

ECON 1490: The World Economy: Growth or Stagnation?

Location: Emerson 104 (FAS)

Meeting Time: Tuesday-Thursday 12:00 PM - 01:15 PM

First class meeting is Tuesday, Sept. 4. Please attend class to get enrollment consideration.

Enrollment in Economics 1490 is limited and preference is given to senior economics concentrators. Please attend the first class meeting on Tuesday, Sept. 4 for enrollment instructions.

THE WORLD ECONOMY: GROWTH OR STAGNATION?

Reading List and Lecture Schedule

A. Comparing Economies.

Tuesday, Sept. 4, 2018

1. Course Description.

Thursday, Sept. 6, 2018

2. The World Economy since 1990.

[A01] Angus Maddison (2006), "Introduction and Summary," in *The World Economy*, Paris, OECD, pp. 19-28.

[A02] Carmen M Reinhart and Kenneth S. Rogoff (2009), "What Have We Learned?" Part VI in *This Time Is Different: Eight Centuries of Financial Folly*, Princeton, Princeton University Press, pp. 275-292.

Tuesday, Sept. 11, 2018

3. Purchasing Power Parities.

[A03] Frederic A. Vogel (2013), "Executive Summary," in World Bank, *Measuring the Real Size of the World Economy*, Washington, DC, The World Bank, pp. xv-xxxii.

<http://pubdocs.worldbank.org/en/927971487091799574/ICPBook-eBook-FINAL.pdf>

[A04] World Bank (2014), "Analysis of ICP 2011 Summary Results," Ch. 7 in *Purchasing Power Parities and Real Expenditures of World Economies: Summary of Results and Findings of the 2011 International Comparison Program*, Washington, DC, The World Bank, pp. 79-89. <http://siteresources.worldbank.org/ICPINT/Resources/270056-1183395201801/Summary-of-Results-and-Findings-of-the-2011-International-Comparison-Program.pdf>

Thursday, Sept. 13, 2018

4. Sources of Growth.

[A05] Dale W. Jorgenson and Khuong Minh Vu (2017), "The Outlook for Advanced Economies," *Journal of Policy Modeling*. Vol. 39, Issue 4, July-August, pp. 660-672.

<http://www.sciencedirect.com/science/article/pii/S0161893817300558>

[A06] Dale W. Jorgenson and Marcel P. Timmer (2011), "Structural Change in Advanced Nations: A New Set of Stylized Facts," *Scandinavian Journal of Economics*, Vol. 113, Issue 1, March, pp. 1-29.

<http://scholar.harvard.edu/jorgenson/publications/structural-change-advanced-nations>

Tuesday, Sept. 18, 2018

5. Globalization and Competitiveness.

[A07] Marcel P. Timmer, Bart Los and Gaaitzen J. de Vries (2016), "The Rise of Global Manufacturing Value Chains: A New Perspective Based on the World Input-Output Database," Chapter 15 in Dale W. Jorgenson, Kyoji Fukao, and Marcel P. Timmer (eds.), *The World Economy: Growth or Stagnation?* Cambridge, UK, Cambridge University Press, pp. 535-563.

[A08] Sean Doherty and Aditi Verghese (2018), "Global Value Chain: Introduction," Geneva, Switzerland, World Economic Forum, June. <https://www.weforum.org/whitepapers/global-value-chain-policy-series-introduction-3f50b7e1-349c-4e4c-b343-b5011e1d520b>

B. U.S. Crisis and Recovery.

Thursday, Sept. 20, 2018

6. U.S. Financial Crisis.

[B01] Atif Mian and Amir Sufi (2014), "Busted," *House of Debt*, Chicago, University of Chicago Press, pp. 17-74.

[B02] Peter J. Wallison (2015), "Introduction," *Hidden in Plain Sight*, New York, Encounter Books, pp. 3-16.

Tuesday, Sept. 25, 2018

7. Monetary Policy.

[B03] John B. Taylor (2013), "Causes of the Financial Crisis and Slow Recovery," Brookings-Hoover Financial Crisis Conference, October 1. <http://www.johnbtaylor.com/>

[B04] Ben S. Bernanke (2017), "Monetary Policy in a New Era," Washington, DC, The Brookings Institution, October. https://www.brookings.edu/wp-content/uploads/2017/10/bernanke_rethinking_macro_final.pdf

Thursday, Sept. 27, 2018

8. Financial Regulation.

[B05] International Monetary Fund (2016), "Elements of Effective Macro-Prudential Policies: Lessons from International Experience," Washington, DC, International Monetary Fund, August. <http://www.fsb.org/wp-content/uploads/Elements-of-Effective-Macroprudential-Policies1.pdf>

[B06] Janet L. Yellen (2017), "Financial Stability a Decade after the Onset of the Crisis," Washington, DC, Board of Governors of the Federal Reserve System, August. <https://www.federalreserve.gov/newsevents/speech/yellen20170825a.htm>

Tuesday, Oct. 2, 2018

9. Fiscal Policy.

[B07] John F. Cogan and John B. Taylor (2012), "What the Government Purchases Actually Multiplied in the 2009 Stimulus Package," Ch. 5 in Lee E. Ohanian, John B. Taylor, and Ian J. Wright (eds.), *Government Policies and the Delayed Economic Recovery*, Stanford, CA, Hoover Institution Press, pp. 85-109. http://media.hoover.org/sites/default/files/documents/Hoover_Ohanian_GovtPolicies-final.pdf.

[B08] William G. Gale, Hilary Gelfond, Aaron Krupkin, Mark J. Mazur, and Eric Toder (2018), "Effects of the Tax Cuts and Jobs Act: A Preliminary Analysis," Washington, DC, Tax Policy Center, June. https://www.brookings.edu/wp-content/uploads/2018/06/ES_20180608_tcja_summary_paper_final.pdf

Thursday, Oct. 4, 2018

10. Secular Stagnation.

[B09] Stephanie Lo and Kenneth Rogoff (2015), "Secular Stagnation, Debt Overhang and Other Rationales for Sluggish Growth: Six Years On," BIS Working Paper No. 482, January. <http://www.bis.org/publ/work482.pdf>

[B10] Lawrence H. Summers (2016), "Rethinking Secular Stagnation after Seventeen Months," Ch. 3 in Olivier Blanchard, Raghuram Rajan, Kenneth Rogoff, and Lawrence H. Summers (eds.), *Progress and Confusion: The State of Macroeconomic Policy*, Cambridge, The MIT Press, pp. 29-40. http://larrysummers.com/wp-content/uploads/2015/07/IMF_Rethinking-Macro_Down-in-the-Trenches-April-20151.pdf

C. European Slowdown.

Tuesday, Oct. 9, 2018

11. U.S. Growth Resurgence

[C01] Dale W. Jorgenson, Mun S. Ho, and Jon D. Samuels (2016), "U.S. Economic Growth "Retrospect and Prospect," Ch. 2 in Dale W. Jorgenson, Kyoji Fukao, and Marcel P. Timmer (eds.), *The World Economy: Growth or Stagnation?* Cambridge, UK, Cambridge University Press, pp.34-69

[C02] Bart van Ark and Kirsten Jaeger (2017), "Recent Trends in Europe's Output and Productivity Performance at the Sectoral Level," *International Productivity Monitor*, No. 33, Fall, pp. 8-23. [Recent Trends in Europe's Output and Productivity Growth Performance at the Sector Level, 2002-2015](https://www.oecd.org/publications/Recent-Trends-in-Europe's-Output-and-Productivity-Growth-Performance-at-the-Sector-Level-2002-2015).

Thursday, Oct. 11, 2018

12. Global Trade Slowdown.

[C03] David Dollar (2017), "Executive Summary," in World Bank, *Measuring and Analyzing the Impact of GVCs on Economic Development*, Washington, DC, World Bank, pp. 1-15. <http://documents.worldbank.org/curated/en/440081499424129960/pdf/117290-WP-P157880-PUBLIC.pdf>

[C04] Marcel P. Timmer, Bart Los, Robert Stehrer, and Gaaitzen J. de Vries (2016),

"An Anatomy of the Global Trade Slowdown, Based on the WIOD 2016 Release," Research Memorandum 162, Groningen: Groningen Growth and Development Center, December.

Tuesday, Oct. 16, 2018

13. Europe 2020 and the Single Market.

[C05] European Commission (2010), *Europe 2020: A European Strategy for Smart, Sustainable and Inclusive Growth*, Brussels, European Commission, March.

<http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>.

[C06] European Commission (2017), *Annual Growth Survey 2018*, Brussels, European Commission, November.

https://ec.europa.eu/info/sites/info/files/2017-comm-690_en_0.pdf

Thursday, Oct. 18, 2018

14. European Policy Response: The Euro.

[C07] Bertola, Giuseppe, John Driffill, Harold James, Hans-Werner Sinn, Jan-Egbert Sturm and Ákos Valentinyi (2014), "Banking Union: Who Should Take Charge?" Ch. 4 in *EEAG Report on the European Economy 2014*, 91-108 |

[Details](#) | [PDF Download](#)

[C08] International Monetary Fund (2018), *Euro Area Policies, 2018 Article IV Consultation: Staff Report*, Washington, DC, International Monetary Fund, July, pp. 5-35.

<https://www.imf.org/en/Publications/CR/Issues/2018/07/18/Euro-Area-Policies-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-46096>

Tuesday, Oct. 23, 2018

15. European Policy Response: Brexit.

[C09] Swati Dinghra, Hanwei Hwang, Gianmarco Ottaviano, Joao Paulo Pasa, Thomas Sampson, and John Van Reenan (2017), "The Cost and Benefits of Leaving the EU, Trade Effects," CEP Discussion Paper No. 1478, London, London School of Economics, April. <http://cep.lse.ac.uk/pubs/download/dp1478.pdf>

[C10] Thomas Sampson (2017), "Brexit: The Economics of International Disintegration," *Journal of Policy Perspectives*, Vol. 31, No. 4, Fall, pp. 163-184. <http://personal.lse.ac.uk/sampson/BrexitDisintegration.pdf>

D. Asian Economic Miracles.

Thursday, Oct. 25, 2018

16. Is Asia's Miracle a Myth?

[D01] Paul Krugman (1994), "The Myth of Asia's Miracle," *Foreign Affairs*, Vol. 73, No. 6, November/December, pp. 62-78.

[D02] Alwyn Young (1995), "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics*, Vol. 110, No. 3, August, pp. 641-680.

Tuesday, Oct. 30, 2018

17. Reviving Japanese Economic Growth.

[D03] Dale W. Jorgenson, Koji Nomura, and Jon D. Samuels (2018), "Progress on Measuring the Origins of the Japan-U.S. Productivity Gap," Cambridge, MA, Harvard University, Fifth World KLEMS Conference, June 4-5.

https://scholar.harvard.edu/files/jorgenson/files/pl01b_jorgenson_nomura_samuels_2018.pdf?m=1527941772

[D04] Government of Japan (2018), *Abenomics*, Tokyo, Government of Japan, June.

<https://www.japan.go.jp/abenomics/index.html>

Thursday, Nov. 1, 2018

18. Rise of Developing Asia.

[D05] Khuong Minh Vu (2013), "The Rise of Asia," Chapter 3 in Khuong Minh Vu, *The Dynamics of Economic Growth: Policy Insights from Comparative Analyses in Asia*, Northampton, MA, Edward Elgar, pp. 65-143.

[D06] Khuong Minh Vu (2013), "Sources of Developing Asia's Economic Growth: Insights from the Standard Growth Accounting Approach," Ch. 4 in Khuong Minh Vu, *The Dynamics of Economic Growth: Policy Insights from Comparative Analyses in Asia*, Northampton, MA, Edward Elgar, pp. 144-193.

Tuesday, Nov. 6, 2018

19. China: The World's Largest Economy.

[D07] World Bank and Development Research Center for the State Council, the People's Republic of China (2013), "Overview," Part I of *China 2030: Building a Modern, Harmonious, and Creative Society*, Washington, DC, The World Bank, pp. 3-34.
<http://documents.worldbank.org/curated/en/781101468239669951/pdf/762990PUB0china0Box374372B00PUBLIC0.pdf>

[D08] World Bank (2018), *China Economic Update 2018, Investing in High Quality Growth*, Washington, D.C., World Bank Group, May. <http://documents.worldbank.org/curated/en/510581527687140906/pdf/126710-WP-PUBLIC-CEU-May-2018-EN-002.pdf>

Thursday, Nov.8, 2018

20. India: The Most Rapidly Growing Major Economy.

[D09] Ministry of Finance (2018), *Economic Survey 2017/18*, Ch. 1, "State of the Economy: An Analytical Overview and Outlook for Policy," New Delhi, Government of India, pp. 1-31. http://mofapp.nic.in:8080/economicsurvey/pdf/001-031_Chapter_01_ENGLISH_Vol_01_2017-18.pdf

[D10] Deb Kusum Das, Abdul A. Erumban, Suresh Aggarwal, and Sreerupa Sengupta (2016), "Productivity Growth in India under Different Policy Regimes," Ch. 7 in Dale W. Jorgenson, Kyoji Fukao, and Marcel P. Timmer (eds.), *The World Economy: Growth or Stagnation?*, Cambridge, UK, Cambridge University Press, 234-280.

E. Sustainability of Economic Growth.

Tuesday, Nov. 13, 2018

21. Demographic Projections.

[E01] Ronald D. Lee (2011), "The Outlook for Population Growth," *Science*, 333(6042), July, 569-573.
<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3155613/>.

[E02] World Bank (2016), "Demographic Change: Disparities, Divergences, and Drivers," Ch. 4 in *Development Goals in an Era of Demographic Change, Global Monitoring Report 2015/2016*, Washington, DC, World Bank Group, pp. 137-164. <http://pubdocs.worldbank.org/en/503001444058224597/Global-Monitoring-Report-2015.pdf>

Thursday, Nov. 15, 2018

22. Investing in Human Capital.

[E03] Kirk Hamilton, Quentin Wodon, Diego Barrot, and Ali Yedan (2018), "Human Capital and the Wealth of Nations: Global Estimates and Trends," Chapter 6 in Glenn-Marie Lange, Quentin Wodon, and Kevin Carey (eds.), *The Changing Wealth of Nations 2018: Building a Sustainable Future*, Washington D.C., The World Bank Group, January, pp.115-133. <https://openknowledge.worldbank.org/bitstream/handle/10986/29001/9781464810466.pdf?sequence=4&isAllowed=y>

[E04] Gang Liu and Barbara M. Fraumeni (2016), "Measuring Human Capital: Country Experiences and International Initiatives," Ch. 12 in Dale W. Jorgenson, Kyoji Fukao, and Marcel P. Timmer (eds.), *The World Economy: Growth or Stagnation?*, Cambridge, UK, Cambridge University Press, 429-468.

Tuesday, Nov. 20, 2018

23. Fiscal Sustainability.

[E05] International Monetary Fund (2017), "A Greater Role for Fiscal Policy," Ch. 1 in *Fiscal Monitor*, Washington, DC, International Monetary Fund, April, pp. 1-26.
<http://www.imf.org/en/Publications/FM/Issues/2017/04/06/fiscal-monitor-april-2017#Chapter> 1.

[E06] Congressional Budget Office (2018), *The 2018 Long Term Budget Outlook*, Washington, DC, Congressional Budget Office, June, pp. 1-32. <https://www.cbo.gov/publication/53919>

Tuesday, Nov. 27, 2018

24. Environmental Sustainability.

[E07] Jing Cao, Mun S. Ho, and Dale W. Jorgenson (2013), "The Economics of Environmental Policy in China," Ch. 9 in Chris P. Nielsen and Mun S. Ho (eds.), *Clearer Skies over China*, Cambridge, The MIT Press, pp. 329-372.

[E08] William D. Nordhaus (2013), "The Central Role of Carbon Prices," Ch. 19, *Climate Casino*, New Haven, Yale University Press, pp. 220-232.

Thursday, Nov. 29, 2018

25. Ending Extreme Poverty.

[E09] World Bank (2016), "Overview," in *Development Goals in an Era of Demographic Change, Global Monitoring Report 2015/2016*, Washington, DC, World Bank Group, pp. 1-23.

<http://pubdocs.worldbank.org/en/503001444058224597/Global-Monitoring-Report-2015.pdf>

[E10] World Bank (2016), "Ending Extreme Poverty and Sharing Prosperity: Progress and Policies," Ch. 1 in *Development Goals in an Era of Demographic Change, Global Monitoring Report 2015/2016*, Washington, DC, World Bank Group, pp. 27-61. <http://pubdocs.worldbank.org/en/503001444058224597/Global-Monitoring-Report-2015.pdf>

F. World Economic Outlook.

Tuesday, Dec. 4, 2018

26. Potential and Actual Growth.

[F01] International Monetary Fund (2018), "Global Prospects and Policies," Ch. 1 in *World Economic Outlook*, Washington, DC, International Monetary Fund, April, pp. 1-31.

<https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018>

[F02] World Bank (2018), "The Turning of the Tide?" Ch. 3 in *Global Economic Prospects*, June 2018, Washington, DC, World Bank Group, pp.1-58.

<https://openknowledge.worldbank.org/bitstream/handle/10986/29801/211257-Ch01.pdf>