

## **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 exam (50%) and term paper (50%, including oral presentation)

### **Office Hours**

Tuesdays, 2:00-3:00, p.m. (SS 302); 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; Modern Library, 1994, Bk. I, Ch. I-III.

Ronald H. Coase, *The Firm, the Market, and the Law*, University of Chicago Press, 1988, Ch. 1-2, 4.

De-Xing Guan, *The Nature of Economics: Smith, Coase, and the Substitution Structure of Production*, World Scientific, 2025, Ch. 1-2.

### **Law of Demand and Price Discrimination**

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th edition, 1789; Modern Library, 1994, Bk. I, Ch. VI-VII.

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

De-Xing Guan, *The Nature of Economics: Smith, Coase, and the Substitution Structure of Production*, World Scientific, 2025, Ch. 3.

## **Introduction to Endogenous Growth Theory**

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

Paul M. Romer, “Endogenous Technological Change,” *Journal of Political Economy*, 1990, S71-S102.

Robert E. Lucas, Jr., “Ideas and Growth,” *Economica*, 2009, 1-19.

## **Industrial Revolution and Economic Development**

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th edition, 1789; Modern Library, 1994, Bk. III, Ch. III.

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

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

De-Xing Guan, *The Nature of Economics: Smith, Coase, and the Substitution Structure of Production*, World Scientific, 2025, Ch. 10.

## **Midterm Exam**

### **Artificial Intelligence, Cost Disease, and Economic Growth**

William J. Baumol, “Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis,” *American Economic Review*, 1967, 415-426.

Daron Acemoglu, “The Simple Macroeconomics of AI,” *Economic Policy*, 2025, 13–58.

William D. Nordhaus, “Are We Approaching an Economic Singularity? Information Technology and the Future of Economic Growth,” *American Economic Journal: Macroeconomics*, 2021, 299–332.

## **Term-Paper Presentation**