WHERE THIS COURSE FITS. This course is a survey of development economics. The prerequisite is Ec 1. Students who want to count the course towards a minor in Asian Studies, Black Studies, or Peace and Conflict Studies should inform me early in the semester and write their term paper on a topic appropriate to the relevant minor. The course can also be counted towards a minor in Public Policy. This course is not intended for students planning to offer Development as an honors field (Ec 181 is worth only 1 credit if you have already taken 81).

COURSE OBJECTIVES. Development economists use the tools of economic analysis to develop robust insights about the determinants of living standards in developing economies. This course covers mainstream approaches to development experience in Africa, Asia and Latin America since WWII. The objective of the course is to develop the student’s ability to apply the tools of economic analysis to contemporary debates in development policy.


OTHER REFERENCES. See the supplementary readings for each week. A good interdisciplinary overview of many development issues appears in Szirmai, A. (2005), The Dynamics of Socio-Economic Development: An Introduction (Cambridge: Cambridge University Press). For a deep approach using mainstream economics see Y. Hayami and Y. Godo (2005), Development Economics: From the Poverty to the Wealth of Nations, 3rd ed (Oxford: Oxford University Press). Both are on General Reserve at McCabe. The Ec 181 Honors reserve section has additional references including advanced surveys of development topics in the 4-volume Handbook of Development Economics. The Econlit database, accessible via Tripod, is a complete index of the economics journal literature. The leading non-technical development journals are World Bank Research Observer and World Development; see also the World Bank’s annual World Development Report and ABCDE series (Annual Bank Conference in Development Economics) for up-to-date treatments of leading issues in development economics. For cross-country data, use the World Bank’s WDI online and the IMF’s International Financial Statistics online, both accessible via Tripod, and consult worldbank.org, imf.org, and other obvious websites.

COURSE POLICIES.
Attendance: Attendance is required. If you have predictable attendance conflicts, please work these out with me at the beginning of the semester.
Participation: All students are expected to contribute regularly to class discussions. I will often hand out discussion questions in advance.
Grading: Midterm exam, 25%. Final exam, 40%. Paper, 25%, Attendance/participation, 10%.
Make-up exams: I only give make-up exams for an emergency or medical excuse certified by the Dean’s office or Worth Health Center.

Late term papers: Your grade on the paper will be reduced by 1/3 of a grade for each 2 days the paper is late.

Plagiarism: Plagiarism is defined as passing off the work of others as your own. It is easy to avoid, not by ignoring the work of others but by citing it whenever you use it. Students will be required to submit their term papers electronically, as MS Word documents. Any student caught plagiarizing will fail the course and will also face the College’s judicial procedure which may lead to suspension or expulsion. For instructions on avoiding plagiarism see Referencing Source Material and Avoiding Plagiarism in Economics under the ‘Classes’ link on my web page.

TERM PAPER. 10-12 pages of double-spaced text (not including references, tables, and figures, which can be at the end). Identify a topic that interests you, and follow up references in your readings to determine how development economists have approached this topic. Narrow your focus to a research question that can be informed by marshaling (someone else’s!) evidence from one or more developing economies (What impact has PROGRESA had on poverty in Mexico? What explains rural-to-urban migration in poor countries? Is Venezuela falling prey to the ‘resource curse’?). Present the relevant analytical framework in your paper and develop an answer in light of your evidence.

Term paper deadlines
--by Thurs Oct 23, in class: Annotated outline (2 pages, with at least 4 refs). Outline the paper and indicate the analytical framework and evidence you plan to use. Approval required.
--by Thurs Nov 13 (this step optional): Rough draft of paper to Writing Center to be WAed.
--by Thurs Dec 4, in class: Final draft to me in hard copy; also an electronic copy by email (see note under ‘course policies’ about late papers).

WEEKLY READINGS. All starred (*) readings are required. They are available either in required texts, on blackboard [bb], or in Ec 81 binders on General Reserve in McCabe. All other readings (in small font) are optional and may or may not be readily available.

Week 1 (Tues 9/2) Development and economic growth
Key concepts: Global development patterns; PPP adjustment; growth, factor accumulation, total factor productivity; social infrastructure.
*Perkins, Radelet and Lindauer (PRL) text, chapters 1-3.

Week 2 (Tues 9/9) Growth models
⇒⇒ Friday Sept 12 is the end of drop/add period.
Key concepts: Harrod-Domar, Solow, and new growth models; capital fundamentalism, convergence; institutions; the Lewis model.
*PRL, chapter 4.


**Week 3 (Tues 9/16) States and markets**

⇒⇒ Tues 9/16 SOC in Nairobi; class rescheduled to Thursday 9/18, 9-1020pm.

Key concepts: market failure; government failure; rent-seeking; macroeconomic stabilization; structural adjustment; Washington Consensus; political economy vs. normative policy analysis.

*PRL chapter 5.


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**Week 4 (Tues 9/23) Inequality and poverty**

Key concepts: Lorenz curve and Gini coefficient; poverty lines; pro-poor growth; targeting; cash transfers

*PRL chapter 6.


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**Weeks 5-6 (Tues 9/30 and Tues 10/7) Population and human resources**

⇒⇒ Thurs Oct 9 One-paragraph paper proposal due in class.

Key concepts: Demographic transition; neoclassical model of fertility behavior; human capital; returns to education; epidemiological transition; randomized evaluation.
*PRL, chapters 7 (Population), 8 (Education) and 9 (Health).
*Eswaran, Mukesh (2006), “Fertility in Developing Countries,” UP chapter 10

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**Week 9-10 (Tues 11/4 and Tues 11/11) Aid, the resource curse, and the bottom billion

Thurs Nov 13 (optional): your paper to the Writing Center.**

Key concepts: poverty traps; conflict curse; natural resource curse; real exchange rate and dutch disease, conditionality; selectivity.

*PRL, chapters 11 (399-415), 14 (Foreign aid) and 17 (Primary exports)*

*Collier, *The Bottom Billion*


*Bardhan, Pranab (2006), “The Global Economy and the Poor,” UP chapter chapter 7*


*Blattman, Christopher, Jason Hwang, and Jeffrey G. Williamson (2007), Winners and Losers in the Commodity Lottery: The Impact of Terms of Trade Growth and Volatility in the Periphery 1870-1939,” *Journal of Development Economics*


(http://www.nyu.edu/fas/institute/dri/Easterly/File/Was_Development_Assistance_a_Mistake.pdf)


**Week 11-12 (Tues 11/18 and Tues 11/25) Agriculture and rural development**

*PRL chapter 16.*


Key concepts: Agricultural surplus; Green revolution; induced innovation; risk and vulnerability; sharecropping; microcredit; microinsurance.
http://econ.ucsc.edu/~mpd/NBER%20Direct%20Investment.pdf

**Week 13 (Tues 12/2) Capital flows**

 ➤ **Final draft of paper due Thurs Dec 4 in class.**

Key concepts: Debt sustainability, Asian financial crisis, moral hazard, adverse selection.
*PRL chapters 13 (Financial policy) and 15 (Foreign debt and financial crises)

Stiglitz, J. (2003), *Globalization and its Discontents*

➤ ➤ **FINAL EXAM at scheduled time during finals week**

Subject to revision. This version September 8, 2008.