

## Eco2704H1F: Topics in Growth and Development

### Course Description

The purpose of this course is to introduce students to some frontier research on growth and (the macro aspects of) development. Each of us will give four or five lectures that provide empirical motivations for the topics and introduce some key papers/models. The Ph.D. students are then required to present one of the recent papers in the reading list. Students are expected to read all the papers that will be presented in the class and participate actively in class discussions.

### Evaluation Methods

For Ph.D. students: Participation of class discussion (20%)  
Presentation of a paper (25%)  
Referee report of a paper (25%)  
Final exam (30%)

For MA students: Participation (20%)  
Referee report of a paper (40%)  
Term paper (40%)

### Reading List

We will discuss the readings that are marked with a \* in class.

### Growth and Development: Basic Facts and Accounting

- \*Lecture Notes by Xiaodong Zhu
- Douglas Gollin (2002) "Getting Income Shares Right", *Journal of Political Economy*, 110(2), 458-474.
- Francesco Caselli (2005) "[Accounting for Cross-Country Income Differences](#)" *Handbook of Economic Growth*
- Margarida Duarte and Diego Restuccia (2006) "The Productivity of Nations," Federal Reserve Bank of Richmond Economic Quarterly, Volume 92 (3), Summer, pp. 195-223.
- Chang-Tai Hsieh and Peter Klenow (2010) "[Development Accounting](#)", *American Economic Journal: Macroeconomics*, vol. 2(1), pages 207-23.
- Berthold Herrendorf and Akos Valentinyi (2013) "Which Sectors Make the Poor Countries so Unproductive?" *Journal of European Economic Association*, (10), pp. 323-41.

## Structural Transformation and Growth

- \*Berthold Herrendorf, Richard Rogerson and Akos Valentinyi (2014) “[Growth and Structural Transformation](#)” in *Handbook of Economic Growth*
- \*Yang, Dennis Tao and Xiaodong Zhu (2013) “[Modernization of Agriculture and Long-term Growth](#).” *Journal of Monetary Economics*, 60, pp.367-382.
- Kongsamult, Rebelo and Xie (2001) “Beyond Balanced Growth”, *Review of Economic Studies* October.
- L. Rachel Ngai and Christophe Pissarides (2007) “Structural Change in a Multi-Sector Model of Growth.” *American Economic Review*, 97, 429-443.
- Daron Acemoglu and Veronica Guerrieri (2008) “Capital Deepening and Nonbalanced Economic Growth” *Journal of Political Economy*, vol.116, no.3
- Francesco Caselli and John Coleman “[The U.S. Structural Transformation and Regional Convergence: A Reinterpretation](#)” *Journal of Political Economy*, June 2001
- Fumio Hayashi and Edward Prescott (2008) “The Depressing Effect of Agricultural Institutions on the Prewar Japanese Economy,” *Journal of Political Economy*, 2008, vol.116, no.4
- Mastuyama, K. (2009) "Structural Change in an Interdependent World: A Global View of Manufacturing Decline." *Journal of the European Economic Association*, 7: 478-486
- Margarida Duarte and Diego Restuccia (2014) “Relative Prices and Sectoral Productivity,” manuscript, University of Toronto.
- Timo Boppart (2014) [Structural Change and the Kaldor Facts in a Growth Model with Relative Price Effects and Non-Gorman Preferences](#) accepted for publication in *Econometrica*.

## Agriculture and Cross-country Income Differences

- \*Diego Restuccia, Dennis Tao Yang and Xiaodong Zhu (2008) “Agriculture and Aggregate Productivity: A Quantitative Cross-Country Analysis”, *Journal of Monetary Economics* 55(2), 234-250.
- \*Margarida Duarte and Diego Restuccia (2010), "The Role of the Structural Transformation in Aggregate Productivity.” *Quarterly Journal of Economics* 125 (1), 129–173.
- \*David Lagakos and Michael Waugh (2012), “ [Selection, Agriculture and Aggregate Productivity Differences](#)” forthcoming, *American Economic Review*.”

- Kevin Donovan (2014) “Agricultural Risk, Intermediate Inputs, and Cross-Country Productivity Differences” manuscript, University of Notre Dame.
- Doug Gollin, David Lagakos, and Michael Waugh (2014), “Agricultural Productivity Differences across Countries” *American Economic Review: Papers and Proceedings* 104 (5): pp. 165-170.
- Gollin, Douglas, David Lagakos and Michael E Waugh (forthcoming) “[The Agricultural Productivity Gap in Developing Countries](#)”, *Quarterly Journal of Economics*
- Berthold Herrendorf and Todd Schoellman (2014) [Wages, Human Capital, and the Allocation of Labor across Sectors](#), manuscript, Arizona State University.

### **Misallocation and Productivity**

- \*Diego Restuccia and Richard Rogerson (2008) “Policy Distortions and Aggregate Productivity with Heterogeneous Plants” *Review of Economic Dynamics*, vol. 11(4), pages 707-720, October
- \*Chang-Tai Hsieh and Peter J. Klenow (2009) “Misallocation and Manufacturing TFP in China and India” *Quarterly Journal of Economics* 124, November 1403-1448.

### Survey Papers

- Diego Restuccia and Richard Rogerson (2013), “Misallocation and Productivity,” *Review of Economic Dynamics* 16(1): pp. 1-10.
- Diego Restuccia (2013), “Factor Misallocation and Development,” *The New Palgrave Dictionary in Economics*, Online edition.
- Hugo Hopenhayn (2014), “Firms, Misallocation, and Aggregate Productivity: A Review,” *The Annual Review of Economics*.

### Specific Policies:

- \*Nezih Guner, Gustavo Ventura, and Daniel Xu (2008), “Macroeconomic Implications of Size Dependent Policies,” *Review of Economic Dynamics*, 11(4): pp. 721-44.

### Endogenous Productivity:

- Pedro Bento and Diego Restuccia (2014), “Misallocation, Establishment Size, and Productivity,” manuscript, University of Toronto

### Misallocation in Agriculture:

- \*Tasso Adamopoulos and Diego Restuccia (2014), “The Size Distribution of Farms and International Productivity Differences,” *American Economic Review*, 104(6): pp. 1667-97.

- Tasso Adamopoulos and Diego Restuccia (2014), “Land Reform and Productivity: A Quantitative Analysis with Micro Data,” manuscript, University of Toronto.
- \*Diego Restuccia and Raul Santaella-Llorens (2014), “Land Misallocation and Productivity,” manuscript, University of Toronto.
- Hugo Hopenhayn (2012) “[On the Measure of Distortions](#)”
- Loren Brandt, Trevor Tombe and Xiaodong Zhu (2012) "[Factor Market Distortions Across Time, Space and Sectors in China](#)"
- Eric Bartelsman, John Haltiwanger and Stefano Scarpetta (2009) "[Cross-Country Differences in Productivity: The Role of Allocation and Selection](#)," NBER Working Paper 15490
- Chang-Tai Hsieh and Peter J. Klenow (2014) "[The Life Cycle of Plants in India and Mexico](#)" forthcoming, Quarterly Journal of Economics
- Roberto N. Fattal Jaef (2012) “[Entry, Exit and Mis-allocation Frictions](#)”
- Chang-Tai Hsieh, Erik Hurst, Chad Jones and Peter J. Klenow (2012) “[The Allocation of Talent and U.S Economic Growth](#)”
- Michael Peters (2011) "[Heterogeneous Mark-Ups and Endogenous Misallocation](#)"
- Collard-Wexler, A., J. Asker, and J. De Loecker (2011): “Productivity Volatility and the Misallocation of Resources in Developing Economies,” NBER Working Paper 17175.

## **Trade and Development**

- \*Eaton, Jonathan and Kortum, Samuel (2002) “Technology, Geography, and Trade”, *Econometrica*, 70(5), 1741-1779.
- \*Michael Waugh (2009): [International Trade and Income Differences](#)
- Dekle, Robert, Jonathan Eaton, and Samuel Kortum, “Unbalanced Trade,” *American Economic Review*, 2007, 97 (2), 351–355.
- Dave Donaldson (2012) [Railroads of the Raj: Estimating the Impact of Transportation Infrastructure](#). Forthcoming, *American Economic Review*.
- Uy, T., Kei-Mu Yi and Jing Zhang (2013) “Structural Change in Open Economies.” *Journal of Monetary Economics*, 60(6): 667-82.
- Tombe, T. (2014): “[The Missing Food Problem](#)”. Forthcoming, *American Economic Journal: Macroeconomics*.
- Arnaud Costinot and Dave Donaldson (2014), “[How Large Are the Gains from Economic Integration? Theory and Evidence from U.S. Agriculture, 1880-1997](#),” manuscript, MIT.

## Internal Trade and Migration

- \*Redding, Stephen (2012) "[Goods Trade, Factor Mobility and Welfare.](#)" Manuscript, Princeton University
- Guy Michaels, Ferdinand Rauch and Stephen Redding (2012) "Urbanization and Structural Transformation", *Quarterly Journal of Economics*, 127, 535-586.
- Caliendo, Lorenzo, Fernando Parro, Esteban Rossi-Hansberg, and Pierre-Daniel Sarte, "The Impact of Regional and Sectoral Productivity Changes on the U.S. Economy," 2013.
- Cosar, Kerem and Pablo Fajgelbaum, "Internal Geography, International Trade, and Regional Outcomes," 2012.
- Gabriel Ahlfeldt, Stephen Redding, Daniel Sturm, and Nikolaus Wolf (2014) "[The Economics of Density: Evidence from the Berlin Wall](#)", manuscript, Princeton University
- \*Tombe, T. and Xiaodong Zhu (2014) "Trade Liberalization, Internal Migration and Regional Income Differences: Evidence from China", manuscript, University of Toronto
- Pablo Fajgelbaum and Stephen Redding (2014) "[External Integration, Structural Transformation and Economic Development: Evidence from Argentina 1870-1914](#)" *NBER Working Paper*, 20217.