

Schumpeterian and institutional growth theories

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In this lecture, I will examine some departures from the standard neo-classical growth or endogenous growth theories. Specifically, I will introduce the contributions of Schumpeterian and institutionalist perspectives to the theoretical/empirical growth literature. The Schumpeterian perspective emphasizes the importance of creative destruction and market power as potential determinants of the variation in growth performance across countries and over time. The institutional perspective, on the other hand, emphasizes the role of institutions as the latter are major determinants of incentives to invest in physical or knowledge or human capital. A brief reading list is suggested below, which can be extended by snowballing.

Suggested Reading

Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions as a fundamental cause of long-run growth. *Handbook of economic growth*, 1, 385-472.

http://ciep.itam.mx/~rahul.giri/uploads/1/1/3/6/113608/institutionslongrungrwth_acemoglujohnsonrobinson_ch6handbkofecongrwth2005.pdf

Aghion, P., & Howitt, P. (2006). Joseph schumpeter lecture appropriate growth policy: A unifying framework. *Journal of the European Economic Association*, 4(2-3), 269-314.

Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2004). Do institutions cause growth? *Journal of economic Growth*, 9(3), 271-303.

Matthews, R. C. (1986). The economics of institutions and the sources of growth. *The Economic Journal*, 903-918.

North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge university press.

North, D.C. (1994), 'Economic performance through time', *American Economic Review*, 84 (3), 359-368.

Rodrik, D. (2000). Institutions for high-quality growth: what they are and how to acquire them. *Studies in Comparative International Development*, 35(3), 3-31.

Segerstrom, P., Anant, T., and E. Dinopoulos. (1990). "A Schumpeterian Model of the Product Cycle..*American Economic Review*, 88, 1077-1092.

Ugur, M. and D. Sunderland(2011), 'Does economic governance matter? New contributions to the debate' in M. Ugur and D. Sunderland (Eds), *Does Economic Governance Matter? Governance Institutions and Outcomes*, Cheltenham: Edward Elgar, pp. 1-29.