

INSTITUTIONS AND ECONOMIC GROWTH

This course will deal with basic ideas of economic growth and development. We will also apply the *Smith-Coase framework* to the study of price discrimination, the law of demand, auction, industrial revolution, and the economics of climate change.

Requirements: midterm (50%) and term paper (50%, including oral presentation)

Office Hours: Tuesdays, 2:00-3:00, p.m. (SS 3F02); otherwise, by appointment

Web: <https://web.ntpu.edu.tw/~guan>

Course Outline

The Smith-Coase Framework in Economics

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th edition, 1789, Bk. I, Ch. I-VII.

Ronald H. Coase, "The Nature of the Firm," *Economica*, 1937, 386-405.

Ronald H. Coase, "The Problem of Social Cost," *Journal of Law and Economics*, 1960, 1-44.

Law of Demand and Price Discrimination

Milton Friedman, *Price Theory*, 2nd edition, Aldine, 1976, Ch. 2.

Paul & Paul, "Why Didn't Coca-Cola Patent Their Secret Recipe?" June 30, 2023 (<https://www.paulandpaul.com/why-didnt-coca-cola-patent-their-secret-recipe/>).

De-Xing Guan, "Adam Smith on Cost and Utility," *Adam Smith Works*, August 29, 2023 (<https://www.adamsmithworks.org/speakings/guan-smith-cost-utility>).

Housing Prices and Coase Conjecture

Ronald H. Coase, "Durability and Monopoly," *Journal of Law and Economics*, 1972, 143-149.

Gene M. Grossman and Noriyuki Yanagawa, "Asset Bubbles and Endogenous Growth," *Journal of Monetary Economics*, 1993, 3-19.

Introduction to Economic Growth

Charles I. Jones and Dietrich Vollrath, *Introduction to Economic Growth*, 3rd edition, Norton, 2013, Ch. 1-5.

Paul Romer, “New Goods, Old Theory, and the Welfare Costs of Trade Restrictions,” *Journal of Development Economics*, 1994, 5-38.

Midterm Exam

Artificial Intelligence and Climate Change

Charles I. Jones and Dietrich Vollrath, *Introduction to Economic Growth*, Ch. 10.

Daron Acemoglu, “The Simple Macroeconomics of AI,” *National Bureau of Economic Research Working Paper 32487*, May 2024.

William D. Nordhaus, “Climate Change: The Ultimate Challenge for Economics,” *American Economic Review*, 2019, 1991-2014.

Industrial Revolution and Economic Development

Adam Smith, *Wealth of Nations*, Bk. III, Ch. III.

W. Arthur Lewis, “Economic Development with Unlimited Supplies of Labour,” *Manchester School*, 1954, 139-191.

Robert E. Lucas, Jr., “What Was the Industrial Revolution?” *Journal of Human Capital*, 2018, 182-203.

Term-Paper Presentation