The Growth Lab at CID

Summary

Sustained economic growth is the single most important determinant of persistent increases in living standards and reductions in poverty. The large income differences between the richest countries and the poorest countries today, which stand at a ratio of 70 to 1, and the massive incidence of poverty worldwide is the consequence of the inability of poor countries to achieve sustained growth.

While progress has been made over the last 50 years in our understanding of the growth process, policymakers have been largely unable to adequately diagnose the constraints to growth in specific country settings and to design solutions that are well suited to the existing economic and institutional conditions of each country. In fact, the difficulties in triggering growth in spite of significant policy reforms in some countries and the surprising acceleration of growth in countries with more limited reform efforts has uncovered the limitations of what had become the conventional approach at policymaking since the 1980s. This experience has revealed the limitations of the set of ideas that were used to adopt a growth-oriented policy-reform agenda but has yet to create the grounds for a new set of tools to inform the policy process.

Building on recent advances made by the so-called new growth theories, and by the empirical studies spurred by these theories, the Growth Lab at Harvard’s Center for International Development will draw from its academic research and from its country-specific activities to further understand:

- How policies affect the speed of productivity improvements and technology adoption, and how these differ depending upon the institutional environment of a society and its level of technological or financial development;
- How to identify in practical settings the most important constraints on growth when many aspects of an economy are distorted, and how to identify interventions that can relax these constraints given the political and social environment; and
- What kinds of institutional processes can create a political capacity to identify and address opportunities and obstacles dynamically.

To make progress in these areas the Growth Lab will:

- Encourage basic theoretical and empirical research on the determinants of growth and its social, political, and environmental sustainability.
- Improve the diagnostic tools and techniques with which economic analysis and assessments are made.
- Improve access to new datasets that can extend the research frontier.
- Provide collective advice to selected countries, which should be research-motivated and research-driven, and therefore lead to new work on development policy formulation.
- Diffuse our research and work through CID’s Working Paper Series.
- Select and attract academics and policymakers from abroad (including those from our countries of operation) to come and spend time at CID as Research Fellows. This will allow us to learn from them and allow them to work with us, in addition to getting acquainted with frontier research and policymaking.
- Organize conferences mixing theme focus and country focus, and confronting academics from inside and outside the Lab with policymakers.
Current Growth Lab Activities

CID South Africa Growth Initiative

The purpose of this study is to help identify a policy strategy that will deliver faster growth for South Africa. The final research report will include analytical pieces on specific sectors and a synthesis document detailing a consensus view of what the critical constraints are to growth. It will also provide detailed policy recommendations. The Center for International Development has convened an international panel of economists and international experts from Harvard University, the Massachusetts Institute of Technology, the University of Michigan, and other institutions to work with South African economists to study that country’s constraints to and opportunities for accelerated growth. This multi-year project is an initiative of the National Treasury of the Republic of South Africa within the government’s Accelerated and Shared Growth Initiative (ASGI-SA), which seeks to consolidate the gains of post-transition economic stability and accelerate growth in order to create employment and improve the livelihoods of all South Africans.


Three book-length case studies on Bolivia, Perú and Venezuela will probe the causes behind the economic trajectories of their economies since 1970. Each book will be composed of studies written by prominent researchers that will attempt to account for the transformations occurring in the economic, political, and social spheres and their interaction with the growth experience of these economies.

For more information visit the Growth Lab web site at www.cid.harvard.edu/growthlab or send an email to cid@harvard.edu.