

# Topics in Economic Growth

Fabrizio Zilibotti (Yale University)

## Logistics

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Lectures: 9 hours, March 2-3-4, 2020

## Content

This course discusses recent research on economic growth and long-run economic development. Some of the applications emphasize the economic development of China, a country that has transformed from a poor, closed economy to one of the major economic players in the world. We focus on technological change, misallocation, innovation, structural change, and economic fluctuations. The course is taught by Fabrizio Zilibotti, Tuntex Professor of Economics at Yale University.

## Topics

- Technology: Directed Technical Change, Inequality, International Transfer, Offshoring (3 hours)
- Misallocation and Liberalization Reforms (3 hours)
- Innovation, Imitation, and Technology Diffusion (1.5 hours)
- Structural Change and Business Cycle (1.5 hours)

## Extended Reading List

### Technology

- Acemoglu, Daron, Gino Gancia, and Fabrizio Zilibotti (2015). "Offshoring and Directed Technical Change." *American Economic Journal: Macroeconomics* 7, 84-122. (2015).
- Acemoglu, Daron and Fabrizio Zilibotti (2001). "Productivity Differences." *Quarterly Journal of Economics* 115, 563-606.
- Acemoglu, Daron (2002). "Directed Technical Change", *Review of Economic Studies* 69, 781-810.
- Acemoglu, Daron, and Pascual Restrepo (2019) "Automation and New Tasks: How Technology Displaces and Reinstates Labor," *Journal of Economic Perspectives* 33, 3-30.
- Gancia, Gino and Fabrizio Zilibotti (2009). "Technological Change and the Wealth of Nations", *Annual Review of Economics* 1, 93-120.
- Gancia, Gino, Andreas Müller, and Fabrizio Zilibotti (2013). "Structural Development Accounting". In *Advances in Economics and Econometrics: Theory and Applications* (Tenth World Congress of the Econometric Society), D. Acemoglu, M. Arellano and E. Dekel (eds.), Cambridge University Press.
- Holmes, Thomas J., Ellen R. McGrattan, and Edward C. Prescott (2015). "Quid Pro Quo: Technology Capital Transfers for Market Access in China" *Review of Economic Studies* 82(3), 154–1193

### Misallocation and Liberalization Reforms

- Brandt Loren, Trevor Tombe, and Xiaodong Zhu (2012). "Factor market distortions across time, space and sectors in China." *Review of Economic Dynamics* 16(1), 39—58.
- Hsieh, Chang Tai, and Peter J. Klenow (2009). "Misallocation and Manufacturing TFP in China and India." *Quarterly Journal of Economics* 124, 1403-1448.
- Hsieh Chang Tai and Zheng Song (2015). "Grasp the large, let go of the small: the transformation of the state sector in China." *Brooking Papers of Economic Activity*, Spring 2015.
- Song, Zheng, Kjetil Storesletten, and Fabrizio Zilibotti (2011). "Growing Like China." *American Economic Review* 101(1), 196-233.
- Song, Zheng, Kjetil Storesletten, and Fabrizio Zilibotti (2014). "Growing Like China (with Capital Controls)." *IMF Economic Review* 62, 327-370.

## Innovation, Imitation, and Technology Diffusion

- Acemoglu, Daron, Philippe Aghion, and Fabrizio Zilibotti (2006). "Distance to frontier, selection, and economic growth," *Journal of the European Economic Association* 4(1), 37-74.
- Benhabib, Jess, Jesse Perla, and Christopher Tonetti (2019). "Reconciling models of diffusion and innovation: a theory of the productivity distribution and technology frontier," NBER Working Paper No. w23095.
- Konig, Michael D., Jan Lorenz, and Fabrizio Zilibotti (2016). "Innovation vs. imitation and the evolution of productivity distributions," *Theoretical Economics* 11(3), 1053-1102.
- Koenig, Michael, Zheng Song, Kjetil Storesletten, and Fabrizio Zilibotti (2019). "From imitation to innovation: Where is all that Chinese R&D going?" Mimeo, Yale University. Downloadable from my webpage.
- Lucas Jr, Robert E., and Benjamin Moll (2014). "Knowledge growth and the allocation of time," *Journal of Political Economy* 122(1), 1-51.
- Perla, Jesse, and Christopher Tonetti (2014). "Equilibrium imitation and growth," *Journal of Political Economy* 122(1), 52-76.

## Structural Change and Business Cycle

- Acemoglu, D. and V. Guerrieri (2008). "Capital deepening and nonbalanced economic growth." *Journal of Political Economy* 116(3), 467-498.
- Gollin, D., D. Lagakos, and M. E. Waugh (2014). "The agricultural productivity gap." *Quarterly Journal of Economics* 129(2), 939-993.
- Da Rocha, J. M. and D. Restuccia (2006). "The Role of Agriculture in Aggregate Business Cycles." *Review of Economic Dynamics* 9(3), 455-482.
- Herrendorf, Berthold, Richard Rogerson, and Akos Valentinyi (2013). "Two perspectives on preferences and structural transformation." *American Economic Review* 103(7), 2752-89.
- Moscona, Jacob (2018). "Agricultural development and structural change within and across countries." Mimeo, MIT.
- Storesletten, Kjetil, Bo Zhao, and Fabrizio Zilibotti (2019). "Business Cycle during Structural Change: Arthur Lewis' Theory from a Neoclassical Perspective." NBER Working Paper no. 26181.
- Zhang, L., S. Rozelle, and J. Huang (2001). "On-farm jobs and on-farm working periods of boom and bust in rural China." *Journal of Comparative Economics* 29(3), 505-526.

## General Background Reading About China

- Alder, Simon, and Lin Shao (2014). "Economic Reforms and Industrial Policy in a Panel of Chinese Cities." *Journal of Economic Growth*. 21(4), pp. 305-349, 2016.
- Bai, Chong En, Chang-Tai Hsieh, and Zheng Michael Song (2016b). "The Long Shadow of a Fiscal Expansion." *Brookings Papers in Economic Activity*, Fall (see also NBER Working Paper No. 22801).
- Brandt Loren, Hsieh Chang Tai, and Xiaodong Zhu (2008). "Growth and structural transformation in China." In *China's great economic transformation*, ed. L Brandt, TG Rawski, pp. 683-728. Cambridge: Cambridge University Press.
- Brandt Loren, Debin Ma, and Thomas Rawski (2017). *Industrialization in China* IZA DP No. 10096 in Kevin O'Rourke and Jeffrey Williamson, eds. *The Spread of Modern Industry to the Periphery since 1871*, Oxford University Press.
- Qiang, Yingyi (2017) *How Reform Worked in China: The Transition from Plan to Market*. MIT Press.
- Song, Zheng, Storesletten, Kjetil, Wang Yikai, and Fabrizio Zilibotti (2015). "Sharing High Growth Across Generations: Pensions and Demographic Transition in China" *American Economic Journal: Macroeconomics* 7(2), 1-39, 2015.
- Storesletten, Kjetil and Fabrizio Zilibotti (2014): "China's Great Convergence and Beyond" *Annual Review of Economics* 6, 333-362.
- Zilibotti, Fabrizio (2017): "Growing and Slowing Down Like China." Presidential Address European Economic Association. *Journal of the European Economic Association* 15(5), 15(5), 943-988.