

Economics 216: The Macroeconomics of Economic Development

Schedule of Lectures and Readings
(Items marked with asterisks (*) should be given priority.)

1. The Historical Experience of Economic Development (April 5, 10)

* Kaname Akamatsu (1962), "A Historical Pattern of Economic Growth in Developing Countries," Developing Economies, 3-25.

* Hollis B. Chenery (1979), Structural Change and Development Policy, New York: Oxford University Press, Chapters 1-3.

Hollis B. Chenery and M. Syrquin (1975), Patterns of Development, 1950-1970, New York: Oxford University Press.

Hollis B. Chenery and Lance J. Taylor (1968), "Development Patterns: Among Countries and Over Time," Review of Economics and Statistics, 50: 391-416.

* Hollis B. Chenery, S. Robinson and M. Syrquin (1986), Industrialization and Growth: A Comparative Study, New York: Oxford University Press, Chapter 11.

Simon Kuznets (1965), Economic Growth and Structure, New York: Norton.

Simon Kuznets (1966), Modern Economic Growth Rate, Structure, and Spread, New Haven, CT: Yale University Press.

* Simon Kuznets (1971), Economic Growth of Nations, Cambridge, MA: Harvard University Press.

* Amartya K. Sen (1988), "The Concept of Development," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. I, Amsterdam: North-Holland, 506-513.

Amartya K. Sen (2001), "What is Development About?" in Gerald M. Meier and Joseph E. Stiglitz, eds., Frontiers of Development Economics: The Future in Perspective, New York: Oxford University Press, 9-26.

* M. Syrquin (1988), "Patterns of Structural Change," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. I, Amsterdam: North-Holland, 203-273.

2. The Sources of Economic Growth (April 12, 17)

* Moses Abramovitz (1956), "Resource and Output Trends in the United States Since 1870," American Economic Review, 46: 5-23.

M. Abramovitz and P.A. David (1973), "Reinterpreting Economic Growth: Parables and Realities," American Economic Review, 63: 428-439.

* Kenneth J. Arrow (1962), "The Economic Implications of Learning by Doing," Review of Economic Studies, 29: 155-173.

* Robert J. Barro (1991), "Economic Growth in a Cross-Section of Countries," Quarterly Journal of Economics, 106: 407-433.

* Robert J. Barro (1997), Determinants of Economic Growth: A Cross-Country Empirical Study, Cambridge, MA: The MIT Press.

Michael J. Boskin and Lawrence J. Lau (1990), "Post-War Economic Growth in the Group-of-Five Countries: A New Analysis," Publication No. 217, Center for Economic Policy Research, Stanford University.

Edward F. Denison (1962), The Sources of Economic Growth in the United States, New York: Committee on Economic Development.

Yoshihisa Godo and Yujiro Hayami (1999), "Accumulation of Education in Modern Economic Growth: A Comparison of Japan with the United States, 1888-1995," Asian Development Bank Institute Working Paper No. 4, Tokyo.

Robert E. Hall and Charles I. Jones (1999), "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" Quarterly Journal of Economics, 113: 83-116.

Y. Hayami and J. Ogasawara (1999), "Changes in the Sources of Modern Economic Growth: Japan Compared with the United States," Journal of Japanese and International Economies, 13: 1-21.

Dale W. Jorgenson, Frank M. Gollop and Barbara M. Fraumeni (1987), Productivity and U.S. Economic Growth, Cambridge, MA: Harvard University Press.

* J.-I. Kim and Lawrence J. Lau (1994), "The Sources of Economic Growth of the East Asian Newly Industrialized Countries," Journal of the Japanese and International Economies, 8: 235-271.

* Paul Krugman (1994), "The Myth of Asia's Miracle," Foreign Affairs, 73: 62-78.

* Lawrence J. Lau, "The Sources of East Asian Economic Growth," in F. Gerald Adams and Shinichi Ichimura, eds., East Asian Development: Will the East Asian Growth Miracle Survive?, Westport, CT: Praeger, 1998, pp. 41-67.

R. Levine and D. Renelt (1992), "A Sensitivity Analysis of Cross-Country Growth Regressions," American Economic Review, 82: 942-963.

* N. Gregory Mankiw, David Romer, and David N. Weil (1992), "A Contribution to the Empirics of Economic Growth," Quarterly Journal of Economics, 107: 407-437.

Henry S. Rowen (1998), "The Political and Social Foundations of the Rise of East Asia: An Overview," in Henry S. Rowen, ed., Behind East Asian Growth: The Political and Social Foundations of Prosperity, New York: Routledge, 1-36.

The World Bank (1993), The East Asian Miracle: Economic Growth and Public Policy, Oxford: Oxford University Press.

Alwyn Young. (1992), "A Tale of Two Cities: Factor Accumulation and Technical Change in Hong Kong and Singapore," in O. J. Blanchard and S. Fischer, eds., National Bureau of Economic Research Macroeconomics Annual, Cambridge, MA: The MIT Press, 13-54.

* Alwyn Young (1995), "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," Quarterly Journal of Economics, 110: 641-680.

3. Models of Economic Development (April 19, 24)

Hollis B. Chenery (1975), "The Structuralist Approach to Economic Policy," American Economic Review, 65: 310-316.

* Hollis B. Chenery and A. Strout (1966), "Foreign Assistance and Economic Development," American Economic Review, 56: 679-733.

S. Devarajan, J. Lewis, and S. Robinson (1990), "Policy Lesson from Trade-Focussed Two-Sector Models," Journal of Policy Modeling, 12: 625-657.

Evsey Domar (1946), "Capital Expansion, Rate of Growth and Employment," Econometrica, 14: 137-147.

J. Harris and Michael Todaro (1970), "Migration, Unemployment and Development: A Two-Sector Analysis," American Economic Review, 60: 126-142.

Dale W. Jorgenson (1961), "The Development of a Dual Economy," Economic Journal, 71: 309-334.

* Anne O. Krueger (1984), "Trade Policies in Developing Countries," in Ronald W. Jones and Peter B. Kenen, eds., Handbook of International Economics, Amsterdam: North-Holland, Vol. 1, Ch. 11.

* W. Arthur Lewis (1954), "Economic Development with Unlimited Supplies of Labour," The Manchester School of Economic and Social Studies, 22: 139-191.

* Robert E. Lucas, Jr. (1988), "On the Mechanics of Economic Development," Journal of Monetary Economics, 22: 3-42.

Ronald I. McKinnon (1964), "Foreign Exchange Constraints and Economic Development," Economic Journal, 74: 488-409.

* Hirofumi Uzawa (1963), "On a Two-Sector Model of Economic Growth II," Review of Economic Studies, 30: 105-118.

4. Savings and Capital Accumulation (April 26, May 1)

Milton Friedman (1971), "Government Revenue from Inflation," Journal of Political Economy, 79: 846-856.

* M. Gersovitz (1988), "Saving and Development," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. I, Amsterdam: North-Holland, 381-424.

A. Giovanni (1983), "The Interest Elasticity of Savings in Developing Countries," World Development, 11: 601-608.

* Ronald I. McKinnon (1973), Money and Capital in Economic Development, Washington, D.C.: Brookings, Chapters 2, 6-8.

Sergio Rebelo (1991), "Long Run Policy Analysis and Long Run Growth," Journal of Political Economy, 99: 500-521.

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

T. Swan (1956), "Economic Growth and Capital Accumulation," Economic Record, 66: 334-361.

Tanzi, V. (1978), "Inflation, Real Tax Revenue, and the Case for Inflationary Finance," International Monetary Fund Staff Papers, 25: 417-451.

5. The Role of Money and Finance (May 3)

* Timothy Besley (1995), "Savings, Credit and Insurance," in J. R. Behrman and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. IIIA, Amsterdam: North-Holland, 2123-2207.

Maxwell J. Fry (1982), "Models of Financially Repressed Developing Economies," World Development 10: 731-750.

Maxwell J. Fry (1995), Money, Interest, and Banking in Economic Development, Baltimore: Johns Hopkins University Press.

Ronald I. McKinnon (1973), Money and Capital in Economic Development, Washington, D.C.: Brookings, Ch. 2 and Ch. 6-8.

6. Stabilization in Closed and Open Economies (May 8, 10)

* P. Arida and L. Taylor (1989), "Short-Run Macroeconomics," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. II, Amsterdam: North-Holland, 855-884.

Vittorio Corbo and Stanley Fischer (1995), "Structural Adjustment, Stabilization and Policy Reform: Domestic and International Finance," in J. R. Behrman and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. IIIB, Amsterdam: North-Holland, 2845-2924.

* Stanley Fischer (1993), "The Role of Macroeconomic Factors in Growth," Journal of Monetary Economics, 32: 485-512.

Lawrence J. Lau (1998), "The Sky Isn't Falling," ICBC Economic Review, No. 305, September-October, 1-12.

7. Development Policies and Strategies (May 15, 17)

* Irma Adelman (2001), "Fallacies in Development Theory and Their Implications for Policy," in Gerald M. Meier and Joseph E. Stiglitz, eds., Frontiers of Development Economics: The Future in Perspective, New York: Oxford University Press, 103-134.

Bela Balassa (1989), "Outward Orientation," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. II, Amsterdam: North-Holland, 1645-1690.

* Christopher Bliss (1989), "Trade and Development," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. II, Amsterdam: North-Holland, 1187-1240.

D. Evans (1989), "Alternative Perspectives on Trade and Development," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. II, Amsterdam: North-Holland, 1241-1304.

* Anne O. Krueger (1995), "Policy Lessons from Development Experience Since the Second World War," in J. R. Behrman and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. IIIB, Amsterdam: North-Holland, 2497-2550.

Lawrence J. Lau (1997), "The Role of Government in Economic Development: Some Observations from the Experience of China, Hong Kong, and Taiwan," in M. Aoki, H.-K. Kim and M. Okuno-Fujiwara, eds., The Role of Government in East Asian Economic Development: Comparative Institutional Analysis, Oxford: Clarendon Press, 41-73.

* Lawrence J. Lau, Yingyi Qian and Gerard Roland (1997), "Pareto-Improving Economic Reforms through Dual-Track Liberalization," Economics Letters, 55: 285-292.

* Lawrence J. Lau, Yingyi Qian and Gerard Roland (2000), "Reform without Losers: An Interpretation of China's Dual-Track Approach to Transition," Journal of Political Economy, 108: 120-143.

Gerard Roland (2000), Transition and Economics: Politics, Markets, and Firms, Cambridge, MA: The MIT Press.

8. Trade and Growth (May 22)

* David Dollar (1992), "Outward-Oriented Developing Economies Really Do Grow More Rapidly: Evidence from 95 LDCs, 1976-1985," Economic Development and Cultural Change, 40: 523-544.

Sebastian Edwards (1993), "Openness, Trade Liberalization and Growth in Developing Countries," Journal of Economic Literature, 31: 1358-1393.

* Jeffrey Frankel and David Romer (1999), "Does Trade Cause Growth?" American Economic Review, 89: 379-399.

9. Human Capital, Intangible Capital, Infrastructural Capital and Other Forms of Capital (May 23, 24)

* Robert J. Barro and J.-W. Lee (1993), "International Comparisons of Educational Attainment," Journal of Monetary Economics, 32: 363-394.

Nancy Birdsall (1989), "Economic Approaches to Population Growth," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. I, Amsterdam: North-Holland, 477-542.

Charles I. Jones (1995), "R&D-Based Models of Economic Growth," Journal of Political Economy, 103: 759-784.

Dean T. Jamison and Lawrence J. Lau (1982), Farmer Education and Farm Efficiency, Baltimore: Johns Hopkins University Press, Chapters 1-2.

* T. Paul Schultz (1989), "Education Investments and Returns," in Hollis B. Chenery and T. N. Srinivasan, eds., Handbook of Development Economics, Vol. I, Amsterdam: North-Holland, 543-630.

T. W. Schultz (1961), "Investment in Human Capital," American Economic Review, 51: 1-17.

J. Strauss (1986), "Does Better Nutrition Raise Farm Productivity?" Journal of Political Economy, 94: 297-320.

10. The New Growth Theory (May 29, 31)

* Gene M. Grossman and Elhanan Helpman (1991), “Endogenous Innovation in the Theory of Growth,” Journal of Economic Perspectives, 8: 23-44.

* Gene M. Grossman and Elhanan Helpman (1991), Innovation and Growth in the Global Economy, Cambridge, MA: The MIT Press.

* Charles I. Jones (1995), “Time Series Tests of Endogenous Growth Models,” Quarterly Journal of Economics, 110: 495-525.

Stephen L. Parente and Edward C. Prescott (2000), Barriers to Riches, Cambridge, MA: MIT Press.

* Paul M. Romer (1986), “Increasing Returns and Long-Run Growth,” Journal of Political Economy, 94: 1002-1037.

* Paul M. Romer (1990), “Endogenous Technological Change,” Journal of Political Economy, 98: S71-S102.

Paul A. Samuelson (2001), “Sparks and Grit from the Anvil of Growth,” in Gerald M. Meier and Joseph E. Stiglitz, eds., Frontiers of Development Economics: The Future in Perspective, New York: Oxford University Press, 492-505.

REVIEW (June 5)

FINAL EXAMINATION (June 9)