A Primer on Growth Theory

Scope

The purpose of this course is to introduce you to some of the basic dynamic general equilibrium concepts and models I believe useful to start understanding economic growth and macroeconomic fluctuations. No representative agent with log utility and a Cobb-Douglas production function will be found in this class, you have already seen them. Apart from discussing extensively the little we know, and the lot we do not know, about the empirics of economic growth and business cycles, we will make an effort to understand how to model heterogeneous agents and a disaggregated (or complicated if you like) production structure.

Organizational details

We will meet six times, for three hours each (with a break in the middle …). We will dedicate each meeting to a specific topic or issue. The first half of the meeting will be dedicated to “teaching the topic” and the second half to “discussing the topic”. I presume you will do some reading before each meeting and I will assign you specific suggestions as the time comes.

There are no assigned textbooks, but a number of reference texts are listed below. I will be mailing you additional reading materials week by week, depending on how fast we proceed.

Grading

I will give you a take-home exam at the end of the course.

Topics

2. Where growth theory did stand before new growth theory came around (i.e. before Lucas (1988)). What was known to macroeconomists (e.g. variants of the Solow model) and what was known to economic theorists (e.g. from Von Neumann to the Turnpike literature).
3. Equilibrium growth under perfect competition and a constant technology. Balanced growth without technological progress. Equilibrium growth under perfect competition and a non-
constant technology. The possibility of growth cycles.


6. Trade and growth, an introduction to the issues.

**Assorted Reading Material**


of Economics and Statistics 39, 312-320
