

Reading List

Course Organization

The class meets on Tuesdays and Thursdays from 11:00 a.m. to 1 p.m. in AAH 3245. The course grade will be based on three components: three problem sets, an in-class presentation of a paper from the current literature, and a final exam.

The main focus of the course is what may be termed the “transition perspective” on economic development. This term summarizes an approach to economic development that recognizes that the steady economic growth experienced by modern industrial economies is a historically recent phenomenon. Until about 200 years ago, living standards were essentially stagnant in every country in the world. The transition to modern economic growth started with the Industrial Revolution in Great Britain. Since that period, a number of countries have followed the British example, and underwent a transformation from a pre-industrial, stagnant, mostly agricultural society to a modern economy where steady economic growth is the norm. This transformation is not simply a matter of growth rates, but is accompanied by other sweeping changes in areas such as demographics, politics, and the structural composition of output. A key goal of development economics is to understand why not all countries are developed, i.e., the question why there are large and persistent income differences across countries, even though technological knowledge should, in principle, be mobile across countries. In this course, we will explore whether we can make progress on answering this question by taking explicit account of the various aspects of the transition from stagnation to growth.

General Background Reading on Growth Theory

Acemoglu, Daron. *Introduction to Modern Economic Growth*. Unpublished Manuscript, MIT.

Aghion, Philippe, and Stephen Durlauf, eds. *Handbook of Economic Growth*. North Holland.

Aghion, Philippe, and Peter Howitt. 1998. *Endogenous Growth Theory*. Cambridge: MIT Press.

Barro, Robert J., and Xavier Sala-i-Martin. 2003. *Economic Growth*. 2nd edition. Cambridge: MIT Press.

McGrattan, Ellen, and James Schmitz. 2000. Explaining Cross-Country Income Differences. in: *Handbook of Macroeconomics*. 32:363–394.

Parente, Stephen, and Edward C. Prescott. 2000. *Barriers to Riches*. Cambridge: MIT Press.

Introduction to the Transition from Stagnation to Growth

Clark, Gregory. 2004. "The Great Escape: The Industrial Revolution in Theory and History." *Journal of Economic Perspectives*.

Doepke, Matthias. 2006. "Growth takeoffs." Entry prepared for *New Palgrave Dictionary of Economics*, 2nd ed.

Galor, Oded. 2004. "From Stagnation to Growth: Unified Growth Theory." Chapter 4 in *Handbook of Economic Growth*.

Lucas, Robert E., Jr. 2002. *Lectures on Economic Growth*. Cambridge: Harvard University Press.

The Economic Takeoff and the Demographic Transition

Becker, Gary S. and Robert J. Barro. 1988. "A Reformulation of the Economic Theory of Fertility." *Quarterly Journal of Economics* 103(1):1-25.

Becker, Gary S. and Robert J. Barro. 1989. "Fertility Choice in a Model of Economic Growth." *Econometrica* 57(2):481-501.

Becker, Gary S., Kevin M. Murphy, and Robert Tamura. 1990. Human Capital, Fertility, and Economic Growth. *Journal of Political Economy* 98:12-37.

Doepke, Matthias. 2004. "Accounting for Fertility Decline During the Transition to Growth." *Journal of Economic Growth* 9(3):347-83.

Galor, Oded and Andrew Mountford. 2004. "Trading Population for Productivity." Unpublished Manuscript, Brown University.

Galor, Oded and David N. Weil. 2000. "Population, Technology, and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond." *American Economic Review* 90(4): 806-828.

Hansen, Gary D. and Edward C. Prescott. 2002. "Malthus to Solow." *American Economic Review* 92(4): 1205-1217.

Jones, Charles I. 2001. "Was an Industrial Revolution Inevitable? Economic Growth Over the Very Long Run." *Advances in Macroeconomics* 1(2), Article 1.

Kremer, Michael. 1993. Population Growth and Technological Change: One Million B.C. to 1990. *Quarterly Journal of Economics* 108(3):681-716.

Livi-Bacci, Massimo. 1997. *A Concise History of World Population*. Oxford: Blackwell.

Political Reform

Acemoglu, Daron and James A. Robinson. 2000. "Why Did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective." *Quarterly Journal of Economics* 115(4):1167-99.

Acemoglu, Daron and James A. Robinson. 2000. "A Theory of Political Transitions." *American Economic Review* 91(4):938–63.

Doepke, Matthias and Fabrizio Zilibotti. 2005. "The Macroeconomics of Child Labor Regulation." *American Economic Review* 95(5), 1492-1524.

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

Lizzeri, Alessandro and Nicola Persico. 2004. "Why Did the Elites Extend the Suffrage? Democracy and the Scope of Government, with an Application to Britain's Age of Reform." *Quarterly Journal of Economics* 119(2):707–65.

Colonial Origins and Property Rights

Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation" *American Economic Review* 91:1369–401.

Acemoglu, Daron, Simon Johnson, and James Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *Quarterly Journal of Economics*, 117:1231–94.

Acemoglu, Daron, Simon Johnson, and James Robinson. 2002. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth." Unpublished Manuscript, MIT.

Acemoglu, Daron and Simon Johnson. 2003. "Unbundling Institutions." Unpublished Manuscript, MIT.

Engerman, Stanley L. and Kenneth L. Sokoloff. 2000. "Institutions, Factor Endowments, and the Paths of Development in the New World." *Journal of Economic Perspectives* 14(3):217–32.

Engerman, Stanley L. and Kenneth L. Sokoloff. 2002. "Factor Endowments, Inequality, and Paths of Development among New World Economies." *Economia* 41–109.

Income Distribution

David de la Croix and Matthias Doepke. 2003. "Inequality and Growth: Why Differential Fertility Matters." *American Economic Review* 93(4):1091–113.

Jones, Charles I. 1997. On the Evolution of the World Income Distribution. *Journal of Economic Perspectives* 11:19–36.

Kuznets, Simon. 1955. Economic Growth and Income Inequality. *American Economic Review* 1–28.

The Changing Composition of Output

Laitner, John. 2000. "Structural Change and Economic Growth." *Review of Economic Studies* 67(3):545–561.

Gollin, Douglas, Stephen Parente, and Richard Rogerson. 2002. "The Role of Agriculture in Development." *American Economic Review Papers and Proceedings*.

Ngai, Liwa Rachel, and Christopher Pissarides. 2004. "Structural Change in a Multi-Sector Model of Growth. Unpublished Manuscript, LSE.

More on Demographics, Household Economics, and the Economics of the Family

Becker, Gary S. 1973. "A Theory of Marriage: Part I." *Journal of Political Economy* 81(4):813–846.

Becker, Gary S. 1974. "A Theory of Marriage: Part II." *Journal of Political Economy* 82(2):S11–S26.

Bergstrom, Theodore C., 1996. "Economics in a Family Way." *Journal of Economic Literature* 34(4):1903–1934.

Chiappori, Pierre-Andre. 1988. "Rational Household Labor Supply." *Econometrica* 56(1):63–90.

Chiappori, Pierre-Andre. 1992. "Collective Labor Supply and Welfare." *Journal of Political Economy* 100(3):437–67.

Doepke, Matthias. 2005. "Child Mortality and Fertility Decline: Can the Barro-Becker Model Match the Facts?" *Journal of Population Economics* 18(2), 337–366.

Echevarria, Christina and Merlo, Antonio. 1999. "Gender Differences in Education in a Dynamic Household Bargaining Model." *International Economic Review* 40(2):265–286.

Galor, Oded and David N. Weil. 1996. The Gender Gap, Fertility, and Growth. *American Economic Review* 86(3):374–387.

Tertilt, Michele. 2005. "Polygyny, Fertility, and Savings," *Journal of Political Economy*.

Endogenous Preferences

Bisin, Alberto, and Thierry Verdier. 2004. "Work Ethic and Redistribution: A Cultural Transmission Model of the Welfare State." Unpublished Manuscript, NYU.

Clark, Gregory and Gillian Hamilton. 2004., "Can Institutions Shape Preferences? The Long Run Implications of Property Rights in the Malthusian Era." Unpublished Manuscript, University of California, Davis.

Doepke, Matthias and Fabrizio Zilibotti. 2008. "Occupational Choice and the Spirit of Capitalism." *Quarterly Journal of Economics* May 2008, forthcoming.

Galor, Oded and Omer Moav. "Natural Selection and the Origin of Economic Growth." *Quarterly Journal of Economics* 117(4):1133–91.

Endogenous Technology

D. Acemoglu and F. Zilibotti. 2001. "Productivity Differences." *Quarterly Journal of Economics* 115(3):563–606.

D. Acemoglu, P. Aghion, and F. Zilibotti. 2006. "Distance to Frontier, Selection and Economic Growth". *Journal of the European Economic Association*, Volume 4(1):37–74.

Dynamic Political Economy

Hassler, John, and Jose V. Rodriguez Mora, Kjetil Storesletten, and Fabrizio Zilibotti. 2005. "A Positive Theory of Geographic Mobility and Social Insurance." *International Economic Review* 46(1):263–303.

Hassler, John, and Jose V. Rodriguez Mora, Kjetil Storesletten, and Fabrizio Zilibotti. 2003. "The Survival of the Welfare State." *American Economic Review* 93(1):87–112.

Social Capital

Banerjee, Abhijit V. and Andrew F. Newman. 1998. "Information, the Dual Economy, and Development." *The Review of Economic Studies* 65(4):631–53.

Durlauf, Steven N. and Marcel Fafchamps. 2004. "Social Capital." NBER Working Paper 10485.

Greif, Avner. 1994. "Cultural Beliefs and the Organization of Society: A Historical Reflection on Collectivist and Individualist Societies." *Journal of Political Economy* 102(5):912–50.

Greif, Avner, Paul Milgrom, and Barry R. Weingast. 1994. "Coordination, Commitment, and Enforcement: The Case of the Merchant Guild." *Journal of Political Economy* 102(4):745–76.