

# Growth and Structural Transformation

European University Institute, Fall 2015

Professor: Akos Valentinyi (Cardiff Business School)

Office Hours: by appointment (Use email to make one, [valentinyi.a@gmail.com](mailto:valentinyi.a@gmail.com))

## Description

Structural transformation refers to the reallocation of economic activity across the broad sectors agriculture, manufacturing and services. This lecture series synthesizes and evaluates recent advances in the research on structural transformation. I begin by presenting the stylized facts of structural transformation. I then develop a multi-sector extension of the one-sector growth model that encompasses the main existing theories of structural transformation. I argue that this multi-sector model serves as a natural benchmark to study structural transformation and that it is able to account for many salient features of structural transformation. I then turn to several recent papers on structural transformation. I conclude by suggesting directions for future research on structural transformation.

## Assessment:

After the end of the course you have to choose two articles in the area of structural transformation, and critically compare them in an essay of 8-10 pages. You will be assessed on the basis of this essay.

## Topics covered

- Classes 1 and 2: Herrendorf et al. (2014b)
- Class 3: Herrendorf et al. (2013)
- Class 4: Boppart (2014), Comin et al. (2015)
- Class 5: Bárány and Siegel (2015)

## References

Bárány, Zsófia and Christian Siegel, “Job Polarization and Structural Change,” Discussion Paper, University of Exeter 2015.

**Baumol, William J.**, “Macroeconomics of Unbalanced Growth: The Anatomy of the Urban Crisis,” *American Economic Review*, 1967, *57*, 415–426.

**Boppart, Timo**, “Structural Change and the Kaldor Facts in a Growth Model with Relative Price Effects and Non-Gorman Preferences,” *Econometrica*, 2014, *82*, 2167–2196.

**Buera, Francisco J. and Joseph P. Kaboski**, “Can Traditional Theories of Structural Change Fit The Data?,” *Journal of the European Economic Association*, 2009, *7*, 469–477.

– **and** –, “The Rise of the Service Economy,” *American Economic Review*, 2012, *102*, 2540–2569.

**Comin, Diego, Marti Mastieri, and Danial Lashkari**, “Structural Transformations with Long-run Income and Price Effects,” Discussion Paper, Dartmouth College 2015.

**Herrendorf, Berthold, Christopher Herrington, and Ákos Valentinyi**, “Sectoral Technology and Structural Transformation,” *American Economic Journal – Macroeconomics*, 2014, p. forthcoming.

–, **Richard Rogerson, and Ákos Valentinyi**, “Two Perspectives on Preferences and Structural Transformation,” *American Economic Review*, 2013, *103*, 2752–2789.

–, –, **and** –, “Growth and Structural Transformation,” in Philippe Aghion and Steven N. Durlauf, eds., *Handbook of Economic Growth*, Vol. 2, Elsevier, 2014, pp. 855–941.

**Kongsamut, Piyabha, Sergio Rebelo, and Danyang Xie**, “Beyond Balanced Growth,” *Review of Economic Studies*, 2001, *68*, 869–882.

**Ngai, L. Rachel and Chrisopher A. Pissarides**, “Structural Change in a Multisector Model of Growth,” *American Economic Review*, 2007, *97*, 429–443.

Additional readings can be found in Herrendorf et al. (2014b)