

ECONOMIC GROWTH AND DEVELOPMENT

ECONOMICS 840

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Fall Semester 2017

Professor J. H. McDermott

University of South Carolina

Email

Webpage

Overview

The purpose of this course is to acquaint you with mathematical models of economic growth and development, to provide a survey of the recent empirical research in this area, and to prepare you to undertake research on your own.

Text

The text for this course is: *Economic Growth* by Robert Barro and Xavier Sala-i-Martin (MIT Press, Second Edition, 2004).

If you need more background, you should consider two undergraduate texts: *Introduction to Economic Growth* (2nd Edition) by Charles Jones and Dietrich Vollrath, and *Economic Growth* (3rd Edition) by David Weil.

Approach

The class will be a series of lectures. The student should read in advance in order to better understand the issues and be prepared for discussion.

Requirements

There will be a midterm exam (30%), an empirical paper (30%), and a final exam (40%).

Course Schedule, Readings, and Outline

The exam dates are as follows:

- Midterm: October 11, 2017
- Papers due December 1, 2017
- Final Exam: Official date and time (Dec. 15, 2017; 12:30, same room)

The papers in bold

1 World Income Distribution

1. **BSM** Introduction
2. Bourguignon, François, and Christian Morrison, “Inequality Among the World’s Citizens: 1820 – 1992”, *American Economic Review* 92 (4) (September 2002): 727 – 744.
3. **Jones, Charles, “The Facts of Economic Growth.” Unpublished, Stanford University (2015).**
4. Pritchett, Lant, “Divergence, Big Time.” *Journal of Economic Perspectives* 11, 3 (Summer 1997): 3– 17.
5. **Sala-i-Martin, “The World Distribution of Income: Falling Poverty and ... Convergence, Period”. *Quarterly Journal of Economics* 121(2) May 2006: 351 – 398.**

2 Neoclassical Growth

1. **BSM** Introduction and Chapter 1 (Appendix A.2)
2. **Mankiw, Greg, David Romer, and David Weil. “A Contribution to the Empirics of Economic Growth.” *Quarterly Journal of Economics* 107 (1992): 407 – 437.**
3. Solow, Robert “A Contribution to the Theory of Economic Growth.” *Quarterly Journal of Economics* (1956): 65 – 94.
4. Solow, Robert, “Technical Change and the Aggregate Production Function.” *Review of Economics and Statistics*, (1957): 312 - 20.

3 Growth Accounting: Technology and Human Capital

1. BSM Chapter 10
2. Bils, Mark, and Peter Klenow. "Does Schooling Cause Growth?" *American Economic Review* 90 (5) (December 2000): 1160 – 1183.
3. Hall, Robert, and Charles Jones, "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *Quarterly Journal of Economics* 154 (February 1999): 83 – 116.

4 Optimization in the Neoclassical Model

1. BSM Chapters 2 – 3 (Appendix A.3)
2. Cass, David. "Optimum Growth in an Aggregative Model of Capital Accumulation." *Review of Economic Studies* 32 (July 1965): 233 – 240. 4
3. Chiang, Alpha C. *Elements of Dynamic Optimization* 2nd Ed. Prospect Heights, IL: Waveland Press (2000). Chapters 1, 7 – 10.

5 Endogenous Growth 1

1. BSM Chapters 4 – 5
2. Lucas, Robert E. "On the Mechanics of Economic Development", *Journal of Monetary Economics* 22 (July 1988): 3 – 42.
3. Romer, Paul. "Increasing Returns and Long-Run Growth." *Journal of Political Economy* 94 (October 1986): 1002 – 1037.
4. Romer, Paul. "Growth Based on Increasing Returns Due to Specialization." *American Economic Review* 77 (May 1987): 56 – 62.
5. Romer, Paul. "Endogenous Technical Change." *Journal of Political Economy* 98 Part II (October 1990): S71 – S102.

6 Endogenous Growth 2

1. BSM Chapter 6
2. Goodfriend, Marvin, and McDermott, John, "Early Development," *American Economic Review* 85 (March 1995): 116 - 133.

3. Jones, Charles. “R&D-Based Models of Economic Growth.” *Journal of Political Economy* 103 (4) (August 1995): 759 – 784.
4. Kremer, Michael, “Population Growth and Technological Change: One Million B. C. to the Present,” *Quarterly Journal of Economics* 108 (August 1993): 681 – 716.
5. Kremer, Michael. “The O-Ring Theory of Economic Development”. *Quarterly Journal of Economics* 108 (August 1993): 551–575.

7 Schumpeterian Growth

1. BSM Chapter 7
2. Aghion, Philippe, and Peter Howitt. “A Model of Growth Through Creative Destruction.” *Econometrica* 60 (1992): 323 - 351.

8 Government and Institutions

1. Breuer, Janice and John McDermott. “Respect, Responsibility, and Development.” *Journal of Development Economics* 105(C) (2013): 36 - 47.
2. Mauro, Paulo. “Corruption and Growth.” *Quarterly Journal of Economics* 110 (August 1995): 681 – 712.
3. McDermott, John. “Mercantilism and Modern Growth.” *Journal of Economic Growth* (March 1999): 55 – 81.
4. McDermott, John, “Exploitation and Growth.” *Journal of Economic Growth* 2 (September 1997): 251 – 278.
5. Murphy, K., Shleifer, A., and Vishny, R., “The Allocation of Talent: Implications for Growth,” *Quarterly Journal of Economics* 106 (May 1991): 503 – 30.
6. Parente, Stephen, and Edward Prescott. “Monopoly Rights: A Barrier to Riches.” *American Economic Review* 89 (5) (December 1999): 1216 – 1233.
7. Shleifer, A., and Vishny, R., “Corruption,” *Quarterly Journal of Economics* 108 (August 1993): 599 – 617.

9 International Aspects of Growth

1. BSM Chapter 8

2. Acemoglu, Daron, and Jaume Ventura. "The World Income Distribution." *Quarterly Journal of Economics* 117 (2002): 659 - 694.
3. Caselli, Francesco, and John Coleman. "The World Technology Frontier". *American Economic Review*, May 2006.
4. Goodfriend, Marvin, and McDermott, John, "Industrial Development and the Convergence Question." *American Economic Review*, December 1998.

10 Resource Allocation and Growth

1. Hsieh, Chang-Tai and Peter J. Klenow (2009) " Misallocation and Manufacturing TFP in China and India " *Quarterly Journal of Economics* 124: 1403-1448.
2. Jones, Charles I. (2011) " Intermediate Goods and Weak Links in the Theory of Economic Development " *American Economic Journal: Macroeconomics* 3:1-28.

11 Health and Growth

1. Acemoglu, Daron and Simon Robinson, "Disease and Development: The Effect of Life Expectancy on Economic Growth." *Journal of Political Economy* 115:6 (December 2007): 925 - 985.

12 Sustainable Growth

1. Acemoglu, Daron, Philippe Aghion, Leonardo Bursztyn, and David Hemous (2012) " The Environment and Directed Technical Change " *American Economic Review* 102(1): 131–166.
2. Arrow, Kenneth, Partha Dasgupta, Karl-Göran Mäler. "The Genuine Savings Criteria and the Value of Population." *Economic Theory*. 21 (2003): 217-225.
3. Arrow, Kenneth, et al. "Are We Consuming Too Much?" *Journal of Economic Perspectives* 18:3 (Summer 2004): 147-172.
4. Dasgupta, Partha. "Measuring Sustainable Development: Theory and Application." *Asian Development Review* 24:1 (2007): 1 – 10.

13 Other Empirical Studies

13.1 *The Convergence Debate*

1. Baumol, William, "Productivity Growth, Convergence, and Welfare." *American Economic Review* 76 (December 1986): 1072 – 85.
2. Baumol, W. and Wolff, E, "Reply to DeLong." *American Economic Review* 78 (December 1988): 1155 – 59.
3. DeLong, J. Bradford, "Productivity Growth, Convergence, and Welfare: Comment." *American Economic Review* 78 (December 1988): 1138 – 54.
4. Easterly, William, "The Lost Decades: Developing Countries' Stagnation in Spite of Policy Reform 1980-1998." *Journal of Economic Growth* 6 (June 2001): 135–157.

13.2 *The Tropical Debate*

1. Acemoglu, Daron, Johnson, Simon, and Robinson, James, "Reversal of Fortune: Geography and Institutions in the Making of Modern World Income Distribution." *Quarterly Journal of Economics* CXVII (November 2002): 1231 – 1264.
2. Acemoglu, Daron, Johnson, Simon, and Robinson, James, "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91 (2001).
3. Sachs, Jeffrey. "Tropical Underdevelopment." CID Working Paper, December 2000.
4. Sachs, Jeffrey. "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income." NBER Working Paper 9490. February 2003.

13.3 *Africa*

1. Easterly, William, and Levine, Ross, "Africa's Growth Tragedy: Policies and Ethnic Divisions." *Quarterly Journal of Economics* 112 (November 1997): 1203–1250.
2. **Young, Alwyn (2012), " The African Growth Miracle ", Journal of Political Economy 120: 696-739.**

13.4 *Asia*

1. Young, Alwyn, "Lessons From the East Asian NICS: A Contrarian View," NBER Working Papers No. 4482, Cambridge MA., 1993.
2. Young, Alwyn, "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics* 110 (August 1995): 641 – 80.