

The paper sets out to review the empirical support for the new growth theory (NGT). It presents a critique of growth empirics and new methods in section 2; The evidence related to different factors is presented in sections 3 and 4. Section 5 concludes.

Let me start by stating that I like the idea of the paper. However, I think that the paper has some short-comings which have to be dealt with before it is suitable for publication. I therefore recommend that the author be given the chance to revise and resubmit.

Below I list the major and minor issues that the paper should deal with.

### **Major issues**

1. The definition of NGT is somewhat flimsy. My first impression was that NGT refers to endogenous growth theory, but the paper also discusses the highly relevant literature on fundamental causes of economic growth. Are these ideas or theories also included in NGT ? The author should be clear about this.
2. The author states on page 2 that "we will search for salient growth determinants..." What is the meaning of salient in this context ? Is this in reference to the size associated with some causal effect of some variable on growth ?
3. In section 2.1, the paper goes through a large number of methods that are used by growth researchers. The author states on page 10 that "...when the number of regressors exceeds the number of countries in the dataset the analysis becomes flawed". The different methods described in section 2 are analyzed by Jensen and Würtz (2006) in this situation. They show that Bayesian averaging methods and general-to-specific methods give correct inference, when the true model is sufficiently small, but as this assumption need not be satisfied, the methods seem to have some fundamental flaws. A brief discussion of these results would be in place. Regarding the idea of robustness, the author would also benefit from reading Aldrich (2006) who discuss how sign changes across specifications is not necessarily a bad thing from an econometric point of view.
4. Section 2.2 describes dynamic panel models. The main motivation for using GMM methods is not mentioned. The fixed effects estimator is inconsistent for the estimation of the coefficient to lagged income, when the number of time periods is fixed and the cross-section goes to infinity. This is the famous Nickell bias (see Nickel 1981).
5. In section 3.1, I miss a reference to Cook's 2002 article on convergence which uses WWI as a natural experiment to solve the endogeneity problem.
6. In section 3.3, I miss a discussion of Glaeser et al.'s (2004) finding that human capital has a positive effect on growth. They use log years of schooling which is clearly a stock measure. Barro (2001) also used a stock measure and found a positive association.
7. Regarding the discussion of the institutions hypothesis, it should be mentioned that the instrument used "log settler mortality" is argued to be correlated with other potential growth determinats. Glaeser et al. (2004) mention that is correlated both with human capital and measures of malaria risk
8. I am also missing a discussion of the geography view (see e.g. the chapter by Acemolgu et al. (2005) in the Handbook of Economic growth).
9. David Albouy has published an NBER working paper which argues that the settler mortality instrument is miscoded and shows that this has an impact on the quality of the instrument. This finding merits mentioning – at least in a footnote.

### **Minor issues**

1. The paper would benefit from a language check.
2. The discussion of dynamic panel models could be substantially shortened. Simply mention the Nickell bias and refer to other articles for details on the GMM procedures.

### **List of articles not already cited by the author:**

Albouy, D. (2008). The Colonial Origins of Comparative Development: An Investigation of the Settler Mortality Data., NBER working paper 14130.

Aldrich, J. (2006). When are inferences to fragile to be believed ? *Journal of Economic Methodology* 13(2), 161 - 177

Barro, R. (2001). Human capital and growth. *American Economic Review* 91(2), Papers and Proceedings, 12-17.

Cook, D. (2002). World War II and convergence. *Review of Economics and Statistics* 84(1), pp. 131-138

Jensen, P. S. and Wurtz, A. (2006). On determining the importance of a regressor with small and undersized samples. *Economics Working paper series wopaarhec 2006-8*, Department of Economics, University of Aarhus.

Nickell, S. (1981). Biases in Dynamic Models with Fixed Effects. *Econometrica* 49(6), 1417-1426.