace thereafter?
- How did Singapore, South Korea and Botswana manage to grow at a relatively rapid pace for 40 years?
- Why did Spain grow relatively rapidly for about 20 years, but then slow down? Why did Brazil and Guatemala stagnate during the 1980s?
- What is responsible for the disastrous growth performance of Nigeria?

Our first task is to develop a coherent framework to investigate these questions and as a byproduct we will introduce the workhorse models of dynamic economic analysis and macroeconomics

Persistence of Prosperity

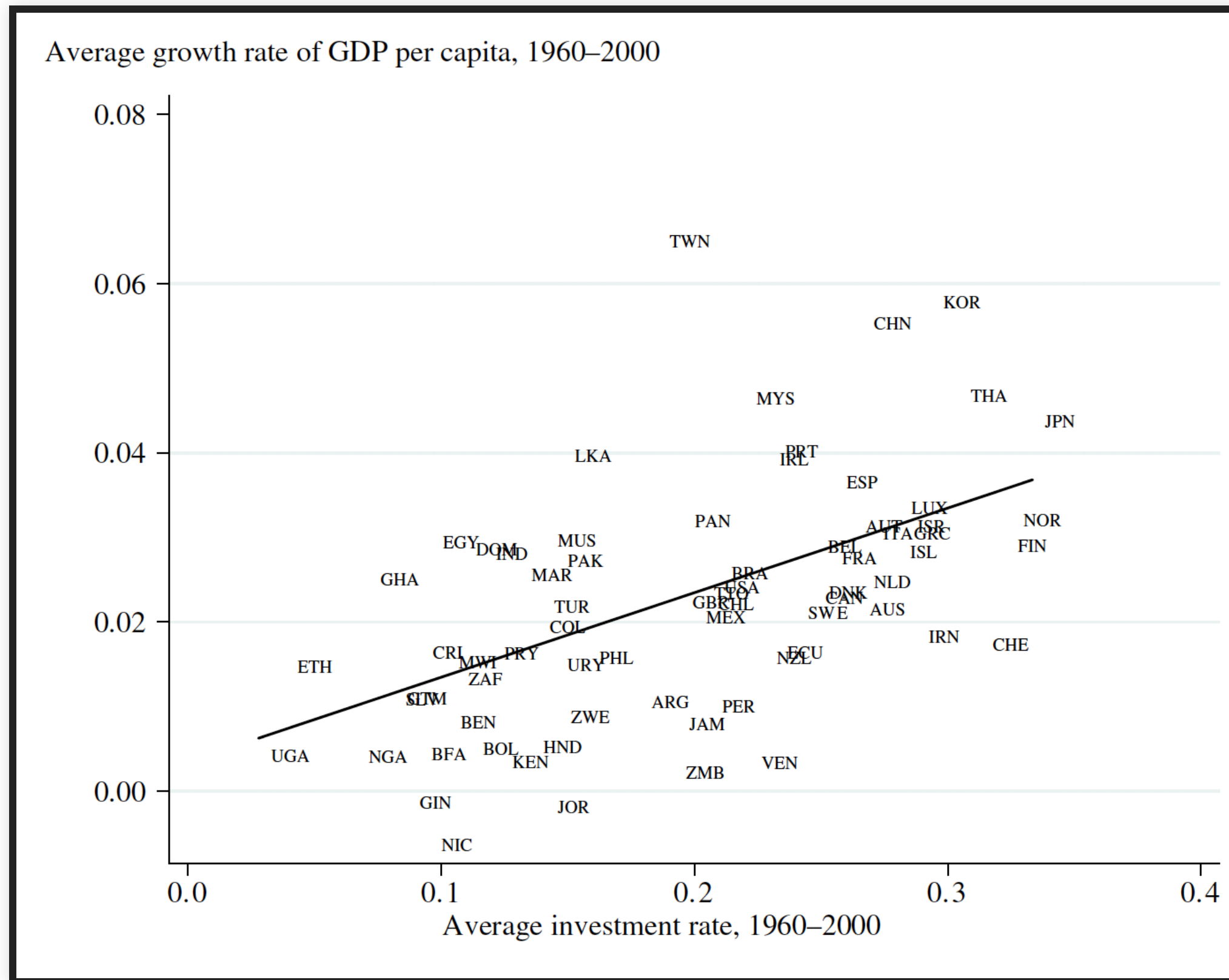


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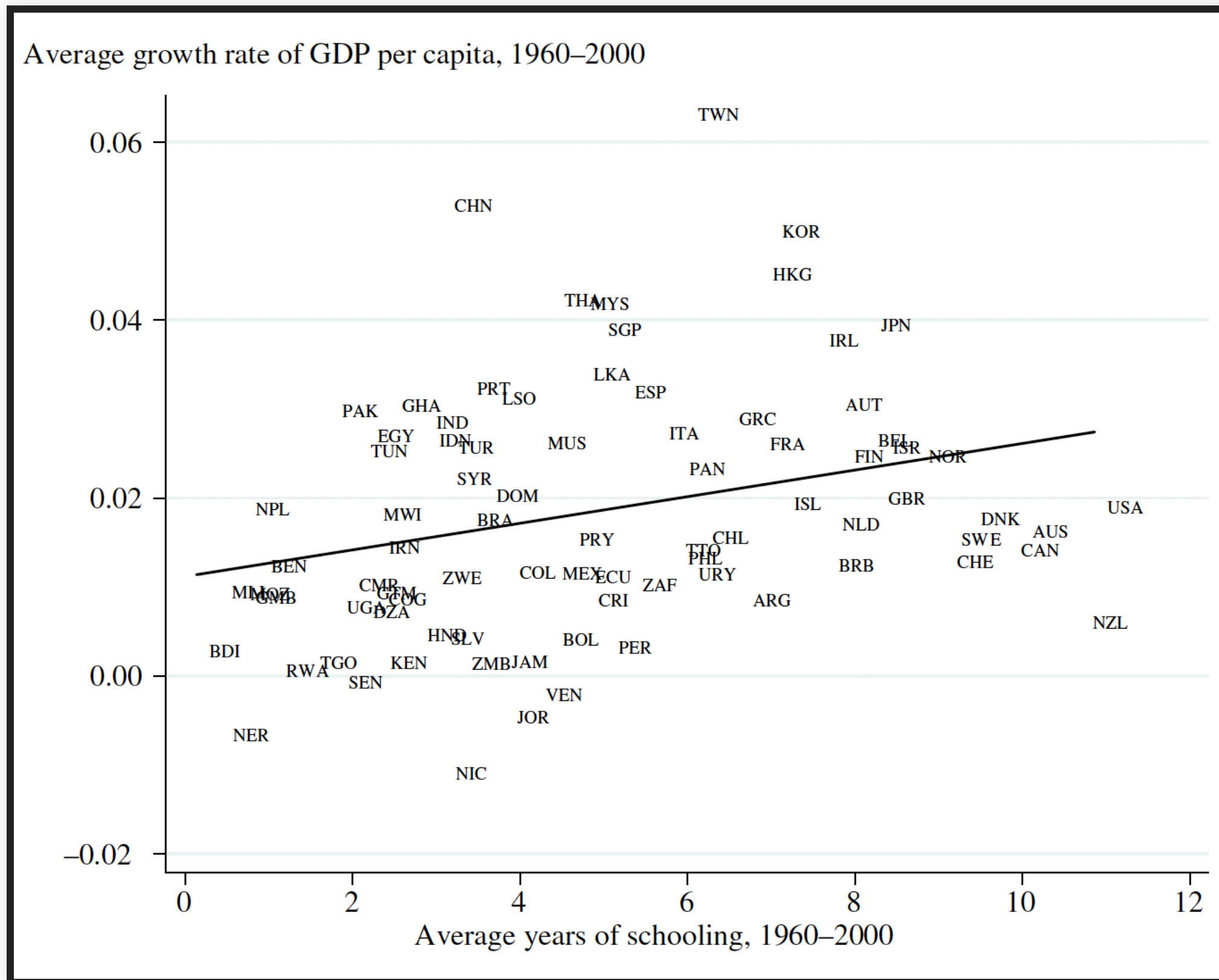
FROM CORRELATES TO FUNDAMENTAL CAUSES

- Correlates of economic growth, such as physical capital, human capital and technology, will be our first topic of study.

Investment and Growth



Education and Growth



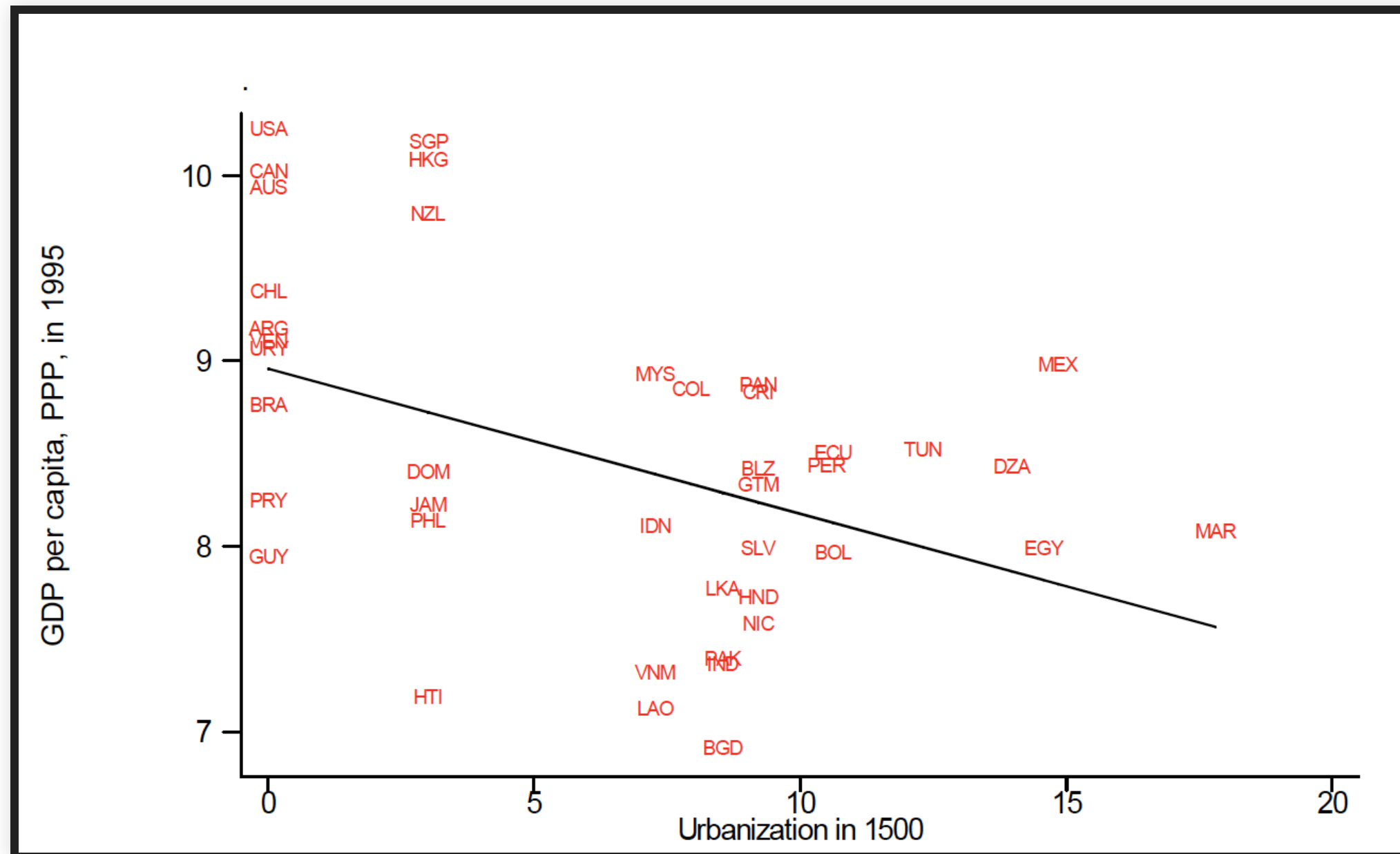
- But these are only proximate causes of economic growth and economic success:
 - why do certain societies fail to improve their technologies, invest more in physical capital, and accumulate more human capital?
 - If physical capital accumulation is so important, why did Nigeria not invest more in physical capital?
 - If education is so important, why our education levels in Nigeria still so low and why is existing human capital not being used more effectively?

The answer to these questions is related to the fundamental causes of economic growth.

PERSISTENCE AND REVERSAL

- But is there persistence even if we go further? If yes, this might suggest there are important unchanging factors affecting growth at the country level.
- Among others:
 - Institutions
 - Geography
 - Culture
 -

URBANIZATION AND GROWTH



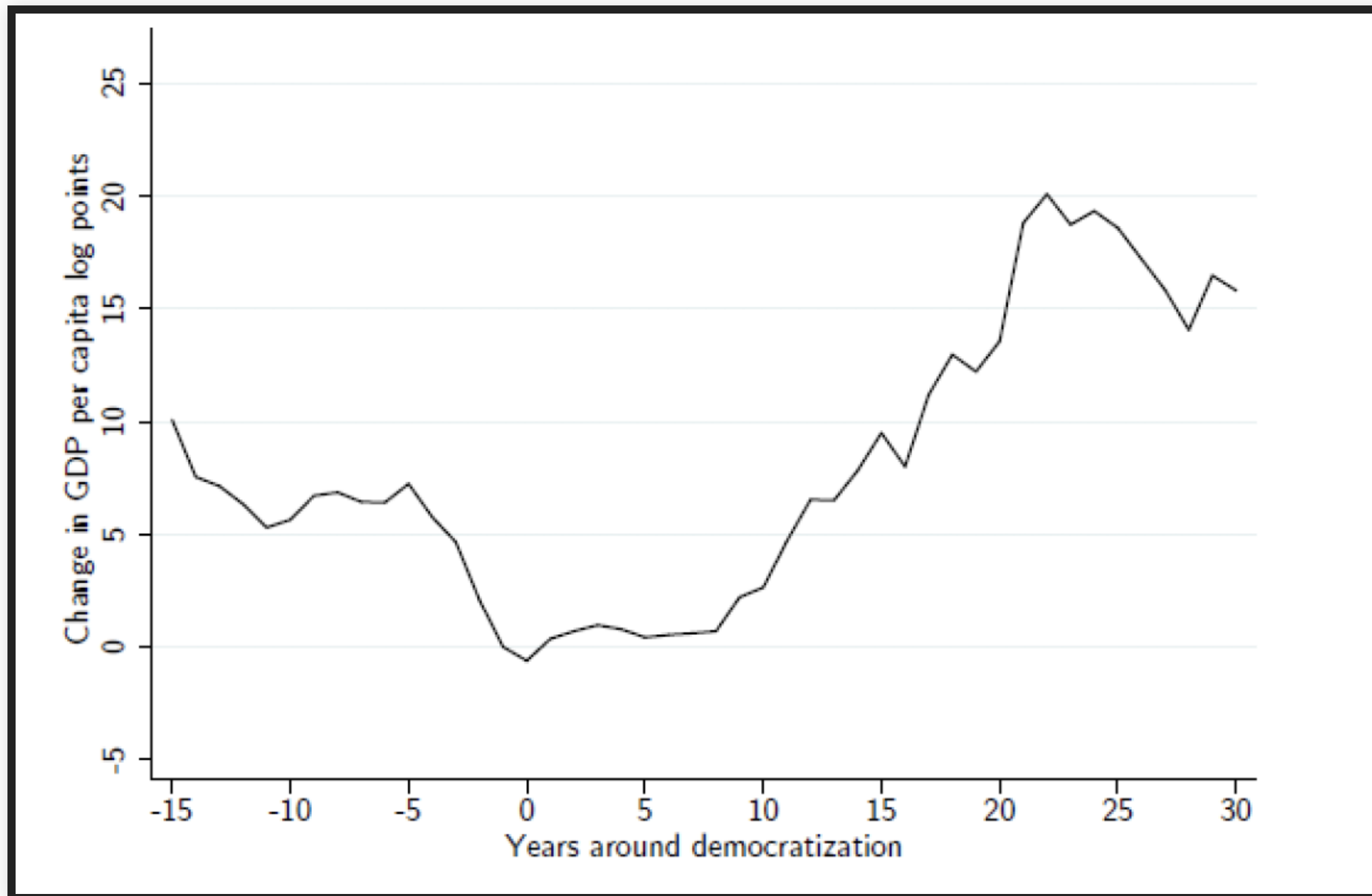
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URBANIZATION AND GROWTH



Source: AD, Chapter 1

DEMOCRATIZATION



Source: AD, Chapter 1

THREE MAJOR QUESTION ON THIS COURSE

1. Why are there such large differences in income per capita and worker productivity across countries?
2. Why do some countries grow rapidly while other countries stagnate?
3. What sustains economic growth over long periods of time, and why did sustained growth start 200 years or so ago?

COURSE'S AIM

- Build practice and skills in the analysis of dynamic economic models.
- Obtain intuition and insight about sources and causes of differences in long run economic performance across countries.
- Start thinking about how to map some of these ideas to data.

TEAM-BASED LEARNING APPROACH

This course follows the team-based learning (TBL) approach to evaluate the learning level that students are expected to develop during the lectures. TBL relies on small group interaction to promote an open learning environment where students are encouraged to debate and discuss the basic concepts and theories covered in this course.

READINESS ASSURANCE PROCESS (RAP)

After the test is delivered, we solved the test together. In this point, each team can appeal based on evidence from the lecture.

In sum, a RAP is followed like this:

- 10 minutes individual test
- 10 minutes team test
- 10 solution and appellations

APPLICATION OF COURSE CONCEPTS (ACC)

- *Problem sets*: Each team has to solve questions and extra exercises
- *Country debates*: Each team will be assigned to a country. During the semester the team will participate in debates around the pre-defined questions provided by the professor using the concepts.

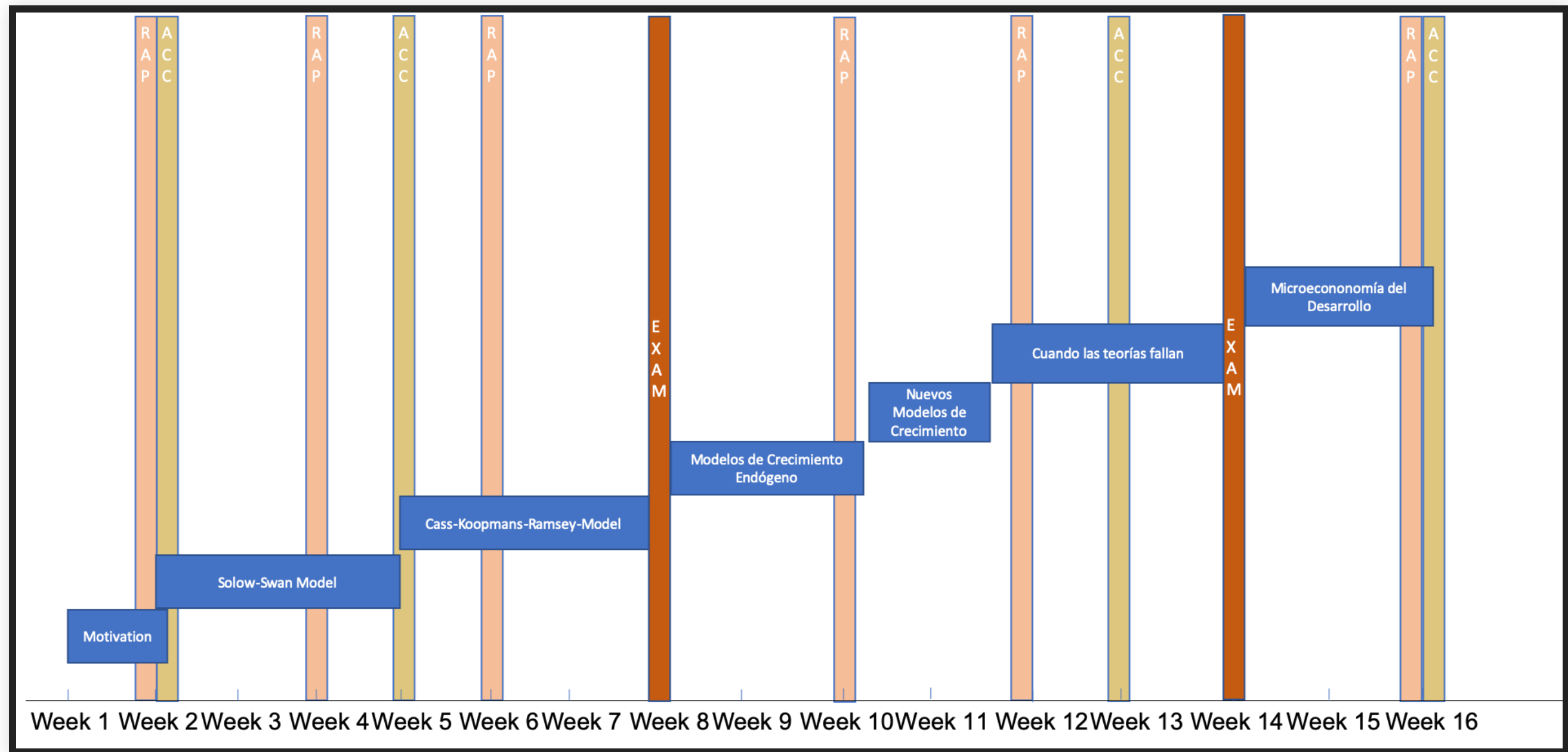
GRADING

- RAP - 20%
- ACC - 30%
- Midterm Exam - 30%
- Final Exam - 20%

SCHEDULE/ROAD MAP

Program

ROAD MAP



Let's build the teams



First ACC - Next Class

Task 1: Introducing your country

Five questions:

- General information of your country?
- Short history timeline?
- Political Institutions set up?
- How is the growth development during the last 50 years?
- Main causes of peaks?