

Kiel Institute Advanced Studies Program

Economic Growth and Development

Professor Jaume Ventura

March 26-30, 2007

This course studies the effects of globalization on economic growth and its distribution across countries, focusing on theoretical results, empirical evidence and policy implications. This outline is tentative and might change before the course starts.

Lecture 1. Stylized facts. Basic theory.

A brief history of economic growth and its distribution across the world. Basic theories of economic growth. The gains from economic integration.

Readings:

Maddison, A., The World Economy: A Millennial Perspective, OECD Development Center, 2001.

Obstfeld, M. and A. Taylor, Global Capital Markets: Integration, Crisis and Growth, Cambridge University Press, 2004.

Ventura, J., "A Global View of Economic Growth," in Aghion, P. and S. Durlauf eds. Handbook of Economic Growth, Elsevier, 2005. Section 1.

Lectures 2 and 3. The effects of trade integration

Factor-price equalization. Structural transformation and its limits. Patterns of trade: theory and empirics. Nontraded goods and the cost of living. Agglomeration effects.

Readings:

Ventura, J., "A Global View of Economic Growth," in Aghion, P. and S. Durlauf eds. Handbook of Economic Growth, Elsevier, 2005. Sections 3 and 4.

Helpman, E. "The Structure of Foreign Trade," *Journal of Economic Perspectives*, 1999.

Caselli, F., "Accounting for Cross-Country Income Differences," in Aghion, P. and S. Durlauf eds. Handbook of Economic Growth , Elsevier, 2005.

Alesina, A., E. Spolaore and R. Wacziarg, "Trade, Growth and the Size of Countries," in Aghion, P. and S. Durlauf eds. Handbook of Economic Growth , Elsevier, 2005.

Lectures 4 and 5. The effects of financial integration

International capital flows. Sovereign risk. Asset bubbles. Capital account liberalization and emerging-market crises. The international transmission of shocks and contagion..

Readings:

Prasad, E., K. Rogoff, S. Wei, and M. Kose, "Financial Globalization: A Reappraisal," IMF WP 06/189, 2006.

Prasad, E., R. Rajan, and A. Subramanian, "Foreign Capital and Economic Growth," manuscript, 2006.

Broner, F., A. Martin and J. Ventura, "Sovereign Risk and Secondary Markets," mimeo, CREI and Universitat Pompeu Fabra, 2006.

Broner, F. and J. Ventura, "Rethinking the Effects of Financial Liberalization in Emerging Markets," mimeo, CREI and Universitat Pompeu Fabra, 2006.

Broner, F. and J. Ventura, "Globalization and Risk Sharing," CEPR discussion paper No. 5820, 2006.

Ventura, J., "Bubbles and Capital Flows," CEPR discussion paper No. 3657, 2002.