

ECONOMICS 234

THE WEALTH AND POVERTY OF NATIONS

The Historical Roots of Long-Run Economic Growth

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<i>Lecture time and location:</i>	M,W,F 10-11 am, Wesbrook 201
<i>Office hours:</i>	Wednesday, 2-4 pm
<i>Course Web page:</i>	www.colby.edu/economics/faculty/jmlong/ec479

Why are some places so rich while others are so poor? It is one of the most important, most intriguing questions in economics. In this course, we will examine the causes of economic growth in the long run. The *very* long run. Looking back over the last several hundred, and in some cases several thousand, years, we will search for the “deep determinants” of growth – how the fundamentals of geography and environment, along with changes in institutions, technology, and economic integration have allowed some, but not all, societies to prosper and provide their members with remarkably high standards of living. This process has accelerated rapidly among the economically developed countries over the last two hundred years, in what has been termed modern economic growth. Only in a long-run historical context can we adequately address the stark divergence between these countries and those who have remained poor.

Prerequisites: This course relies heavily on basic micro- and macroeconomic principles; Econ 101 and 102 are required. A basic knowledge of simple regression analysis (such as from Econ 325 and 326) is helpful but is *not* required.

Texts: There are five (relatively) inexpensive books required for the course. They are

- The Lever of Riches*, Joel Mokyr (Oxford University Press, 1992).
- Rise of the Western World*, Douglass North & Robert P Thomas (Cambridge University Press, 1990).
- The Mystery of Capital*, Hernando de Soto (Basic Books, 2000).
- Guns, Germs, and Steel*, Jared Diamond (W. W. Norton, 1999).
- The Protestant Ethic and the Spirit of Capitalism*, Max Weber (Dover Publications, 2003).

Course Requirements: This class meets three times per week, Monday, Wednesday, and Friday. You should be aware of the university’s policies on attendance. Check them out at the UBC Calendar: www.calendar.ubc.ca/vancouver/index.cfm?tree=3,36,0,0. This course will follow these policies. Bottom line: you must attend class. You should also be aware of the University’s policies on academic honesty, which are available at: www.calendar.ubc.ca/vancouver/index.cfm?tree=3,286,0,0. Incidents of academic dishonesty (cheating, plagiarism, etc.) will be penalized to the maximum extent allowable under university guidelines.

Much of the work in this course will come in the form of reading. There will be no problem sets, and there’s only one paper. There will, however, be a lot of reading. If you don’t like reading, this probably isn’t the course for you. I expect you to do the assigned reading before every class and to be prepared to discuss and answer questions on the reading in class; that’s how you’ll learn what you should learn in this course. To this effect, I will distribute a few discussion questions before each class. I expect you to think about how you would answer these questions if called upon. To check your preparation, I will periodically give pop quizzes at the beginning of class that will simply entail providing a short written answer to one or more of the discussion questions.

Evaluation: Your grade for the course will be based on three factors:

Midterm exam	25%	Final exam	45%	Writing assignment	20%	Quizzes	10%
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The midterm exam will be given on **Friday, October 29**. The final exam will be on the date set by the University. No make-up exams will be given; you must take the exams on the scheduled dates.

The writing assignment is a book review. Each student will be assigned one book on which to write a review. The review will be due during the week in which that particular book will be covered. Specific due dates will be announced in advance in class. Book reviews are to be between 2,000 and 2,500 words long. The review will consist of three main components: (i) summary, (ii) synthesis, and (iii) critical response. (i) The summary section (obviously) addresses the question What is this book about? What question(s) does the author address? What is the author(s) main argument(s)? What sort of evidence is brought to bear on the questions? In about 1,000 words, summarize the book. (ii) Next, place the author(s)' findings into the context of our Big Question: how does the book advance our understanding of the wealth of nations? How does it help us understand why some countries are rich and some are poor? How does it illuminate the "deep determinants" of economic growth in the very long run? (iii) Finally, offer a subjective assessment of the book. Do I "buy" some or all of it? Why or why not? What do I know from the "outside" that applies? What's missing? What's strong/weak? Compare perspectives: How would, say, North, respond to the arguments of, say, de Soto? After your summary, the remaining 1,000–1,500 words should be devoted to synthesis and critical response. Your review should be written in 12-point font, double-spaced, with one-inch margins. I will provide more details on the writing assignment in class.

On to the good stuff...

COURSE OUTLINE AND READING LIST

Week 1 The Big Question

Week 2 Why Should We Care?

Landes, D. *The Wealth and Poverty of Nations*, W. W. Norton, 1998: Intro

Easterlin, R. "The Worldwide Standard of Living Since 1800," *Journal of Economic Perspectives* 14 (Winter 2000): 7-26

Easterlin, R. *Growth Triumphant*, University of Michigan Press, 1996: Ch 10

Week 3 The Theory of Economic Growth

Mankiw, N. G. *Macroeconomics*: Ch 7, Economic Growth I

Mankiw, N. G. *Macroeconomics*: Ch 8, Economic Growth II

Week 4 Technology: The "Ultimate Proximate" Cause

Mokyr, J. *The Lever of Riches*, Oxford University Press, 1992: Ch 1, 3, 5, 7

Week 5 Technology: Explaining Episodes of Progress

Mokyr, *The Lever of Riches*: Ch 8-10

Week 6 Institutions: "The Rules of the Game," a Deeper Determinant

North, D. "Institutions," *Journal of Economic Perspectives* (Winter 1991): 97-112.

North, D. "Economic Performance Through Time" *American Economic Review* 84 (June 1994): 359-368.

Week 7 Institutions: The Rise of Europe

North, D. and R. P. Thomas. *Rise of the Western World*, Cambridge University Press, 1990: Ch 1-5, 8-12

Week 8 Institutions Outside Europe: A Very Different Story

de Soto, H. *The Mystery of Capital*, Basic Books, 2000: Ch 1-3, 5, 6

Week 9 Geography: The Deepest Determinant

Diamond, *Guns, Germs, and Steel*: Ch 4-12

Week 10 Geography And, not Or, Institutions

Engerman, S. and K. Sokoloff. "Factor Endowments, Inequality, and Paths of Development Among New World Economies," NBER Working Paper 9259.

Acemoglu, D., S. Johnson, and J. A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91 (December 2001): 1369-1401

Week 11 Culture: Here There be Monsters

Weber, M. *The Protestant Ethic and The Spirit of Capitalism*, Dover, 2003: pp. 1-31, 47-128, 155-183.

Blum, U. and L. Dudley. "Religion and Economic Growth: Was Weber Right?" *Journal of Evolutionary Economics* 11 (2001): 207-230.

Week 12 Growth Empirics: What Do the Data Tell Us?

Rodrik, D., A. Subramanian, and F. Trebbi. "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development," *Journal of Economic Growth* 9 (2004): 131-165.

Sachs, J. "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income," NBER Working Paper 9490.

Sachs, J. "Institutions Matter, but Not for Everything," *Finance and Development* (June 2003): 38-41.

Week 13 Conclusion: So What Do We Think? And What's To Be Done?

Acemoglu, D., S. Johnson, and J. Robinson. "An African Success Story: Botswana," in *In Search of Prosperity: Analytic Narratives on Economic Growth*, Dani Rodrik, ed. Princeton University Press, 2003.

Rodrik, D. "Growth Strategies," *Handbook of Economic Growth*, Ch10.