Author's Accepted Manuscript

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PII: S0304-3932(15)00114-2
DOI: http://dx.doi.org/10.1016/j.jmoneco.2015.09.006
Reference: MONEC2804

To appear in: *Journal of Monetary Economics*

Received date: 21 September 2013
Revised date: 18 September 2015
Accepted date: 18 September 2015

Cite this article as: Jiandong Ju, Justin Yifu Lin and Yong Wang, Endowment structures, industrial dynamics, and economic growth, *Journal of Monetary Economics,* http://dx.doi.org/10.1016/j.jmoneco.2015.09.006

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# Endowment Structures, Industrial Dynamics, and Economic Growth[☆]

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**Abstract**

Motivated by four stylized facts about industry dynamics, we propose a theory of endowment-driven structural change by developing a tractable growth model with infinite industries. The aggregate economy in the model still follows the Kaldor facts, but the composition of the underlying industries changes endogenously over time. Each industry exhibits a hump-shaped life cycle: As capital reaches a certain threshold level, a new industry appears, prospers, and then declines, to be gradually replaced by a more capital-intensive industry, *ad infinitum*. Analytical solutions are obtained to characterize the life cycle of each industry and the perpetual structural change.

*Keywords:*
Structural Change, Industrial Dynamics, Economic Growth, Capital Accumulation

*JEL:* O11, O14, O33, O41

Accepted manuscript

[☆]We are grateful to Urban Jermann (editor) and the referee for their highly insightful comments and suggestions. For useful comments, we would also like to thank Philippe Aghion, Jinhui Bai, Eric Bond, Gene Grossman, Veronica Guerrieri, Chang-Tai Hsieh, Chad Jones, Sam Kortum, Andrei Levchenko, Francis T. Lui, Erzo Luttmer, Rodolfo Manuelli, Rachel Ngai, Paul Romer, Roberto Samaneigo, Danyang Xie, Dennis Yang, Kei-Mu Yi, as well as seminar and conference participants at the CUHK, Dallas Fed, Georgetown University, George Washington University, HKUST, World Bank, Yale University, Econometric Society World Congress (2010), SED (2010), Midwest Macro Meetings (2011), NBER-CCER annual conference (2011) and Shanghai Macro Workshop (2012). Xinding Yu and Zhe Lu provided very able assistance. Financial Support from the National Natural Science Foundation of China (#71350002) and the General Research Fund (#644112) is gratefully acknowledged. All the remaining errors are our own.

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