

2. Selected Books

Economic Growth and Development, by *Hendrik Van den Berg*.
Published by Mc-Graw Hill/Irwin, 2001

A) The author

This associate professor of Economics at the University of Nebraska-Lincoln, specialized in Economic Growth and Development as well as in International Economics, is a distinguished economist who received B.A. and M.A. degrees in Economics from the State University of New York at Albany in 1971 and 1973, respectively, and M.S. and Ph.D. degrees in Economics from the University of Wisconsin-Madison in 1987 and 1989.

He has international experience as foreign service officer and commercial officer in several Latin American countries, before his return to the university research and teaching activities.

Van den Berg has written many articles and some books on international trade and economic growth, as well as on another related subjects.

This book is original, interesting and well founded in empirical findings, and it deserves a large audience all over the world.

The author has an interesting website about Economic Growth and Development called What's New, where he states:

"Welcome to my Economic Growth and Development website. It is intended to stimulate your interest in this fascinating and ever-changing field of economics. It is also intended to serve as a running update of my textbook, Economic Growth and Development, McGraw-Hill Irwin, 2001. By definition, economic growth is a process of continuous change. What better way to follow

the changes felt throughout the world than through the flexible medium of the internet. Why wait three or more years for a new edition before you, the reader, get to see updated material on the ever-changing subject of economic growth and development!

This site is also intended to entertain and stimulate thinking. Therefore, a great variety of material is presented. I do not endorse the articles and books mentioned here, nor do I expect you to agree with all of the ideas presented. I certainly do not agree with everything I list and review on this site. I do hope that you will enjoy the opportunity to supplement the textbook material with these references and discussions of the on-going creative thinking on the subject of growth and development. I look forward to your comments and suggestions”.

Web Site: <http://www.cba.unl.edu/faculty/hvandenbergh/whatsnew.html>

B) Economic Growth and Development

Contents:

The book is structured in five parts that we describe by short in the following paragraphs.

Part 1. Introduction to Economic Growth

This first part includes 2 chapters, one devoted to the importance of economic growth and the second to explain economic growth through history.

1.- This chapter is devoted to present some facts and concepts that are important for clarifying the aims and purposes of the study of economic growth and development, and includes the relation between growth, development and welfare, structural change, cyclical variations, short-run allocation versus long-run growth and other topics of interest, by a way of question-answer presentation that surely gets the attention of the reader.

2.- Economic growth through History is the subject of the second chapter, with references to the comparability of National Accounts data, the history of economic miracles and disasters from 1820 to the present, the relationship between growth, health, education and freedom. He also includes interesting comments on product quality and changes of consumption patterns in the new age of mass customisation.

How Economists Have Modelled Economic Growth

3.- Chapter 3 presents an interesting historical view of Growth models from Adam Smith to Harrod-Domar, including references to several controversies as those that have arisen from Malthus' perspective of diminishing returns and Schumpeter's model of innovation.

4.- This chapter is devoted to the Solow's neoclassical growth model, not only from a theoretical point of view but also with a high degree of information about empirical results with this model in Asia, Soviet Union and other areas.

5.- Here the author analyses the performance of Solow's model to explain economic growth, and includes references to the work of several of the most outstanding researchers in human capital and related subjects in the context of growth models, such as Barro, Mankiw, Romer, Weil, and Denison among others. He also includes references to special cases of fast economic growth, as it is the case of Singapore, or to special cases of apparent stagnation, such as the case of the majority of African countries.

6.- The last chapter of second part is devoted to technological progress, a subject that has centred the attention of many researchers for several decades, and presents a detailed view of the several approaches developed around this subject.

Part 3. Extensions of the Growth Models

7.- This chapter addresses the important issue of the relations between economic growth and population. This subject had been unfortunately missing in many important books and textbooks on economic growth and development and it is very much welcome in this interesting book because this analysis is of upper most importance to understand many problems of our global world at the beginning of 21st century, including the causes of migration, demographic transition and other related questions.

8.- Saving, financial markets and economic growth, is the subject of this interesting chapter, that points to the important role of financial services and recognizes some of the market failures in this sector that affect to the evolution of some factors needed to improve economic development.

9.- Globalization. This chapter is devoted to the relation between globalization and economic growth, with a detailed reference to the relations between trade and growth, the cases of maquiladoras and other international business in Latin America, the role of foreign aid, and other issues that should be more debated among economists, but that unfortunately occupy very few space in the majority of the more famous economics journals.

Part 4. Human capital, institutions and growth

This part includes 3 chapters: chapter 10 devoted to “Education, Human Capital and Growth”, chapter 11 on “Institutions and Economic Growth” and chapter 12 devoted to “Government Institutions and Economic Growth”.

All these subjects are the most important for explaining international differences in the degree of socio-economic development and have been forgotten or undervalued for many years in many famous books and journals, so it is very pleasing for our minds to find a so good treatment of this important questions.

Part 5. Controversies and Challenges

After all the questions posed and analysed in the previous parts of the book this part focus on the main challenges of international development for the next future.

This part includes 3 chapters: chapter 13 analyses the costs of economic growth, chapter 14 asks and answers questions about the limits of economic growth and chapter 15 make some recommendations about the future of economic growth, focusing on the importance of institutions favourable to growth, and the relations between economic freedom, economic growth and personal freedom.

C) A final comment:

This is a very good book, original, interesting and with a high degree of information and analysis of many of the best empirical works of economists in the fields of economic growth and development, so we highly recommend its reading all over the world, not only for undergraduate courses but also for graduates and advanced courses.

From our point of view some of the more interesting features of the book are the following ones:

1) The fresh air breathing that inspires all the book, with references to real life of people and countries, so different of the old fashioned style of many economic books excessively focused on secondary technical questions that for many years have reached an incredible success among academic economists.

2) The historical perspective of the evolution of economic thinking and experiences on economic growth, which we so often miss in books that make a mix of theories and concepts that students

have to learn without scarce or null knowledge about the causes that inspired the different concepts and theories.

3) The open mind that the author shows learning from experiences all over the world and showing interest in solving all kinds of problems that cause underdevelopment. Specially we value the interest shown in explaining the relations among education, institutions, freedom and economic development.

4) In some way it is an homage to all the pioneers that have written on these important questions, many times with very few readers and impact on economic policies and without reaching the praiseworthy recognition of their merits, because the economics profession very often is out of focus in relation with the main research findings and more interested in passing fashions than in relevant questions.

We highly recommend the reading of this book and also the visit to the author's web site where he includes more comments and references to interesting questions related with the subject of economic growth and international development.