

– open book –

This midterm has two components. The most important one (80%) is to write 600 words (or less!) on a paper of your choice on growth in “your” country. The second asks for a short analysis that uses the growth model framework to think about a specific problem. Don’t spend no more than 20 or so minutes on that part (that is, no more than 20% of the entire time you spend on the midterm).

Part I: Reading a paper

In your paper address the following questions:

1. What is the core claim or goal of the paper?
2. So what? why should we care about what they do? [You may conclude that they don’t add much...] That may (or may not) be located in the concluding section.
 - i. Are there policy implications?
 - ii. What is the key empirical contribution of the growth component?
3. What does the “body” of the paper do?
 - i. What are the core pieces of the argument? ($A + B \Rightarrow C \Rightarrow D$)
 - ii. How does a growth model fit into the paper?

A tight word limit mandates lean prose. Avoid the passive voice. Don’t use seemingly meaningful but in fact indefinite modifiers (“many” “sometimes” “a lot”). Use jargon for concision – it also shows you’re trying to “play the game” of development economics, so is better than plain old English.

As to your article, glance at a couple before you pick one. Think before you read! I’m not asking you to ferret out the innards of econometric methodology, but you should at least glance at the data they use. Focus on the economics and on the growth model component.

Part II: Application

During the two decades 1965-1985 fertility in Thailand fell from an average of 6 children to under 2 children per woman. We’ll look demographics later this term. The key observation is that for the past 30 years each mother has averaged less than one daughter. The graphs below trace how that will affect the future composition of the population.

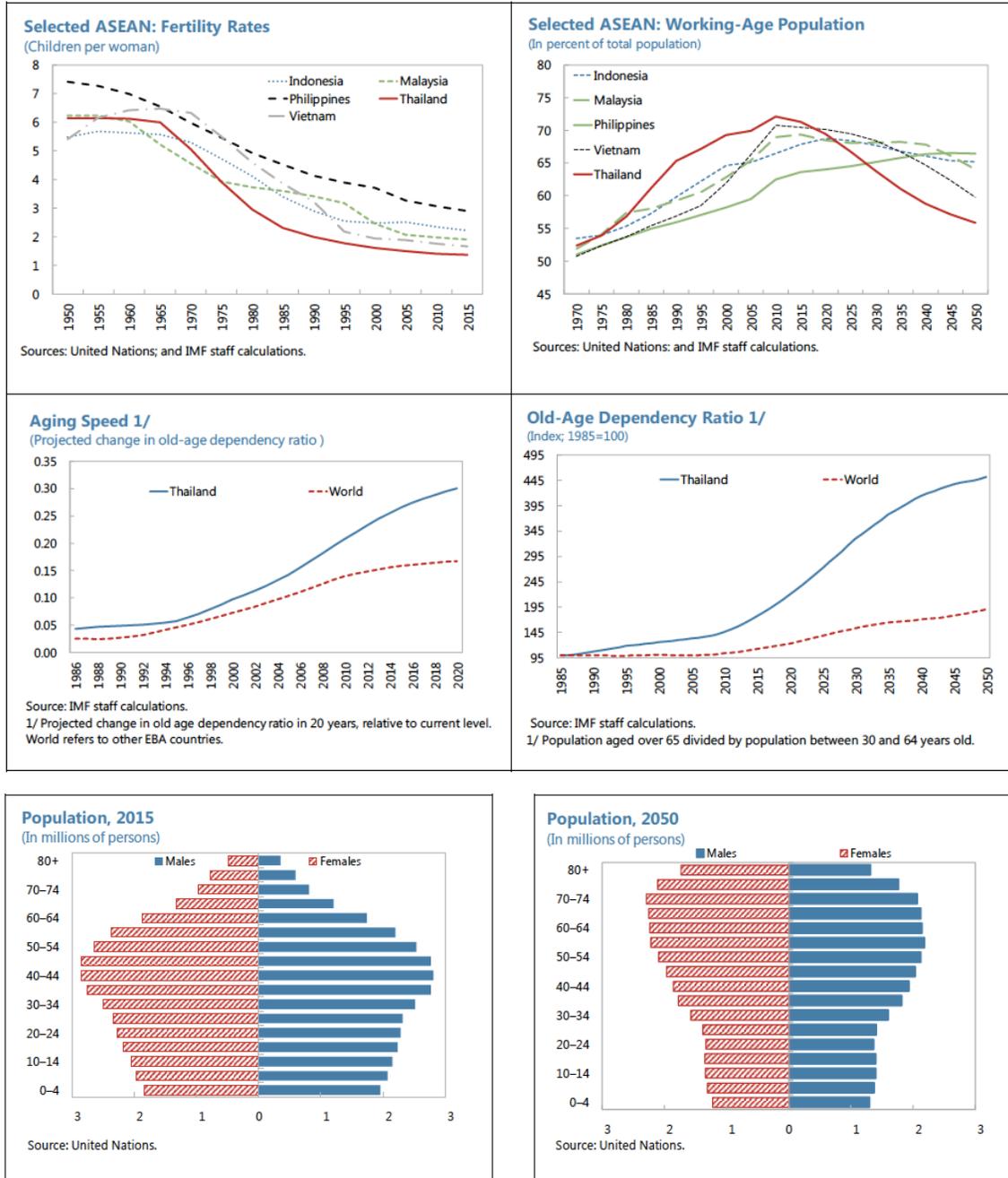
You may refer to Warr - the first graph is from it. *Make reasonable assumptions about any contributions to growth for which you do not have data. Do you need to factor in agriculture? **To keep things simple, assume “alpha” is 0.5.***

So what? Fit this into our basic growth accounting framework. What will happen? Note that you can eyeball the changes from the graphs and convert into annual percentage changes. Add anything that might modify the implications of your base analysis.

Table 3. Thailand: Aggregate growth accounting, 1980 to 2006

	Annual growth rate (percent per year)	Average cost share (percent)	Absolute contribution to total growth (percent per year)	Proportional contribution to total growth (percent)
Output	6.00	n.a.	n.a.	100
All factors	3.97	100	3.97	66.17
Raw labor	1.75	40.2	0.70	11.67
Human capital	2.00	11.2	0.22	3.67
Physical capital	6.48	46.9	3.04	50.67
Agricultural land	0.35	1.8	0.01	0.17
Aggregate TFP growth	n.a.	n.a.	2.03	33.83

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Sources:

IMF. 2017. Country Report No. 17/137: “Thailand - Selected Issues.”

Warr, Peter. 2009. “Poverty Reduction through Long-Term Growth: The Thai Experience.” *Asian Economic Papers* 8 (2): 51–76. On Perusall.