

Economic Growth

Grading:

Problem Set (30%);
Exam I, TBA (35%);
Exam II, December 6th (35%)

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Teaching Assistant: [Martin Fiszbein@brown.edu](mailto:Martin.Fiszbein@brown.edu)

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Section: TBA

Textbook:

Galor, O., *Unified Growth Theory*, Princeton University Press, 2011

Mathematical Background:

Galor, O., *Discrete Dynamical Systems*, Springer, 2011.

Course outline:

I: From Stagnation to Growth

The evolution of economies from the dawn of human civilization to the modern era

II. The Growth Model

III: The Malthusian Epoch

The Malthusian Theory

Empirical Examination of the Theory

IV: Population and Growth: Theories of the Demographic Transition

The Rise in Income

The Decline in Mortality

The Old-Age Security Hypothesis

The Decline in the Gender Wage Gap

The Rise in the Return to Human Capital

V: Unified Growth Theory

VI: UGT and Comparative Economic Development

Determinants of Technological Progress and Human Capital Formation
Geography
Institutions
Human Capital
Diversity (Ethnic fractionalization, cultural diversity)
Globalization
Convergence Club

VII: Inequality and Growth

Overview
The Galor-Zeira Model
From Physical to Human Capital
Land Distribution and Education Reforms

VIII: Deep Determinants of Comparative Development

Reading List:

- ** will be covered extensively in class
- * will be embodied in the material covered in class

1. From Stagnation to Growth

1.1. Underlining Philosophy:

- ** Towards a Unified Theory of Economic Growth: Oded Galor on the Transition from Malthusian Stagnation to Modern Economic Growth," *World Economics*, June 2008 (An interview by Brian Snowdon). (Start reading on page 118)

1.2. From a Malthusian Epoch to Sustained Economic Growth:

- **Galor, O., 2011, Chapters 1 & 2.

2. The Solow Growth Model

- **Galor O., 2011, *Economic Growth*, Ch 3. (It will be posted online)

Solow Robert M. (1956), "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, 70, 65-94.

3. The Malthusian Epoch

- **Galor, O., 2011, Chapter 3.

Malthus, T. R., 1798, *An Essay on the Principle of Population*.

*Ashraf, Quamrul and Oded Galor (2011), "Dynamics and Stagnation in the Malthusian Epoch" *American Economic Review*, 101(5): 2003–2041.

4. The Demographic Transition

4.1. Overview and Empirical Assessment of Existing Theories

**Galor, O., 2011, Chapter 4.

4.2. The Rise in Income

**Galor, O., 2011, Chapter 4.

Becker, G.S. (1981), *A Treatise on the Family*, (Harvard University Press, Cambridge).

4.3. The Decline in Infant and Child Mortality

**Galor, O., 2011, Chapter 4

4.4. The Old-Age Security Hypothesis

**Galor, O., 2011, Chapter 4.

Caldwell, W. J. (1976), "Toward a Restatement of Demographic Transition Theory", *Population and Development Review*, 2: 321-66.

4.5. The Gender Gap

**Galor, O., 2011, Chapter 4.

* Galor, O. and D. Weil, 1996, "The Gender Gap, Fertility and Growth", *American Economic Review*, 86, 374-387.

4.6. The Rise in the Return to Human Capital

**Galor, O., 2011, Chapter 4.

* Galor, O. and D. Weil, 2000, "Population, Technology, and Growth: From the Malthusian Regime to the Demographic Transition and Beyond," *American Economic Review*, 89, 806-828.

4. Unified Growth Theory

**Galor, O., 2011, Chapter 5.

Galor, O. and D. Weil, 2000, "Population, Technology, and Growth: From the Malthusian Regime to the Demographic Transition and Beyond," *American Economic Review*, 89, 806-828.

Galor, O. and O. Moav, 2002, "Natural Selection and the Origin of Economic Growth," *Quarterly Journal of Economics*, 117, 1132-1191.

*Hansen G. and E. Prescott, 2002, "Malthus to Solow". *American Economic Review*, 92, 1205-1217.

*Lagerlof, N. (2006), "The Galor-Weil Model Revisited: A Quantitative Exercise", *Review of Economic Dynamics*, 9, 116-142.

5. Comparative Economic Development

**Galor, O., 2011, Chapter 6.

5.1. Divergence

Quah, D. 1997, "Empirics for Growth and Distribution: Stratification, Polarization, and Convergence Clubs," *Journal of Economic Growth*, 2, 27-60.

Pritchett, L., 1997, "Divergence, Big Time," *Journal of Economic Perspectives*, 11 (Fall) pp. 3-17.

Jones, C. I., 1997, "On the Evolution of the World Income Distribution," *Journal of Economic Perspectives*, 11 (Fall), pp. 19-36.

5.2. The Role of Geography

Jones, E.L. (1981), *The European Miracle: Environments, Economies and Geopolitics in the History of Europe and Asia*, (Cambridge University Press, Cambridge)

Gallup, J. L., J. D. Sachs and A. D. Mellinger (1998), "Geography and Economic Development", NBER Working Paper No. w6849.

Easterly, W. and R. Levine (2003), "Tropics, Germs, and Crops: the Role of Endowments in Economic Development", *Journal of Monetary Economics* 50: 3-39.

5.3. The Role of Culture and Institutions

North, D. C. (1981), *Structure and Change in Economic History*, (W.W. Norton & Co., New York).

Landes, D.S. (1969), *The Unbound Prometheus. Technological Change and Industrial Development in Western Europe from 1750 to the Present*, (Cambridge University Press, Cambridge).

Engerman, S. and K.L. Sokoloff (2000), "Factor Endowment, Inequality, and Paths of Development Among New World Economies", UCLA.

Acemoglu, D., S. Johnson and J.A. Robinson (2005), "Institutions as a Fundamental Cause of Long-Run Growth" *Handbook of Economic Growth*, North-Holland.

Ashraf, Q. and O. Galor (2011), "Cultural Diversity and the Origin of the Wealth of Nations"

5.4. The Role of Human Capital

Glaeser, E.L., R. La Porta, F. Lopez-de-Silanes and A. Shleifer (2004), "Do Institutions Cause Growth?", *Journal of Economic Growth* 9: 271-303

6. Income Distribution and Economic Growth

6.1. Overview

**Galor, O., *Inequality and the Process of Development*, Handbook of Economics of Education, 2011.

Kuznets, S. (1955), "Economic Growth and Income Equality," *American Economic Review*, 45, 1-28.

6.2. The Classical Theories

Kaldor, N., 1956, "Alternative Theories of Distribution", *Review of Economic Studies*, 23, 83-100.

6.3. The Origins of the Modern Approach --The Credit Market Imperfection Approach

** Galor, O. and J. Zeira, 1993, "Income Distribution and Macroeconomics" *Review of Economic Studies*, 60, 35-52.

6.4. The Socio-Political Economy Approach

Alesina A. and D. Rodrik, 1994, "Distributive Politics and Economic Growth," *Quarterly Journal of Economics*, 465-490.

Persson T. and G. Tabellini, 1994, "Is Inequality Harmful for Growth?: Theory and Evidence", *American Economic Review* 84, 600-621.

6.5. A Unified Approach

** Galor, O and O. Moav, O., 2004, "From Physical to Human Capital Accumulation: Inequality in the Process of Development" *Review of Economic Studies*, 71 1001-1026.

7. Land Distribution and Education Reforms

* Engerman, S. and K.L. Sokoloff (2000), "Factor Endowment, Inequality, and Paths of Development Among New World Economies", UCLA.

** Galor, O., Moav O. and D. Vollrath, (2009), "Land Inequality and the Emergence of Human Capital Promoting Institutions and the Great Divergence" *Review of Economic Studies*, 76. 143-179.

Acemoglu D. and J. Robinson, 2000, "Why did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective," *Quarterly Journal of Economics*, 115, 1167-1200.

Galor, O., and O. Moav, 2006, "Das Human Kapital: A Theory of the Demise of the class Structure". *Review of Economic Studies*, 73, 85-117.

8. Deep-Determinants of Comparative Development

*Diamond, Jared, 1997, *Guns, Germs, and Steel: The Fates of Human Societies*.

** Ashraf, Q. and O. Galor (2011), "The Out of Africa Hypothesis, Genetic Diversity and Comparative Economic Development"