

Course Description: This course assesses a period of global economic rapid growth which is slowing if not ending as I write this. The classic picture of progress the so-called Elephant diagram due to Lackner and Malinkov (2015) see [lecture notes](#). While the 2000-15 Millennium Development Goals were largely achieved, and in 2000 for the first time since 1820 the number of \$1/day poor* fell. Starting in 1980 rapid growth China and India and then Africa began also began to reduce the global poverty rate. The so-called “reversal of fortune” is being reversed: heading into the 18th century the worlds’ richest nations, including China and India, were eclipsed by the rise of the West. Now rapid growth in China, South Asia and Africa and slower growth in rich nations has made a convergence key thesis of neoclassical growth models a reality. The benchmark Solow-Swan growth model predicts poor countries will tend to grow faster and “catch up” with richer countries (why?) Remarkably since 2000 there is evidence of convergence among people and countries (see [Figure C-2](#)). This “absolute convergence” is reducing global inequality and creating a new non-OECD middle class. World inequality among people is falling even as it rises in many OECD countries (the United States). Will these trends continue? This is the focus of this course. Growth in China has slowed, India may be close behind. What explains the surge in growth in Asia and Africa, along with falling inequality in Latin America? How can we be sure the poorest countries are growing and the poor benefitting? For more readings see the [course calendar](#). And our ECON 6470 web page www.darrylmcleod.com and [growth & development books and videos](#)

PhD & Masters* recommended texts:

Aghion, P and P. Howitt (2009) *Economics of Growth* (MIT Press, Boston) 0262012634 (available)

*Jones, Charles & Dietrich Vollrath (2013) *Intro to Econ Growth* 3rd edition (Norton ISBN: 039391917X)

*Agénor, Pierre-Richard (2004) *Economics of Adjustment and Growth*, 2nd ed (HUP) 0674015789

Barro, R. & J. Sala-i-Martin (2004) *Economic Growth* 2nded (MIT Press) 0262025531

*Acemoglu, Daron (2009) *Introduction to Modern Economic Growth*, Princeton Univ Press 0691132925
(Chapter 1, 2, & 5 as well as an [epilogue](#) & or see this early [pdf draft](#)).

Other growth & development books and references (Figures some required reading):

Baldwin, Richard (2016) *The Great Convergence*, [HUPress](#), [Kindle \\$10 Preview](#) ISBN [0674660489](#)

Thomas Piketty (2014) *Capital in the 21st century*. Harvard University Press ISBN 1491534656 (30 days free with Kindle Unlimited see [Figures & ASSA 2015 session](#) (with Mankiw, Weil, Auerbach esp Piketty’s reply)

Deaton, Angus (2013) *The Great Escape: Health, Wealth, and Inequality*, [Princeton U Press](#), 0691165629

Subaramanian, Arvind, 2011, *Eclipse: living in the shadow of China*, Peterson Institute for International Economics, Washington D.C. PPP race chapter, very illuminating, see excerpts online.

World Bank; IMF (2016) [Global Monitoring Report 2015/2016](#) (download free pdf) *Development Goals in an Era of Demographic Change*. Washington, DC: World Bank. License: CC BY 3.0 IGO

Acemoglu, Daron and J.A. Robinson (2012) *Why nations fail: the origins of power, prosperity and poverty*, Crown Business (\$13 ebook, \$10 paper 0307719227) see also [J Sachs’ review in Foreign Affairs: Government, Geography, and Growth: True Drivers of Economic Development](#)

Course requirements: The final and midterm count for 50 points, class attendance & participation is vital and is 10% of your grade, while a few problem sets are 20 points and a country case study (15-25 points) for a total of 100-110 points. The strongly recommended national or regional case study presentation can also reduce the weight of the midterm by half. Figures, references and Tables prepared for the case study country (or countries) are used to answer a midterm and final exam question. Up to the midterm, we focus growth models, after the midterm we turn to empirical evidence and frontier issues, including I hope your case study. Making a class presentation helps prepare for the final exam understand how the growth process works in your country or region. PhD students should present on topical theoretical issue that country/region faces: either way please choose your topic early as the semester tends to slip by quickly and you will need multiple drafts of a literature review or blog entry.

/// *\$1.90 in \$2011 PPP dollars

Topics-Lectures: Part I Development and Growth: Globalization, Growth and Poverty— Empirical Evidence on convergence rising global inequality and the Top 1%

1. Introduction: Growth and Inequality as captured by the Elephant Growth Incidence Curve.

Milanovic, Branko, and Christoph Lakner (2015). "Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession." Policy Research Working Paper 6719. [Examining an elephant Globalisation and the lower middle](#) class of the rich world. Adam Corlett .September 2016.

2. Africa: From Poverty Trap to Growth Miracle? Africa since 1995 ;see [Sachs et. al BPEA Ending Africa's Poverty Trap pp. 121-31](#) Pinkovskiy, M and Xavier Sala-i-Martin (2015), "[Lights, Camera, Income: estimating poverty](#)" SR 669 [New York Federal Reserve](#) Young, Alwyn. (2012). "[The African Growth Miracle](#)" *Journal of Political Economy* 120,#4, 696-739. McMillan, M. S., & Harttgen, K. (2014). [What is driving The'African Growth Miracle'?](#) (NBER 20077).Rodrik, D. (2014) [An African Growth Miracle?](#) (NBER w20188)

3. Three Growth Models see the [growth models handout](#) *Jones, 2002 or 2013, 2nd or 3rd ed [Chapter 1 Chapter 2](#) and [Chapter 3](#), & [App A-C](#) see also Jones, the [Facts of Economic Growth](#) Savings and Growth readings... Hybrid Models: the Sobelo Model; the Villanueva Model (Agenor Chapter 12) *Sala-i-Martin, J. (1997) "I just ran 2 million regressions," AER&NBER Columbia Univ.

4. Demand & supply side poverty traps: Barro and Sala pp. 74-77 Sachs et. al 2004 [Ending Africa's Poverty Trap](#) pp. 121-47. Krugman (1996) "The Fall and Rise of Development Economics" Murphy, K. Schleifer & Vishny (1989) "Industrialization & the Big Push" *JPE*, 97:5, 1003-27 Robelo, S. (1992) "Growth in open economies" *Carnegie-Rochester Public Policy Series*, 36,5-46. Banerjee, A and E Duflo (2011) [More Than 1 Billion People Are Hungry in the](#) World: but what if the experts are wrong? Foreign Policy, 4-25-11, and "[Is there a Nutrition based poverty trap?](#)",

5. Population and Sustainable growth [Lecture Notes: Health, Population and Growth](#) Kremer (1993) "Population Growth and Technological Change: 1,000,000 B.C. to 1990," *QJE*, August, 1993, pp. 681-716. Lorentzen, Peter, J. McMillan, R. Wacziarg (2008) Death and development. *JEG** V13, N2, 8 11-124,

6. Inequality and Growth: [Inequality and Growth notes](#) [IMF Anchoring Growth](#) Philippe Aghion and Jeffrey G. Williamson. 1998. Growth, Inequality, and Globalization: Theory, History, and Policy. [Introduction](#). Cambridge U Press; Alesina and Perotti (1994) "Political Economy of Growth" *World Bank Economic Review*; Barro, R. J. (2008). Inequality and growth revisited (wp #11). Asian Development Bank.

7. Growth Strategies: Institutions, Geography vs. Integration Acemoglu, Johnson and Robinson-- *AJR* (2012) [Understanding Prosperity and Poverty: Geography, Institutions and the Reversal of Fortune](#) ([long version](#)) Acemoglu, D. (2003) Rodrik, Dani (2003) "The Primacy of [Institutions](#)" [IMF Finance & Development 40,2, IMF, June 2003 Sachs](#), Jeffery (2003) [Institutions Matter, but..](#)(F&D see also Edison 2003)

Part II: Policies to promote Economic Growth and reduce inequality: the economics of Redistribution

8. Growth Accounting and the mystery of TFP growth: Jones, C, 2015, The Facts of Economic Growth, *A&H p. 29-35, *B&SM Chaps 11,12 *Agénor, Chapt 13 Bosworth and Collins (2003) "The Empirics of Growth" *BPEA*, 2.

9. Openness, exchange rates and Growth: Trade, Migration and Growth (Readings)

10. Inclusive growth: finance and growth: financial inclusion and inclusive growth

12. Capital Flows: FDI, Debt, Aid and Growth: HIPC

13. Valuing Future Generations: Natural Resources, Climate change and long term growth

13. Growth case studies: Senegal, Ethiopia, Nigeria

III. Reference & further reading *JEG* Journal of Economic Growth; *AER* American Economic Review; *BPEA* Brookings Papers on Economic Activity *NBER* National Bureau of Economic Research (free downloads on campus or with Fordham email) [Justin Yifu Lin](#), 2012. "The Quest for Prosperity: How Developing economies can take off," Princeton U Press. Aghion, P and P. Howitt (1998) [Endogenous Growth](#) (MIT Press, Boston) 0262011662 Barro, Robert J. (1998) [Determinants of Economic Growth](#) (MIT Press, Boston). Lucas, R.E. (202) [Lectures on Economic Growth](#) (Harvard Univ. Press) Parente, S. and E. Prescott (2002) [Barriers to Riches](#) (paperback) MIT Press Rodrik, Dani (2003) [In Search of Prosperity](#) (Princeton University Press) [0691092699](#) Romer, David (2012) [Advanced Macroeconomics](#)

(chapters 1-3), McGraw-Hill Press. Aghion, P. & J. Williamson (1998) *Growth, Inequality & Globalization*, Cambridge
Ros, Jaime (2000) *Development Theory & Economic Growth* (U of Michigan Press)
World Bank (1993) *The East Asian Miracle* (Oxford U Press-- or "TEAM")
Dinh, Hinh T.; Rawski, Thomas G.; Zafar, Ali; Wang, Lihong; Mavroeidi, Eleonor (2013) Tales from the
Development Frontier : How China and Other Countries Harness Light Manufacturing to Create Jobs
and Prosperity. World Bank, Wash DC. License: CC BY 3.0 IG [pdf version available](#)