

Course Description: This course assesses the rapid progress of nations during an era of globalization and rapid growth which giving recent election results may be coming to an end. The classic picture of progress and problems is the so-called Elephant diagram due to Lackner and Malinkov (2015) see [lecture notes](#). Not only were the Millennium Development Goals for 2015 largely achieved, but for the first time in modern history the number of \$1/day poor fell rapidly as China and India and then Africa began to grow rapidly. This great poverty reversal was largely driven by what Acemoglu and Robinson (2012) call the “reversal of fortune” being reversed: heading into the 18th century the worlds’ richest nations, including China and India, were eclipsed by the rise of the West. (see Professor Salvatore’s [ASSA 2016 webcast](#)). Rapid growth in China, South Asia and Africa and slower growth in rich nations has made a key implication of the mainstream growth models a reality. The benchmark Solow-Swan growth model predicts poor countries will tend to grow faster and “catch up” with richer countries, in part because they are poor. Since about 2000 however, we have convergence among people and countries (see [Figure C-2](#) and the lecture notes). This “absolute convergence” is reducing global inequality and creating a new non-OECD middle class. Globally inequality among people and nations is falling even as it rises in 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](#). See also the ECON 6470 page on my web page www.darrylmcleod.com.

Strongly recommended [growth & development books and videos](#) (we read selected chapters):

PhD & Masters* recommended texts:

- *Baldwin, Richard (2016) *The Great Convergence*, [Harvard University Press](#), ISBN [0674660489](#)
- Agénor, Pierre-Richard (2004) *Economics of Adjustment and Growth*, **2nd ed** (HUP) 0674015789
- Barro, R. & J. Sala-i-Martin (2004) *Economic Growth* **2nd ed** (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](#)).
- *Jones, Charles & Dietrich Vollrath (2013) *Introduction to Economic Growth* **3rd edition** (W.W. Norton ISBN: 039391917X)
- *Aghion, P and P. Howitt (2009) *Economics of Growth* (MIT Press, Boston) 0262012634

Other topical books and references (Figures some required reading) Jobs and growth

- Milanovic, Branko (2016) *Global Inequality A New Approach for the Age of Globalization* Harvard Univ Press, Cambridge, MA. [Chapter 1](#)
- *Thomas Piketty (2014) *Capital in the 21st century*. Harvard University Press ISBN 1491534656 (free for 30 days 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
- *Radelet, Steven (2015) *The Great Surge: The Ascent of the Developing World* Simon and Schuster, NY 1476764808
- 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](#)
- 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 available online](#)

Course requirements: The final and midterm count for 20-40 and 40 points, while class participation (10% of course) problem sets (60 points) and a country case study (20-40 points) for a total of 150 points. The strongly recommended national or regional case study presentation reduces the weight of the midterm by half. Figures, references and Tables prepared for the case study country (or countries) can also be used to answer a midterm or final exam questions. Up to the midterm, we focus growth models, after the midterm we turn to empirical evidence, including possibly your case study (how about a nice CFA Franc country?) 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 a short literature review or write a blog

entry (see Voxeu.org for examples) is an alternative to the case study, but 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.

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 Model stories: -Augmented Solow model, 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)

*Sala-i-Martin, J. (1997) "I just ran 4 million regressions," Columbia University.

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. *Journal of Economic Growth*, 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](#), Jeffrey (2003) [Institutions Matter, but..](#) (all same issue of F&D, see 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—pp. 29-35, *B&SM Chaps 11,12 *Agénor, Chapter 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. Growth reference & further reading

[Justin Yifu Lin](#), 2012. "The Quest for Prosperity: How Developing economies can take off," Princeton Univ 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. (2002) [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”)