

Modern Growth Theories

Lecture 1

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<http://prawo.uni.wroc.pl/user/12141/students-resources>

Syllabus – Lecture

1. Keynesian approach to economic growth.
2. Harrod-Domar growth model.
3. The neoclassical growth theory. The Solow growth model. Extension of the Solow model.
4. Growth accounting in the neoclassical framework. Convergence to the steady-state. Convergence across economies.

Syllabus – Lecture

5. Analytical foundation of growth theory. Elements of dynamic programming and optimal control.
6. Growth model with endogenous savings. Endogenous growth models. One sector model – AK model. Two sector models – capital human growth models. R&D models of economic growth.

Syllabus – Lecture

7. Trade and growth theory. Finance and growth theory – main channels, empirical evidence.
8. Foreign aid and economic growth.

Syllabus – Tutorials

1. The pattern of economic growth worldwide. Measures of economic growth and decomposition of GDP growth rate.
2. Measures of economic development.
3. Growth strategies.
4. The fastest and slowest growing least developed countries.
5. Determinants of economic growth: case study.
6. The world income distribution. Measures of poverty.
7. Ways of poverty alleviation in poor countries.

Recommended Reading

- Acemoglu, D., *Introduction to Modern Growth Theory*. Princeton University Press, 2009.
- Aghion, P., Howitt, P., *The Economics of Growth*. MIT Press, 2009.
- Barro, R.J., Sala-i-Martin, X., *Economic Growth*. 2nd edition, MIT Press, 2004.
- Sengupta J., *Understanding Economic Growth*. Springer, 2011.
- Haughton, J., Khandker, S.R., *Handbook on Poverty and Inequality*. The World Bank Washington, 2009.

Recommended Reading

- Romer D., *Advanced Macroeconomics*, McGraw-Hill, 1996.
- Chiang A.C., Wainwright K., *Fundamental Methods of Mathematical Economics*, McGraw-Hill/Irwin, Boston, Mass., (4th edition) 2005.
- Chiang A.C., *Elements of Dynamic Optimization*, Waveland Press, 1992.

Exam 2019

- Economic growth vs economic development.
- Growth strategies.
- Original and augmented Washington Consensus.
- Empirical tests of economic growth.
- The world income distribution.
- Sigma-convergence vs beta-convergence.
- The mechanism behind classic and technological convergence.

Exam 2019

- Types of growth models.
- Assumptions and conclusions of the Harrod model.
- The Domar model – the razor’s edge.
- Growth rate and its properties.
- Labour- and capital-augmenting technical progress.
- The neoclassical production function.
- The Solow growth model – assumptions and growth rates at steady state.
- The Solow model – convergence to steady-state.
- Growth accounting in the neoclassical framework.

Exam 2019

- An extended Solow model with physical and human capital.
- CES utility function and its properties.
- The neoclassical growth model with endogenous savings.
- Models of endogenous technological progress.
- Models with human capital – assumptions and determinants of growth rates.
- Determinants of growth rates in R&D-based growth models.
- Trade in growth models.
- Finance and growth theory.
- Foreign aid and economic growth.