

## **On Growth and Indeterminacy: Some Theory and Evidence**

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### **ABSTRACT**

We overview some recent models of growth with multiple equilibria. Those models offer a potential explanation for differences in income levels across economies which stands as an alternative to theories that rely exclusively on differences in fundamentals and/or initial conditions. We discuss some of the empirical predictions generated by those models vis a vis the predictions of their deterministic counterparts. Using an approach that makes use of physical and human capital data for a cross-section of countries we show that some of the predictions of growth models with unique equilibria are hard to reconcile with the evidence.

Keywords: Multiple Equilibria, Indeterminacy, Growth Models, Convergence.

JEL Classification Numbers: E3, O40, O41

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