

University of Wyoming  
College of Business  
Department of Economics and Finance

Economics 5370-01  
Seminar: Advanced Economic Development  
MW 1:20-2:35 PM, Ross Hall, Room 135  
Spring 2008

**Instructor:** Edward B. Barbier  
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**Course Description:** This graduate level course explores the application of economics to the process of economic growth and development in low and middle-income countries. The emphasis will be on the "new synthesis" between economic growth theory and development economics. Specifically, the course will bring together the recent theoretical and empirical contributions from the fields of economic growth, economic development, economic history and natural resource economics as applied to the developing world. The course will explore: basic growth theory, including both neoclassical growth and endogenous growth theories; "economic history" models of economic expansion, including vent-for-surplus models, staples theory, dualism theories, stages of growth and endogenous frontier expansion models; theories of natural-resource based development, including "Dutch disease" and trade-resource models; and the role of institutions and public policy in influencing development; the effects of structural adjustment and economy-wide reforms on development. The course will be divided between lectures and student-led seminars. The latter will require each student to produce a research paper based on one topic from the course.

**Prerequisites:** ECON 5010 and 5020, or consent of instructor.

**Course Objectives:** The main aim of this course is to encourage students to become familiar with recent advances in selected areas of economic growth and development through learning to read, critically evaluate, and hopefully begin developing, analytical contributions to these areas. The first part of the course will involve the instructor introducing the students to the topics through selecting key articles and readings to critically evaluate. This will take place through both lectures and group discussion. The final part of the course will involve student-led seminars based on the course topics. Each seminar will consist of both a paper presentation as well as a group discussion of the material presented.

**Grading and Course Requirements:** The academic requirements of this course consist of a final examination at the end of the semester and two seminar papers and presentations. **The exam will count for 40% of your final grade, and each seminar paper and presentation will count for 30%** (20% for the paper and 10% for the presentation). All grading will be done on a standard point system and not curved.

The final examination will be based on the required reading indicated under each topic, and in particular the material introduced in class during the first part of the course.

For the first seminar presentation and paper, each student will have to choose a published paper relevant to any one of the course topics, explain the methodology and results, critically evaluate the modelling approach of the paper, and finally, suggest briefly a possible extension or reformulation of the model. For the second seminar presentation and paper, the student will attempt to develop further the suggested extension or reformulation of the model into his or own paper on the selected topic, and explain the possible contribution of this approach to the literature.

The distribution of seminar topics among students will be agreed by **January 30**. Although not all topics need to be covered, a broad spectrum of seminar topics will be the aim.

On the day of the student's first seminar the student should hand out to the class a version of the first paper. However, the deadline for all students to submit a final version of the first seminar paper is **April 9** at the latest. The student should also be prepared to hand out a version of their second paper on the day of that seminar. However, the deadline for all students to submit a final version of the paper is **April 28** at the latest.

The final examination is scheduled to be held on **Wednesday May 3 1:15 PM to 3:15 PM**.

**Attendance Policy:** Students are expected to attend all classes, including seminars given by other students. If a student is unable to attend a class, then he or she should either seek the permission of the instructor in advance or provide a legitimate reason (e.g. illness, family or University obligation) for missing the class. Any student who misses a class is responsible for obtaining from other students the relevant material (e.g. handouts, notes) for that class.

Any student who fails to turn in the required seminar paper by the above designated due dates will receive automatically a 20 percent reduction in the grade that the paper otherwise would have earned. Extensions to paper deadlines and a make-up exam for the final examination will only be awarded under rare circumstances, and will require some supporting evidence (e.g. verified evidence of a medical or family emergency). The instructor may also need to consult other departmental or College colleagues before granting an extension or make-up exam.

**Academic Dishonesty:** Also known as "cheating" academic dishonesty will not be tolerated in this class. Cases of academic dishonesty will be prosecuted in accordance with UNIREG 802 Rev. 2. Cheating in this course can result in an "F" final grade. In this course, academic dishonesty includes (but is not limited to) unapproved assistance on examinations, copying the work of other students, plagiarism or other use of published materials without complete citations, or fabrication of referenced information, including purchasing and/or downloading from the internet others' work without acknowledging this source.

**Group Work Guidelines:** Although substantial group discussion will take place within classes, no group work is anticipated in this course. However, the student is encouraged to discuss his or her ideas on the two seminar papers with other students, and to seek their advice and comments on earlier drafts of the papers. The student should acknowledge any substantial advice and comments by other students in the papers, if appropriate.

**Student Services:** If you have a physical, sensory, cognitive, or psychological disability and require accommodations, please let me know as soon as possible. You will need to register with, and provide documentation of your disability to University Disability Support Services (UDSS) in SEO, Room 330, Knight Hall. You may also reach them at 766-6189, TTY: 766-3073.

**Classroom Decorum:** UNIREG 29, Change 1, states that the student has obligations as well as rights in the classroom. The instructor can “establish reasonable standards of conduct for each class which should be made known at the outset.”

**Course Calendar:** A calendar for the course will be distributed, as soon as the schedule for seminars is finalized.

**Disclaimer:** The instructor may need to modify the above course requirements, grading standards and calendar during the teaching of the course this semester. If so, the instructor will notify all students in class of any changes and confirm these changes in a written memo, handout and/or email.

**Course Readings:** There is no single text for this course. Instead, each topic will contain a number of core readings selected from key journal articles. **However three books will be relevant to most topics as part of the core reading, and therefore students are strongly recommended to purchase them:**

Edward B. Barbier. 2005. *Natural Resources and Economic Development*. Cambridge University Press, New York.

Pierre-Richard Agénor. 2004. *The Economics of Adjustment and Growth*. Academic Press, San Diego, 2<sup>nd</sup> ed.

Hendrik van den Berg. 2001. *Economic Growth and Development*. McGraw-Hill/Irwin, New York.

For some topics, the following books will also be relevant, and indicated as part of the additional, suggested or even core reading. In particular, students with no previous knowledge of economic development or developing countries may be interested in the following for background reading:

William Easterly. 2001. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. The MIT Press, Cambridge, MA.

Gary McMahon and Lyn Squire, eds. 2003. *Explaining Growth: A Global Research Project*. Palgrave in association with the International Economic Association, New York.

Rune Skarstein. 1997. *Development Theory: A Guide to Some Unfashionable Perspectives*. Oxford University Press, New Delhi.

Vinod Thomas, et al. 2000. *The Quality of Growth*. Published for the World Bank by Oxford University Press.

In addition, the following is an excellent textbook on modern growth theory:

Robert J. Barro and Xavier Sala-i-Martin. 2004. *Economic Growth*, 2<sup>nd</sup> ed., MIT Press, Cambridge.

### Course Outline

The following topics form the basis of the course. Under each topic is a list of **core readings** that each student is required to read. The lectures and group discussions in the first part of this course will be drawn from these readings. Students should have read these course readings in advance and be prepared to discuss them in class.

The **suggested readings** under each topic indicate the type of papers that each student might select for the first seminar paper and presentation. The student does not have to choose one of these papers, but is encouraged to pick a paper that is related to this literature. Any paper chosen for a student's seminar that is not on this list needs to be agreed in advance with the instructor.

The **additional readings** are for your interest only.

## Lecture and Seminar Topics

### I "Economic History" Models of Economic Expansion

#### Core readings:

Agénor, P.-R., *op.cit.*, ch. 10.

Barbier, E.B., *op.cit.*, ch. 1-2.

Findlay, R. and M. Lundahl. 1994. "Natural Resources, 'Vent-for-Surplus', and the Staples Theory." In G. Meier, ed. *From Classical Economics to Development Economics: Essays in Honor of Hla Myint*. St. Martin's Press, New York, pp. 68-93.

Van den Berg, H., *op cit.*, ch. 1-3.

#### Suggested readings:

Baldwin, R.E. 2001. "Global Income Divergence, Trade, and Industrialization: The Geography of Growth Take-Offs." *Journal of Economic Growth* 6:5-37.

Drelichman, M. 2005. "All That Glitters: Precious Metals, Rent Seeking and the Decline of Spain." *European Review of Economic History* 9:313-336.

Findlay, R. 1993. "The 'Triangular Trade' and the Atlantic Economy of the Eighteenth Century: A Simple General-Equilibrium Model." In R. Findlay, ed. *Trade, Development and Political Economy: Essays of Ronald Findlay*. Edward Elgar, London, pp. 321-351.

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

Galor, O. and O. Moav. 2002. "Natural Selection and the Origin of Economic Growth." *Quarterly Journal of Economics* 117(4):1133-1191.

Hansen, B. 1979. "Colonial Economic Development with Unlimited Supply of Land: A Ricardian Case." *Economic Development and Cultural Change* 27:611-627.

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

Iyigun, M. 2005. "Geography, Demography and Early Development." *Journal of Population Economics* 18:301-321.

Kögel, T. and A. Prskawetz. 2001. "Agricultural Productivity, Growth and Escape from the Malthusian Trap." *Journal of Economic Growth* 6:337-357.

McDermott, J. 2002. "Development Dynamics: Economic Integration and the Demographic Transition." *Journal of Economic Growth* 7:371-409.

Nunn, N. 2007. "Historical Legacies: A Model Linking Africa's Past to Its Current Underdevelopment." *Journal of Development Economics* 83:157-175.

Olsson, O. and D.A. Hibbs, J. 2005. "Biogeography and Long-Run Economic Development." *European Economic Review* 49:909 – 938.

Ni, S. and P.H. Van. 2006. "High Corruption Income in Ming and Qing China." *Journal of Development Economics* 81:316-336.

Southey, C.1978. "The Staples Thesis, Common Property and Homesteading." *Canadian Journal of Economics* 11(3):547-559.

**Additional readings:** Easterly, *op. cit.*, ch. 1; McMahon and Squire *op. cit.*, ch. 1-2; Skarstein, *op. cit.*, chs 1-2; Thomas, *et al.*, *op. cit.*, ch.1-2.

## II Dualism and Development

### Core readings:

Barbier, E.B. *op. cit.*, ch. 3-4

Krugman, P.R. 1981. "Trade, Accumulation, and Uneven Development." *Journal of Development Economics* 8:149-161.

Skarstein, R., *op. cit.*, ch. 6 and 7.

Thirlwall, A.P. 1999. *Growth and Development*, 6<sup>th</sup> ed., Macmillan Press, London, ch. 7.

### Suggested readings:

Barbier, E.B. and M. Rauscher. 2007. "Trade and Development in a Labor-Surplus Economy" *The B.E. Journal of Economic Analysis & Policy*: Vol. 7: Issue 1 (Topics)  
<http://www.bepress.com/bejeap/vol7/iss1/1>

Burgstaller, A. and N. Saavedra Rivano. 1984. "Capital Mobility and Growth in a North-South Model." *Journal of Development Economics* 15:213-237.

Conning, J.H. and J.R. Robinson. 2007. "Property Rights and the Political Organization of Agriculture." *Journal of Development Economics* 82:416-447.

Dixon, R. and A.P. Thirlwall. 1975. "A Model of Regional Growth Rate Differences on Kaldorian Lines." *Oxford Economic Papers* 27:201-214.

Feenstra, R.C. 1996. "Trade and Uneven Growth." *Journal of Development Economics* 49(1):229-256.

Findlay, R. 1993. "North-South Models and the Evolution of Global Interdependence." In Findlay, R. *Trade, Development and Political Economy: Selected Essays of Ronald Findlay*. Edward Elgar, Aldershot, UK, pp. 270-287.

Krugman, P.R. 1995. "Geography Lost and Found" and "Appendix". In P.R. Krugman, *Development, Geography, and Economic Theory*. MIT Press, Cambridge, MA, pp. 31-66 and 89-108.

Proto, E. "Land and the Transition from a Dual to a Modern Economy." *Journal of Development Economics* 83:88-108.

Robalino, J.A. 2007. "Land Conservation Policies and Income Distribution: Who Bears the Burden of Our Environmental Efforts?" *Environment and Development Economics* 12:521-533.

Ziesemer, T. 1995. "Economic Development and Endogenous Terms-of-Trade Determination: Review and Reinterpretation of the Prebisch-Singer Thesis." *UNCTAD Review* 6:17-33.

**Additional readings:** Easterly, *op. cit.*, ch. 2; McMahon and Squire *op. cit.*, ch. 3; Skarstein, *op. cit.*, chs 4-5.

### III Neoclassical Growth: the Solow-Swan Model

#### Core readings:

Agénor, P.-R., *op.cit*, ch.11.

Van den Berg, H., *op cit.*, ch. 4.

#### Suggested readings:

Azariadis, C. 1996. "The Economics of Poverty Traps. Part One: Complete Markets." *Journal of Economic Growth* 1:449-486.

Baldwin, R.E. 1992. "Measurable Dynamic Gains from Trade." *Journal of Political Economy* 100(11):162-174.

Barro, R.J., N.G. Mankiw and X. Sala-I-Martin. 1995. "Capital Mobility in Neoclassical Models of Growth." *American Economic Review* 85:103-115.

Barro, R.J., and X. Sala-I.Martin. 1997. "Technological Diffusion, Convergence, and Growth." *Journal of Economic Growth* 2(1): 1-26.

Becker, G., K. Murphy and R. Tamura. 1990. "Human Capital, Fertility and Economic Growth." *Journal of Political Economy* 98:12-37.

Desdoiges, A. 1999. "Patterns of Economic Development and the Formation of Clubs." *Journal of Economic Growth* 4:305-330.

Galor, O. 1996. Convergence? Evidence from Theoretical Models. *Economic Journal* 106:1056-1069.

Galor, O. and D.N. Weil. 1996. "The Gender Gap, Fertility, and Growth." *American Economic Review* 86(3):374-387.

Murphy, K.M., A. Shleifer and R.W. Vishny. 1989. "Industrialization and the Big Push." *Journal of Political Economy* 97:1003-1026.

Quah, D. 1996. "Twin Peaks: Growth and Convergence in Models of Distribution Dynamics." *Economic Journal* 106:1045-1055.

Sachs, Jeffrey D., et al. 2004. "Ending Africa's Poverty Trap." *Brookings Papers on Economic Activity* 1:117-240.

Spolaore, E. and Wacziarg, R. 2005. "Borders and Growth." *Journal of Economic Growth* 10:331-386.

**Additional readings:** Easterly, *op. cit.*, ch. 3-7; McMahon and Squire *op. cit.*, ch. 4.

### IV Knowledge, Human Capital and Endogenous Growth

#### Core readings:

Agénor, P.-R., *op.cit*, ch.12.

Van den Berg, H., *op cit.*, ch. 6 and 10.

**Suggested readings:**

Aghion, P. and P. Howitt. 1992. "A Model of Growth through Creative Destruction." *Econometrica* 60(2):323-351.

Baldwin, R.E. and Forslid, R. 1998. "Trade and Growth: Any Unfinished Business?" *European Economic Review* 42:695-703.

Barro, R.J. and Sala-I-Martin, X. 1996. "Technological Diffusion, Convergence, and Growth." *Journal of Economic Growth* 2:1-26.

Jones, L.E and R.E. Manuelli. 1990. "A Convex Model of Equilibrium Growth: Theory and Policy Implications." *Journal of Political Economy* 98(5):1008-1038.

Kejak, M. 2003. "Stages of Growth in Economic Development." *Journal of Economic Dynamics & Control* 27:771-800

Lucas, R.E. 1988. "On the Mechanics of Economic Development." *Journal of Monetary Economics* 22(1):3-42.

Mulligan, C.B. and X. Sala-I-Martin. 1993. "Transitional Dynamics in Two-Sector Models of Economic Growth." *Quarterly Journal of Economics* 108(3):737-773.

Murphy, K.M., Shleifer, A. and Vishny, R.W. 1991. "The Allocation of Talent: Implications for Growth." *Quarterly Journal of Economics* 106:503-530.

Rebelo, S. 1991. "Long-Run Policy Analysis and Long-Run Growth." *Journal of Political Economy* 99(3):500-521.

Romer, P.M. 1990. "Endogenous Technological Change." *Journal of Political Economy* 98(5, part II):S71-S102.

**Additional readings:** Easterly, *op. cit.*, ch. 8-9; Thomas, *et al.*, *op. cit.*, ch.3.

## V Empirical Evidence on Growth and Convergence

**Core readings:**

Agénor, P.-R., *op.cit*, ch.13.

Van den Berg, H., *op cit.*, ch. 5.

Mankiw, N.G., D. Romer and D.N. Weil. 1992. "A Contribution to the Empirics of Economic Growth." *Quarterly Journal of Economics* 107(2):407-437.

**Suggested readings:**

Bosworth, Barry P. and Susan M. Collins. 2003. "The Empirics of Growth: An Update." *Brookings Papers on Economic Activity* 2:113-206.

Easterly, W. and R. Levine. 1997. "Africa's Growth Tragedy: Policies and Ethnic Divisions." *Quarterly Journal of Economics* 112:1203-1250.

Easterly, W. and R. Levine. 2003. "Tropics, Germs and Crops: How Endowments Influence Economic Development." *Journal of Monetary Economics* 50:3-39.

Frankel, J. A. and D. Romer. 1999. "Does Trade Cause Growth?" *American Economic Review* 89(3):379-99.

Grier, K. and R. Grier. 2007. "Only Income Diverges: A Neoclassical Anomaly." *Journal of Development Economics* 84:25-45.

Hall, R.E. and C.I. Jones. 1999. "Why Do Some Countries Produce So Much More Output per Worker Than Others?" *Quarterly Journal of Economics* 114(1):83-116.

Islam, N. 1995. "Growth Empirics: A Panel Data Approach." *Quarterly Journal of Economics* 110(4):1127-1170.

Jones, C.I. 1995. "Time Series Tests of Endogenous Growth Models." *Quarterly Journal of Economics* 110(2):495-525.

Knight, M. N. Loayza and D. Villanueva. 1993. "Testing the Neoclassical Theory of Economic Growth." *IMF Staff Papers* 40(3):512-541.

Kraay, A. 2006. "When is Growth Pro-Poor? Evidence from a Panel of Countries." *Journal of Development Economics* 80:198-227.

Persson, T. and Tabelini, G. 1994. "Is Inequality Harmful for Growth?" *American Economic Review* 84(3):600-621.

Sala-i-Martin, X. 1997. "I Just Ran Two Million Regressions." *American Economic Review* 87(2):178-183.

Temple, J. and L. Wößmann. 2006. "Dualism and Cross-Country Growth Regressions." *Journal of Economic Growth* 11:187-228.

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

**Additional readings:** Easterly, *op. cit.*, ch. 10.

## **VI Government, Institutions and Growth**

### **Core readings:**

Acemoglu, D., Johnson, S. and Robinson, J.A. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91(5):1369-1401.

Barro, R.J. 1990. "Government Spending in a Simple Model of Endogenous Growth." *Journal of Political Economy* 98(5, part II):S103-S125.

Sokoloff, Kenneth L. and Stanley L. Engerman. 2000. "Institutions, Factor Endowments, and Paths of Development in the New World." *Journal of Economic Perspectives* 14(3):217-232.

Van den Berg, H., *op cit.*, ch. 11-12.

### **Suggested readings:**

Acemoglu, D. et al. "Institutional Causes, Macroeconomic Symptoms: Volatility, Crises and Growth." 2003. *Journal of Monetary Economics* 50(1, January):49-123.

Alesina, A. and R. Wacziarg. 1998. "Openness, Country Size and Government." *Journal of Public Economics* 69:305-321.

Baland, J-M. and A. Kotwal. 1998. "The Political Economy of Underinvestment in Agriculture." *Journal of Development Economics* 55:233-247.

- Barro, R.J. and X. Sala-i-Martin. 1992. "Public Finance in Models of Economic Growth." *The Review of Economic Studies* 59(4):645-661.
- Benhabib, J. and A. Rustichini. "Social Conflict and Growth." 1996. *Journal of Economic Growth* 1:125-142.
- Dollar, D. and A. Kraay. 2003. "Institutions, Trade and Growth." *Journal of Monetary Economics* 50(1, January):133-162.
- Glaeser, Edward et al. 2004. "Do Institutions Cause Growth?" *Journal of Economic Growth* 9:271-303.
- Gradstein, M. 2004. "Governance and Growth." *Journal of Development Economics* 73:505-518.
- Rodrik, D., A. Subramanian and F. Trebbi. 2004. "Institutions Rule: The Primacy of Institutions over Geography and Economic Integration in Economic Development." *Journal of Economic Growth* 9:131-165.
- Saint-Paul, G. and T. Verdier. 1993. "Education, Democracy and Growth." *Journal of Development Economics* 42:399-407.
- Shioji, E. 2001. "Public Capital and Economic Growth: A Convergence Approach." *Journal of Economics Growth* 6:205-227.
- Svensson, J. 1998. "Investment, Property Rights and Political Instability: Theory and Evidence." *European Economic Review* 42:1317-1341.
- Tornell, A. 1997. "Economic Growth and Decline with Endogenous Property Rights." *Journal of Economic Growth* 2:219-250.
- Tornell, A. and P.R. Lane. 1999. "The Voracity Effect." *American Economic Review* 89(1):22-46.
- Additional readings:** Easterly, *op. cit.*, ch. 11-12; McMahon and Squire *op. cit.*, ch. 5; Thomas, *et al.*, *op. cit.*, ch.6.

## VII Natural-Resource Based Development, Trade and Growth

### Core readings:

Barbier, *op. cit.*, ch. 5-8

Matsuyama, K. 1992. "Agricultural Productivity, Comparative Advantage, and Economic Growth." *Journal of Economic Theory* 58:317-334.

Sachs, J.D. and A.M. Warner. 1999. "Natural Resource Intensity and Economic Growth." In: J. Mayer, B. Chambers and A. Farooq, eds. *Development Policies in Natural Resource Economies* Edward Elgar, Cheltenham, UK, pp. 13-38.

Van den Berg, H., *op. cit.*, ch. 14.

### Suggested readings:

Baland, J.-M. and P. Francois. 2000. "Rent-Seeking and Resource Booms." *Journal of Development Economics* 61:527-542.

Barbier, E.B. 2004. "Water and Economic Growth." *Economic Record* 80: 1-16.

Barbier, E.B. 2007. "Frontiers and Sustainable Economic Development." *Environmental and Resource Economics* 37:271-295.

Barbier, E.B., Damania, R. and Léonard, D. 2005. "Corruption, Trade and Resource Conversion" *Journal of Environmental Economics and Management* 50:276-299.

Bohn, Henning and Robert T. Deacon. 2000. "Ownership Risk, Investment, and the Use of Natural Resources." *American Economic Review* 90(3):526-549.

Dolores Guilló, M. and F. Perez-Sebastian. 2007. "The Curse and Blessing of Fixed Specific Factors in Small-Open Economies." *Journal of Development Economics* 82:58-78.

Eaton, J. 1988. "Foreign-Owned Land." *American Economic Review* 78(1):76-88.

Gylfason, T., T.T. Herbertsson and G. Zoega. 1999. "A Mixed Blessing: Natural Resources and Economic Growth." *Macroeconomic Dynamics* 3:204-225.

Mehlum, H., Moene, K. and R. Torvik. 2006. "Institutions and the Resource Curse." *Economic Journal* 116:1-20.

Rodriguez, F. and Sachs, J.D. 1999. "Why Do Resource-Abundant Economies Grow More Slowly?" *Journal of Economic Growth* 4:277-303.

Tornell, Aaron and Philip R. Lane. 1998. "Are Windfalls a Curse? A Non-Representative Agent Model of the Current Account." *Journal of International Economics* 44:83-112.

Torvik, R. 2002. "Natural Resources, Rent Seeking and Welfare." *Journal of Development Economics* 67: 455-470.

Wood, A and C.I. Ridao-Cano. 1999. "Skill, Trade and International Inequality." *Oxford Economic Papers* 51:89-119.

**Additional readings:** Thomas, *et al.*, *op. cit.*, ch.4.

## **VIII Economy-Wide Reforms, Structural Adjustment and Growth**

### **Core readings:**

Agénor, P.-R., *op.cit.*, ch.14-17.

Barbier, E.B., *op cit.* ch. 9-10

Easterly, W. 2005. "What Did Structural Adjustment Adjust? The Association of Policies and Growth with Repeated IMF and World Bank Adjustment Loans." *Journal of Development Economics* 76:1-22.

Van den Berg, H., *op cit.*, ch. 9-10.

### **Suggested readings:**

Aghion, P., P. Bacchetta and A. Banerjee. 2004. "Financial Development and the Instability of Open Economies." *Journal of Monetary Economics* 51:1077-1106.

Easterly, W., N. Loayza and P.J. Montiel. 1997. "Has Latin America's Post-Reform Growth been Disappointing?" *Journal of International Economics* 43:287-311.

Graham, B. and J. Temple. 2006. "Rich Nations, Poor Nations: How Much Can Multiple Equilibria Explain?" *Journal of Economic Growth* 11(1):5-41.

Greenaway, D., W. Morgan and P. Wright. 1998. "Trade Reform, Adjustment and Growth: What Does the Evidence Tell Us?" *Economic Journal* 108:1547-1561.

Grossman, G. and E. Helpman. 1990. "Comparative Advantage and Long-Run Growth." *American Economic Review* 80:796-815.

Harrison, A. and G. Hanson. 1999. "Who Gains from Trade Reform? Some Remaining Puzzles." *Journal of Development Economics* 59:125-154.

Kraay, A. and C. Raddatz. 2007. "Poverty Traps, Aid and Growth." *Journal of Development Economics* 82:315-347.

Krueger, A. 1997. "Trade Policy and Economic Development: How We Learn." *American Economic Review* 87:1-22.

Rodrik, D. 1999. "Where Did All the Growth Go? External Shocks, Social Conflict and Growth Collapses." *Journal of Economic Growth* 4:385-412.

Spilimbergo, A., J.L. Londoño, and M. Székely. 1999. "Income Distribution, Factor Endowments and Trade Openness." *Journal of Development Economics* 59:77-101.

Villanueva, D. 1994. "Openness, Human Development and Fiscal Policies: Effects on Economic Growth and Speed of Adjustment." *IMF Staff Papers* 41:1-29.

Young, A. 1991. "Learning by Doing and the Dynamic Effects of International Trade." *Quarterly Journal of Economics* 106(2):369-405.

**Additional readings:** Easterly, *op. cit.*, ch. 13-14; McMahon and Squire *op. cit.*, ch. 6; Thomas, *et al.*, *op. cit.*, ch.5 and 7.