1 General Information

This part of the course consists of four three-hour lectures covering advanced topics in economic growth. The aim of the course is to learn the tools and building blocks of modern growth theory with a special emphasize of multi-sector models. Generally, theories of growth, innovation and technical change are interrelated to many research questions in development, environmental economics, economic history, political economy and labor economics. The course should prepare students with tools and the theoretical knowledge to understand and apply modern theories of economic growth. It is a theoretical course. However, empirical facts will be emphasized and empirical tests of the models’ predictions will be illustrated.

The meetings will be held on:

- March 25, 9.00-12.00
- April 1, 9.00-12.00
- April 8, 9.00-12.00
- April 22, 9.00-12.00

The second part of the course is taught by Philippe Aghion. The bibliography contains journal articles, Handbook chapters as well as the two textbooks:


2 Lecture Material

Lecture 1: Neoclassical Growth Theory

Growth theory is motivated. We start with a refresh of the foundations of neoclassical growth theory. We discuss Kaldor’s ‘stylized facts’ of economic growth, Hicks/Harrod/Solow neutral technical change, growth regressions, convergence, growth accounting and growth in the very long run.

Literature

- Acemoglu (2009), Chapters 1, 2, & 8.
- Aghion P. and P. Howitt (2009), Chapters 1, 5, 7 & 10.
Lecture 2: Endogenous Growth

AK model and the expanding variety model is discussed. Schumpeterian Growth is left aside for the second part of the course.

Literature

- Acemoglu (2009), Chapters 12-14.
- Aghion P. and P. Howitt (2009), Chapters 2 & 3.

Lecture 3: Structural Change

Engel’s law and Baumol’s cost disease are discussed. Empirical facts are illustrated. Different theories that reconcile structural change on a sectoral level with balanced growth on the aggregate are outlined. The two drivers of structural change – income and substitution effects – are emphasized.

Literature

- Overview and survey articles
  - Acemoglu (2009), Chapter 20.

- Engel’s law

- Baumold’s cost disease

- Reconciling structural change with balanced growth

- Other papers and applications
Lecture 4: Directed Technical Change

Theory of directed technical change and some of its applications are discussed.

Literature

- Acemoglu (2009), Chapter 15
- Aghion P. and P. Howitt (2009), Chapter 8.