
Index

A

Africa, 63, 92, 96, 124, 146, 147, 214, 215, 224

Asia

Asian Tigers, 59, 146, 156, 210, 213, 214, 218, 226

Asset bubbles, 101

B

Bellman equation, 27, 32

Budget shares, 112

C

Calibration, 35, 36, 43, 45, 73, 75, 180, 181, 209, 210

Capital markets

imperfections, 6, 42, 162

open economy, 64, 72, 73, 78, 87, 111, 132, 139, 218, 237

Child labor

child labor laws, 101, 152, 153

fertility, 138, 152, 154, 209, 212

labor productivity, 22–24, 37, 38, 96, 125, 146, 171, 173, 185, 224

China, 129, 130, 142, 144, 146, 153, 154, 255

City size, 250, 251

Competitive equilibrium

capital market, 15, 19, 20, 46, 58, 72, 98, 179, 207

labor market, 98, 102, 134, 141, 148, 162, 178, 179, 204

land market, 5, 94, 99, 104, 188, 266

Compulsory schooling, 40, 66, 78, 79, 151, 265

Consumption

consumption cities, 252, 258

government, 7, 52, 60, 65

household, 15–17, 23, 26, 28, 52, 112, 141, 144, 156

Convergence

absence of convergence, 7

conditional convergence, 44

Culture, 66, 262

D

Deindustrialization hypothesis, 117, 163, 174, 182

Development economics, 51

Difference equations

first order, 27, 54, 70, 86, 87, 95, 132, 153, 177, 206, 228

higher, 48, 49

systems, 61

transition equations, 21, 23, 35, 40, 45, 55, 61, 97, 104, 170, 207

Dual economy, 125, 128, 133, 162, 187, 199–201, 207, 227, 231

E

Economic efficiency

investment allocation, 264

labor allocation, 147, 169

Endogenous growth theory, 208, 211

England, 66, 92, 142, 143, 152, 156, 226, 256

Entrepreneurs and investment, 162

Europe, 92, 127, 138, 142, 143, 162, 163, 185, 253, 256

Externalities, 185, 221, 222, 266

F

Family farming, 130, 146, 165, 167

Fertility

developing countries, 4, 6, 55, 253

growth effects, 74, 77, 78, 80, 81, 265

one-child policy, 153, 154, 156

quantity and quality of children, 140, 156

- Fertility (*cont.*)
 rising in early development, 152, 214
 US history, 6, 36, 52, 163, 171, 223
- Fiscal policy
 government investment, 60, 77, 82
 government size, 7, 52, 187, 192, 217
 modelling the government, 7, 52, 60, 72, 257
 taxation, 1, 7, 58, 188, 191, 226, 247
 urban bias, 2, 7, 233, 239, 240, 247, 257
 Wagner's law, 7, 191
- Food
 aid, 67, 82, 216
 budget shares, 6, 7, 112
- Foreign aid
 conditionality, 68–70
 failures of, 80
 growth effects, 74, 77, 78, 80, 81, 266
 humanitarian, 68, 82
 international financial institutions, 67
 ownership, 68, 69
- G**
- Geography, 12, 67, 262
- Germany, 66, 67
- Great divergence, 92, 174, 225
- Growth facts
 declining rural/agricultural sector, 5, 7, 123, 146, 147, 152, 173, 174, 180, 192
 decreasing budget shares on food, 6, 7, 112
 early rise in fertility, 153
 eventual fertility decline, 62, 133, 264
 increasing relative size of government, 7, 187, 192
 relatively high fertility in rural/agricultural sector, 64, 209
 relatively low wages in rural/agricultural sector, 127, 130
 rising investment rates, 7, 214, 225, 227
 trendless economic growth rates, 7, 192, 222, 253
 trendless interest rates, 7, 211, 212, 225
 urban bias in fiscal policy, 1, 233, 240
- Growth Miracles, 59, 145, 146, 214, 223, 224, 226
- Guess and verify solution method, 32
- H**
- Historical growth
 19th century, 5, 36, 38, 66, 92, 96, 127, 162, 171–173, 210, 256
 onset of modern growth, 92, 95, 96, 261
 20th century, 36–39, 52, 63, 92, 112, 127, 130, 173, 213, 215, 255
 21st century, 215, 228, 264
- Home production, 128, 139–141
- Hukou, 255
- Human capital
 as a source of growth, 23, 263
 health investments, 222
 schooling investments, 101, 102
- I**
- Imperfect markets, 42, 162, 163
- Income gaps
 across countries, 6, 7, 14, 36, 51, 61, 64, 66, 70, 72, 73, 82, 92, 96, 123, 263
 across sectors, 3, 5, 6, 98, 101, 102, 115, 116, 123, 128, 130, 132, 134, 140–142, 146, 147, 149–151, 155, 162, 176, 185, 204, 214, 232, 241, 247, 265
- Infinitely lived agent model, 30, 42
- Informal economy, 125
- Institutions, 1, 11, 59, 68–70, 96, 116, 125, 190, 225
- Interest rates
 historical, 1, 41
 income and substitution effects on saving, 18, 20
 return to capital, 7, 16, 18, 22, 23, 37–41, 62, 72, 176, 181, 189, 211, 235, 237
- Intergenerational transfers
 altruism, 26, 254
 bequests of financial assets, 24, 28
 bequests of land, 130, 161
 human capital investments in children, 34, 102
 warm-glow motive, 16
- International capital flows, 64, 70, 73, 87, 218
- International financial institutions, 67
- International Monetary Fund, 67
- International trade, 1, 42, 91, 109, 111, 147, 174, 184, 193, 265, 267
- J**
- Japan, 130, 217
- K**
- Korea, 146, 215, 216
- L**
- Labor markets, 126, 138, 139, 151, 157

Labor productivity, 22, 24, 38, 43, 96, 125, 140, 171, 208
 Land markets, 129, 130, 142–144, 161, 170, 201
 Large landowners, 163, 186, 187, 262
 Latin America, 92, 161, 187

M

Mexico
 Progresa, 76
 Middle-income traps, 223, 224
 Migration
 domestic, rural to urban, 146, 251, 255, 257
 restrictions on domestic migration, 8
 reverse, 154, 257
 Modern sector, 2, 4, 91, 95, 97, 101, 102, 109, 110, 115, 118, 125, 131, 136, 151, 164, 169, 202, 231

N

Natural resource curse, 96, 146
 Neoclassical production function, 12, 13
 Netherlands, 161, 256

O

Ottoman Empire, 163, 174, 181, 200
 Overlapping generations model, 42, 48, 175, 179

P

Physical capital
 as a source of growth, 23, 263
 capital–labor ratio, 13, 15, 19, 21, 46, 108, 116, 189, 240
 Politics and growth, 225
 Population growth, 3, 5, 17, 23, 29, 36, 51, 98, 123, 153, 178, 181, 238
 Poverty trap, 6, 52, 57, 62, 64, 65, 75, 83, 101, 151, 210, 254, 262, 266
 Preferences
 government officials, 4, 51, 60, 190
 households, 3, 7, 11, 15, 17, 33, 52, 75, 91, 93, 123, 129, 131, 136, 145, 154, 157, 163, 165
 Profit maximization, 14, 150, 235

Q

Quantitative theory
 calibration, 35

 curse of dimensionality, 48, 49
 historical simulation, 37, 183
 policy analysis, 35
 testing theory, 35
 Quantity–Quality tradeoff, 55

S

Saving
 bequest, 34, 161
 life cycle, 25
 Sector differences
 fertility, 1, 3, 17, 52, 60, 101
 government spending, 244, 247, 248
 hours worked, 7
 labor productivity, 146, 208
 saving, 1
 schooling, 4, 61, 134
 taxation, 7, 82
 Simulations, 183, 201
 Stability
 one-sector model, 6, 98, 116
 two-sector model, 6, 91, 106, 123, 199
 Steady State
 one-sector model, 105
 two-sector model, 105
 Structural transformation, 1, 3, 4, 6, 96, 97, 117, 145, 151, 157, 161, 168, 173, 193, 212, 218, 231, 263
 Sweden, 66

T

Technical progress, 22, 28, 37, 58
 Total factor productivity (TFP), 12, 123
 Traditional sector, 2, 3, 91, 95, 98, 100, 103, 104, 116, 123, 126, 133, 145, 155, 164, 170, 266
 Transitional dynamics, 23, 76, 102, 106, 111

U

United States, 39, 124, 172, 221
 Urban bias, 1, 233, 234, 240
 Urban elite, 233, 257
 Urbanization
 and growth, 186
 crowding, 231, 244
 slums, 253, 254
 unemployment, 126, 172
 without growth, 242, 253
 Utility function, 17, 26, 111, 119, 168, 202, 236

V

Value function, [26](#), [27](#), [47](#), [237](#), [238](#)

Volatility and growth, [186](#)

W

Wages

wage gaps, [5](#), [125–128](#), [138](#), [162](#), [185](#), [234](#)

Welfare effects

growth policies, [59](#), [81](#), [162](#), [186](#)

international trade, [78](#), [91](#), [147](#), [154](#), [183](#),
[193](#)

Western offshoots, [92](#)

World Bank, [63](#), [67](#), [68](#), [128](#), [151](#), [224](#)