Overview:
The purpose of this course is to introduce students to a selected set of frontier research on
growth and (the macro aspects of) development. Lectures will provide empirical motivations
for the selected topics and introduce/discuss key papers/model frameworks in the literature.
The main objective of this course is to apply economic theory to understand and interpret
empirical observations on economic development and growth. In this course, we will study
in detail the ability of theoretical models to account for the empirical facts characterizing
economic development and growth over time and across countries. Students are expected to
read all the papers that will be presented in class and participate actively in class discussions.

Course Work and Grading:
The final grade will be determined as follows: Class participation (20%), two-hour final exam
(50%), and (PhDs) paper presentation / (MAs) referee report (30%). No other work will
count towards your final grade.

E-mail Policy:
In my experience, e-mail is not the most effective means for discussing economics, office
hours are more appropriate. I will only respond to e-mails from utoronto accounts and that
are clearly identified as ECO2704 in the subject line.

Pre-requisites and academic integrity will be strictly enforced.

Course Outline and Selected Readings:
(tentative and subject to change, * means will go over in detail in class)

1. Introduction: Neoclassical Growth Model and Extensions

2. Growth and Development: Basic Facts and Accounting
     nomy, 110(2), 458-474.
     Handbook of Economic Growth.


3. Structural Transformation and Growth


• (*) Margarida Duarte and Diego Restuccia (2014), “Relative Prices and Sectoral Productivity,” manuscript, University of Toronto.


4. Agriculture and Cross-Country Income Differences


5. Input-Output Linkages


6. Misallocation and Productivity

Benchmark papers:


Survey Papers


Specific Policies and Endogenous Productivity:

• Pablo Fajgelbaum, Eduardo Morales, Juan Carlos Suarez Serrato, and Owen Zidar (2015), “State Taxes and Spatial Misallocation,” manuscript, UCLA.
• (*) Pedro Bento and Diego Restuccia (2015), “Misallocation, Establishment Size, and Productivity,” manuscript, University of Toronto

Misallocation in Agriculture:

• (*) Tasso Adamopoulos, Loren Brandt, Jessica Leight, and Diego Restuccia (2015), “Misallocation, Selection and Productivity: A Quantitative Analysis with Panel Data from China,” manuscript, University of Toronto.

Other Applications:
• David, Joel and Venky Venkateswaran (2016), ”Frictional Investment and the Sources of Misallocation,” manuscript, University of Southern California.

7. Technology Adoption: Facts and Theory

• Ayrest, Stephen (2016), ”Policy Distortions and Technology Adoption,” manuscript, University of Toronto.