

Course Description: Welcome to growth and development a great year to take this course, wherever you are (if you have not already, [please take this brief survey](#)). The OECD countries are in the midst of the most severe crisis since the Great Depression (how did that go for the USA? see our texts/readings). Global GDP may decline for the first time since the Great Depression and China will stage its greatest bid for world's largest economy (right now China is expected to grow 2-3% its worst since 1970, while U.S. GDP may shrink 6-7% (we will know more in mid-October). After a long run of overachieving, the SDG1 poverty clock is running backwards, The discipline of growth and development has also had an amazing two years, amassing two Nobel prizes amassed by 5 active growth and development economists (Paul Romer and William Nordhaus in 2018 and Abhijit Banerjee, Esther Duflo and Michael Kremer in 2019, the best in class when it comes to economic development and global poverty reduction...). Next we focus on Climate change and economic growth. Though we discuss the growth and distribution impacts of SARS-Cov2 Pandemic, this is mainly a topic for our crisis management course ECON 5450 Crisis, Adjustment and Poverty. The focus of this course is long term growth and development, in particular reducing inequality (SDG 1) see our [lecture notes](#). While the 2000-15 Millennium Development Goals (MDGs) were largely achieved, and 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](#) [growth & development books and videos](#)

PhD & *Masters recommended texts:

*Banerjee, Abhijit V. & Esther Duflo (2019) *Good Economics for Hard Times*, Public Affairs, NY (read Chapters 5 and 6 on the end of growth and in Hot Water on climate change)

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

Milanovic, Branko (2019) [Capitalism, Alone: The Future of the System That Rules the World](#). HUP.

*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* 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](#)).

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 this early [pdf draft](#)).

Other growth & development books and references (*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 also [Figures](#) & the [ASSA 2015 session](#) with and exchange between Mankiw, Weil, Auerbach and finally Piketty's reply, **Deaton, Angus (2013) *The Great Escape: Health, Wealth, and Inequality*, [Princeton U Press](#), 0691165629 Subramaniam, Arvind, 2011, *Eclipse: living in the shadow of*

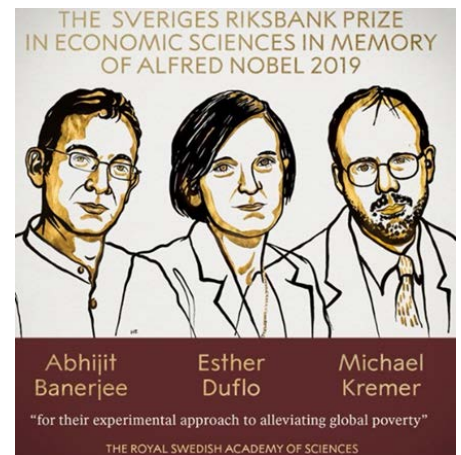
China, Peterson Institute for International Economics, Washington D.C. PPP race chapter, very illuminating, see excerpts online **Coming to Fordham IPED Fall 2021.

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 *We will read the chapter on how the South caught up, and some of the two Nogales' chapter.

Course requirements: To be discussed and then fixed in stone September 16th (suggestions welcome). Online or in person, class participation is critical (for all of us) say 15% of your final grade? Bb will take care of this. A take home midterm and a few related HWs another 25%. This leaves 20% for a preparing a country or question case and 20% for presenting it to the class and 20% for a take home final. In the first few classes, we will review some excellent past presentations. Everyone will present their case study twice, once as a rehearsal for me and our TA and once to the class after Thanksgiving (the rehearsal will be a week before involving with me TA and interested others (presentations can be complementary and even overlap, but all need to be exclusively your final product. All final presentations will be recorded, with your voice if not you presenting. Your case study topic or country will also provide some material for your midterm and final exam questions so everyone must know their topic by September 16th, To help you decide and refine a topic we will meet once a week for 10-15 minutes for an in person virtual discussion (phone or video link). The midterm will review the growth or no growth debate outline. After the midterm we turn to empirical evidence and new frontiers (including the 2019 Nobel prize). Class presentation and discussion helps prepare for the final exam as well as understand how the growth process works in a country or region of your choice. Alternatively, PhD students can do a literature review of contemporary theoretical issues: either way please choose your topic early as the semester tends to slip buy quickly and you will need multiple drafts of a literature review or blog entry.

The 2018 Nobel Prize was shared by two outstanding Growth & Development Economists Paul Romer and William Nordhaus. The Sveriges Riksbank summary of Romer's work is quite good, both [the technical](#) and [less technical](#) version. The Sveriges Riksbank Prize in [Economic Sciences in Memory of Alfred Nobel 2018](#) However this new paper by even better Charles Jones is even better. "[Paul Romer: Ideas, Nonrivalry, and Endogenous Growth](#)." *The Scandinavian Journal of Economics* 121, no. 3 (2019): 859-883, see also [Jones 1995 R&D based models of Econ Growth](#)

2019 Riksbank Prize: goes to JPAL poverty experimenters Esther Duflo, Abhijit Banerjee and Michael Kremer. Note in particular that Professor Duflo is the youngest and the 2nd female economist to win and Econ Nobel. Michael Kremer bridges the 2018 & 2019 prizes because his famous 1993 Population and Technology paper anticipated Romer's model in the LR, see Charles Jones's Scandinavian J of Econ Review of Romer's benchmark model. Click the picture at right or see the RC review [reviews, scientific and less so...](#)



Topics-Lectures: Part I Development and Growth: Globalization, Growth and Poverty— Empirical Evidence on convergence rising global inequality and what to do about the lower middle class

0.1 COVID and the Global Growth Slowdown: coming Oct 15th 2020

1. Global Growth and Inequality: 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 Adam Corlett Sept 2016 Corlett2016ExamininganElephantGlobalizationandtheMiddleClass.pdf

2. Africa: From Poverty Trap to Growth Miracle? [Economist, Is Africa the next China?](#) Economist video April 7th 2020 Africa's Growth Miracle (how do measure it?) ;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)

S3. Climate Change and Growth: how does climate affect development Bill Nordhaus and Melissa Dell disagree... See [Dell et. al. 2012](#) and Dell et. al 2014 William Nordhaus, [Nobel prize slides 2018](#) **Climate change and Economic Growth:** Dell, Melissa, Benjamin F. Jones, and Benjamin A. Olken (2012) "Temperature shocks and economic growth: Evidence from the last half century." [American Economic J: Macroeconomics](#) 4, no. 3: 66-95. [Cited by 1022](#) Dell, Melissa, Benjamin F. Jones, and Benjamin A. Olken (2014) "What do we learn from the weather? The new climate-economy literature." [Journal of Economic Literature](#) 52, no. 3: 740-98. William D. Nordhaus (2018) Climate Change: The Ultimate Challenge for Economics. Nobel Lecture in Economic Sciences, December 8th 2018. <https://www.nobelprize.org/uploads/2018/10/nordhaus-slides.pdf> [Banquet Speech](#)

Methods Lecture 1 A Three Growth Models review: 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 Aghjon 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 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: Redistribution and Economic Growth and reduce inequality:

8. Growth Accounting and TFP mysteries growth: Jones, C, 2015, The Facts of Economic Growth, *A&H p. 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. References & further reading [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. (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") 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](#) *\$1.90 in \$2011 PPP dollars

Journal Acronyms: 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) Voxeu

<http://www.gdsnet.org/ThreeGrowthModelsWithDiagrams2016LargeFigures.pdf>