

## **SYLLABUS for Structure and Growth of Economy**

<b>Basic data for the course</b>	
<b>Academic unit:</b>	Faculty of Economics
<b>Title of the course:</b>	<b>Structure and Growth of Economy</b>
<b>Level:</b>	Bachelor
<b>Status of the course:</b>	Elective
<b>Year of studies:</b>	Third year – Sixth semester
<b>Number of hours per week:</b>	2+1
<b>ECTS credits:</b>	4
<b>Time/location:</b>	Faculty of Economics, University of Prishtina “Hasan Prishtina”
<b>Tutor:</b>	Prof.asoc. Driton Qehaja
<b>Tutor’s contact details:</b>	Fakulteti Ekonomik, UP, Kabineti 86 E-mail: <a href="mailto:dqehaja@yahoo.com">dqehaja@yahoo.com</a> Consultations: Wednesday, 12:00 – 14:00
<b>Content of the course</b>	
	Introduction to the neoclassical growth model-the workhorse of modern macroeconomics-and a review of endogenous growth theory. Topics will include basic facts of economic growth and long-run economic development; brief overview of optimal control theory and dynamic programming; basic neoclassical growth model under a variety of market structures; human capital and economic growth; endogenous growth models; models with endogenous technology; models of directed technical change; competition, market structure and growth; financial and economic development; international trade and economic growth; institutions and economic development.
<b>Course’s objectives:</b>	
	This course aims at: <ol style="list-style-type: none"> <li>1. Equipping the students with the basic concepts regarding the structure and economic growth theory. Students will learn basic facts of economic growth and long-run economic development, functioning of the national and international economy as well as the applicable economic policies.</li> <li>2. Equipping the students with the contemporary macroeconomic concepts, which can be used to critically discuss and evaluate the current macroeconomic policies.</li> <li>3. Providing an overview of the ongoing discussion concerning the current developments</li> </ol>

	in growth and inequality.
<b>The expected outcomes:</b>	<p>Like many developing countries, the primary focus of policies in one country is to have high and sustainable growth. However, to achieve and maintain a high growth rate, policy makers need to understand the determinants of growth as well as how policies affect growth. Student will learn that investment in both physical and human capital, coupled with low inflation and open trade policies, is necessary for economic growth. Furthermore, the ability to adapt to technological changes in order to increase efficiency is also important.</p> <p>Student will learn that governments in developing countries need to channel more money into education and capital works programmes, such as investment in infrastructure and health. It also needs to undertake tariff reforms, in a consequential manner to promote openness and deregulate markets to encourage efficiency. Furthermore, developing countries need to broaden their resource and industry base, in order to minimize the adverse effects on economic growth of supply shocks in the agricultural sector.</p> <p>Student will learn that a country's growth over a long period is basically determined by three factors, namely: (1) the efficient utilisation of the existing stock of resources, (2) the accumulation of productive resources such as human capital, and (3) technological progress. However, these broad categories can be further broken down into various determinants of economic growth.</p>

**The students' workload (hours per semester, ECTS)**

<b>Activity</b>	<b>Activity</b>	<b>Activity</b>	<b>Total</b>
Lectures	2*15 weeks		30
Seminars (theoretical and practical)	1*15 weeks		15
Case studies			
Direct contact with tutor	1		5
Field research	5		5
Colloquiums	2		6
Homework	1*10 weeks		10
Individual study (at library or at			20

home)			
Final preparation for the exam	2		2
Evaluation	2		2
Projects, presentation etc.	5		5
<b>Total</b>			<b>100</b>
Teaching methods:			
Assessment methods:			
<b>Literature</b>			
<b>Basic literature:</b>	<ol style="list-style-type: none"> <li>1. Sala-i-Martin, Xavier; Barro, Robert J. (2003). Economic growth (2nd ed.). Massachusetts: MIT Press. ISBN 9780262025539.</li> <li>2. Acemoglu, Daron. Introduction to Modern Economic Growth. Princeton, NJ: Princeton University Press, 2008. ISBN: 9780691132921.</li> </ol>		
<b>Additional literature:</b>	<ul style="list-style-type: none"> <li>• Aghion, P. and S. Durlauf, editors, Handbook of Economic Growth (2 volumes), North-Holland: Amsterdam, 2005</li> <li>• Jessica Cohen and William Easterly, Editors, What Works in Development? Thinking Big and Thinking Small, Brookings Institution Press: Washington DC, 2009</li> <li>• Nunn, Nathan, "The Importance of History for Economic Development," Annual Review of Economics, Vol. 1, No. 1, September 2009, pp. 65-92</li> <li>• Deaton, Angus, "Instruments of development? Randomization in the tropics, and the hunt for the keys to development", January 2010, Princeton University</li> </ul>		

<b>The detailed plan of work:</b>	
<b>Week</b>	<b>Topic</b>
<i>Wee 1</i>	1. GDP – Measuring the Economy
<i>Wee 2</i>	2. Mathematics of Growth

<i>Wee 3</i>	3. Introduction to Growth 3.1. Growth, Poverty, and Welfare: The World Distribution of Individual Income
<i>Wee 4</i>	3.2. Distribution of Per Capita Income Across Countries
<i>Wee 5</i>	4.The Solow-Swan model. 4.1. The Neoclassical Model
<i>Wee 6</i>	4.2. The Convergence Debate
<i>Wee 7</i>	5.The Ramsey model.
<i>Wee 8</i>	6. Open Economies and Capital Mobility
<i>Wee 9</i>	6.1. Open Economies. Perfect Capital Mobility. Collateral, Capital Mobility and Growth and Finite Lives Globalization and Growth: what do the data say?
<i>Wee 10</i>	7.Directed Technical Change: Endogenous Skill-Bias and Endogenous Labor-Augmenting Technological Change
<i>Wee 11</i>	8.Competition and Technological Change
<i>Wee 12</i>	9.Government and Public Finance.
<i>Wee 13</i>	10.Public Spending, Public Goods and Goods Subject to Congestion. Government Spending and Endogenous Growth Social Security and Growth Property Rights and Social Disruption Inequality and Growth
<i>Wee 14</i>	11.Human Capital. Measuring Human Capital
<i>Wee 15</i>	12. The Economics of Ideas. R&D Models of Expanding Varieties R&D Without Scale Effects Quality Ladders and Neoschumpeterian Economics Measuring Productivity Growth: Growth Accounting

**Academic policies and code of conduct:**

Students are expected to participate in lectures, seminars and group discussions. Tutor is available for individual consultations as well. Students are required to read the literature before each lecture. Students are not obliged to undertake the intermediate assessments during the semester. They should respect the code of conduct during lectures and exams and in communication with the academic staff.