

Contents

List of Tables	xi
List of Figures	xiii
Preface	xv
Acknowledgments	xix
1 Introduction	1
2 International Income Facts	11
Evolution of Income Levels and Differences	13
Summary of Facts	23
Some Questions and Features of Candidate Theory	24
Appendix: Large Rapid Development Experiences	25
3 Growth Theory with No TFP Differences	35
The Standard Model	36
The Two-Sector Extension	43
The Intangible Capital Extension	44
4 Growth Theory with a Human Capital Sector	57
Human Capital Sector Model Extension	58
Direct Evidence of Human Capital's Role	62

5 Growth Theory with TFP Differences	67
The Model	71
Model Calibration	75
Findings	77
Steady-State Output and TFP Differences	79
6 Constraints on Firm Technologies and TFP	81
The Plant Technology and the Barrier	82
From the Plant Technology to the Aggregate Production Function	86
The Mapping from Barriers to TFP	88
7 Evidence of Barriers to Efficiency	91
The Textile Industry	92
Subsurface Mining in the United States	97
Relative Industry Productivities across Countries	100
8 Monopoly Rights: A Theory of TFP Differences	103
The Economy	105
The Monopoly Rights Arrangement	107
The Free Enterprise Arrangement	121
Quantitative Findings	122
Compensatory Schemes	127
9 Conclusion	133
Why England before Continental Europe	134
Why Not Earlier in China	135
Why the United States and Switzerland Did So Well	138
Why Japan Experienced Its Development Miracle	140
Development Policy: Competition, Free Trade, and Privatization	141
Final Comment	144

Notes	147
References	151
Index	157