

WWS 302/ ECO 359 - International Development
Fall 2015 Semester

Classes: M/W 10-10:50, Robertson 016
Precept: Times TBA

Instructor: Alicia Adsera

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Course Description

The course will focus on less developed countries and will consider topics such as economic growth and personal well-being; economic inequality and poverty; intra-household resource allocation and gender inequality; fertility and population change, credit markets and microfinance; labor markets and trade policy. It will tackle these issues both theoretically and empirically.

Please do not feel overwhelmed with the length of the syllabus. The reading list contains a few required papers and then a bunch of additional recommended papers for those of you who are interested in a particular subject. I will discuss some of the results in those papers but you do not need to read them.

Also some of the required papers may contain some statistical analysis beyond the knowledge of many of you. I am completely aware of that. I only expect you to understand the ideas and main results exposed in the paper. I will discuss them with you in class & precepts.

Assignments

The basic textbook for the class is *Development Economics* by Debraj Ray (Princeton University Press 1998).

Many readings come from: Gerald Meier and James E. Rauch (eds.) *Leading Issues in Economic Development*, Oxford University Press, 2005 (8th Edition).

Around 50-100 pages of reading per week are expected.

The assignments include a midterm exam, four problem sets/short essay questions and a final exam.

Grading

Midterm 30% (in class, tentatively Wednesday October 28th)

4 Class Assignments/problems 25%

Final (comprehensive) 45%

Schedule and Readings

The number of sessions listed for each section is meant to give you a sense of the pace of the class. Some topics may ultimately take a bit more or less time than the one listed.

Introduction: Measuring Economic Development (2 sessions)

Ray, Chapter 2

The Millenium Development Compact, The millennium Development goals & Priority challenges in meeting the Goals , *Human Development Report* 2003, p.15-65

Related Readings:

Jagdish N. Bhagwati, Why are Services Cheaper in the Poor Countries?, *The Economic Journal*, Vol. 94, No. 374. (Jun., 1984), pp. 279-286.

Irving B. Kravis, Alan Heston and Robert Summers, *World Product and Income: International Comparisons of Real Gross Product* , 1982, World Bank, Johns Hopkins University Press, Baltimore and London.

Penn World Table, Center for International Comparisons
University of Pennsylvania <http://pwt.econ.upenn.edu/>

Economic Growth (4 sessions)

Ray, Chapters 3 & 4

Lant Pritchett (1999) Divergence, Big Time, *Journal of Economic Perspectives*-Volume 11, Number 3-Summer 1997-Pages 3-17.

Related Readings:

N. Gregory Mankiw. 1992. *Macroeconomics*. (New York: Worth Publishers). Chapter 4.

William Easterly, *The Elusive Quest for Growth*, Cambridge, MA: MIT Press, 2001 (chapters 3 and 4).

Mankiw, N. Gregory, David Romer, and David N. Weil. 1992. "A contribution to the empirics of economic growth." *Quarterly Journal of Economics* 107(2): 407-437.

Lucas, R, "Why Doesn't Capital Flow from Rich to Poor Countries? *American Economic Review*, 80 (May 1990), pp. 92-6

Young, Alwyn, 1995. "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics*, August, 641-680.

Psacharopoulos, George. 1994. "Returns to investment in education: a global update," *World Development*, 22, 1325-1343.

Geography, Institutions, Public Governance and Growth (4 sessions)

Douglass C. North, Economic Performance Through Time, *American Economic Review*, Vol. 84, No. 3. (Jun,1994) pp. 359-368.

Bloom, David E. and Jeffrey Sachs, "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity* 2:207-295, 1998. (This is a long piece. Focus on the descriptive tables and the main ideas of the paper.)

E. L. Glaeser, R. La Porta, F. Lopez-de-Silanes and A. Shleifer ,Do Institutions Cause Growth? , *Journal of Economic Growth*, Volume 9, Number 3 / September, 2004, p. 271-303. (This is a technical paper. I do not expect everyone to understand the statistics. I just want you to read the results in the text. I will walk you through the results in class).

Acemoglu, Johnson and Robinson (2004) "Colonialism, Inequality and Long-Run paths of Development" in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Solokoff, KL and S. Engerman. 2000. 'Institutions, Factor Endowments, and Paths of Development in the New World.' *Journal of Economic Perspectives* 14: 217-32

Addressing Absence A. Banerjee and E. Duflo May 2005, *Journal of Economic Perspectives*

Related Readings:

"CHAPTER 9: Property Rights, Governance, and Corruption", *Games in Economic Development* by Bruce Wydick

Adsera. A, C. Boix and M. Payne, Are You Being Served? Political Accountability and Quality of Government, *Journal of Law, Economics and Organization* 19: 2, 445-490, October 2003

Das and Hammer, 2007 "Money for Nothing": The Dire Straits of Indian Medical Care" *Journal of Development Economics*.

Duflo, Esther and Rema Hanna (2005), "Monitoring Works: Getting Teachers to Come to School," Mimeo, MIT.

Kremer, Michael and Daniel Chen (2001), "An Interim Report on a Teacher Attendance Incentive Program in Kenya," Mimeo, Harvard University

World Bank (2004), "Making Service Work for Poor People," *World Development Report*, Washington and Oxford: World Bank and Oxford University Press.

Nazmul Chaudhury, Jeffrey Hammer, Missing in Action: Teacher and Health Worker Absence in Developing Countries, *Journal of Economic Perspectives*—Volume 20, Number 1—Winter 2006—Pages 91–116

Landes, David "Why Europe and the West? Why not China?" *Journal of Economic Perspectives*, Vol 20 N. 2 Spring 2006, pp.3-22.

Diamond, "Guns Germs and Steel, NY: Norton 1999. (Prologue, Chapter1) (Chapter 4-10).

Sachs, The end of poverty Chapter 2.

Collier and Gunning, 1999. Why Africa has grown slowly? *Journal of Economic Perspectives*, Summer 1999. Reprinted in Meier-Rauch "Leading Issues in Economic Development" p.62-72.

Institutions for Sustainable Development, Chapter 3 p.37-58 *World Development Report* 2003

Easterly, W. and R. Levine, "Africa's Growth Tragedy: Policies and Ethnic Divisions," November 1997, *Quarterly Journal of Economics*. CXII (4), 1203-1250

Rosenstein-Rodan, Paul. 1943. "Problems of Industrialization of Eastern and Southeastern Europe." *Economic Journal* 53(210-211) June-September: 202-211

Inequality & Poverty: Measurement and Growth (2 sessions)

Ray, Chapters 6, sections 7.1; 7.2.1 to 7.2.7 and 8.1 to 8.3

Deaton Angus, (2006) Measuring poverty in Banarjee and R. Benabou (eds.) Understanding Poverty, Oxford University Press

Bourguignon, François and Morrisson, Christian.2002. "Inequality Among World Citizens: 1820-1992," *American Economic Review* 92: 727—744.

Perotti, R. (1996). Democracy, income distribution and growth: What the data say, *Journal of Economic Growth*, 1, June, 149-187. (Again just focus on the results. I will comment on them in class).

Related Readings:

Meier-Rauch, VIII.1

Kuznets, S. (1963). Quantitative Aspects of Growth in Nations. VIII: The Distribution of Income by Size. *Economic Development and Cultural Change*, 11, 1–80

Sala-i-Martin, Xavier. 2006. "The World Distribution of Income: Falling Poverty and...Convergence, Period," *Quarterly Journal of Economics* 121: 351-397.

Thomas Piketty and Saez, Emmanuel. 2006. "The Evolution of Top Incomes: A Historical and International Perspective," *American Economic Review* 96 (2): 200—205.

Deininger, Klaus and Lyn Squire (1996). A new data set measuring income inequality. *World Bank Economic Review*, 10(3), September, 565-91.

Forbes, KJ (2000). A reassessment of the relationship between inequality and growth, *American Economic Review*, September, 90(4), 869-887.

Midterm (in class) October 22nd

10/25-11/2 Fall recess. Have a nice break!!

Inequality Capital Markets and Development (3-4 sessions)

Ray, chapter sections 7.2.8 & 7.2.9, section 8.4.1; Chapter 14

Ditcher "Hype and Hope: The Worrisome State of the Microcredit Movement"

<http://www.microfinancegateway.org/content/article/detail/31747>

Related Readings:

CHAPTER 7: Savings, Credit, and Microfinance", *Games in Economic Development* by Bruce Wydick

Jonathan Morduch, 1999. "The Microfinance Promise," *Journal of Economic Literature*, vol. 37(4), pages 1569-1614. (Nice overview)

Jonathan Morduch (2006) "Micro-Insurance the next revolution?" in B-B-M Understanding Poverty

Meier-Rauch, VII.B.4.

Munshi, K (2006) Nonmarket Institutions, in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Townsend, R. (2006) Credit, Intermediation and Poverty Reduction, in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Population Changes and Development (2 sessions)

Ray, Chapter 9

Klasen and Wink, "Missing Women: Revisiting the Debate", (2003), *Feminist Economics* 9 (2-3): 263-299.

Deaton, A. (2008) Height, healthy and inequality: The distribution of adult heights in India, *American Economic Review*, May; 98 (2): 468-474.

Related Readings:

Eswaran, M (2006) "Fertility in Developing Countries" in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Shultz, p. (2006) "Fertility and Income" in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Meier-Rauch IV.C

Kremer, M. "Population Growth and Technological Change: 1000000 BC to 1990," *Quarterly Journal of Economics*, August, 1993, pp. 681-716

Nancy Birdsall (1988), "Economic Approaches to Population Growth," in Hollis B. Chenery and. TN Srinivasan, eds., *Handbook of Development Economics* Volume 1

Labor Markets, Nutrition, Health and Intra-household allocation (3 sessions)

Ray Chapter 8.4.2 , 9.4.3& 13.4

Eric V. Edmonds & Nina Pavcnik, 2005. "Child Labor in the Global Economy," *Journal of Economic Perspectives*.

C. Udry, Child Labor <http://www.econ.yale.edu/~cru2/pdf/kid.pdf>

Case, Anne. "Health, Income and Economic Development", in Pleskovic, B. and Stern, N. (eds.), *Annual World Bank Conference on Development Economics 2001/2002* (Washington D.C.: World Bank), 221-241.

Related Readings:

Meier-Rauch IV.D

Stiglitz, Joseph. 1976. "The Efficiency Wage Hypothesis, Surplus Labor, and the Distribution of Income in LDCs." *Oxford Economic Papers*, 28(2), 185-207.

World Bank Policy Research Report (2001) *Engendering Development through Gender Equality in Rights, Resources, and Voice*. Oxford: Oxford University Press.(online)

Esther Duflo, 2003. "Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa," *World Bank Economic Review* 17 (1) -25.

Bertrand, Marianne, Douglas Miller and Sendhil Mullainathan. 2003. "Public Policy and Extended Families: Evidence from South Africa." *World Bank Economic Review* 17(1), 27-50.

Basu, K. (2006) "Policy dilemmas for Controlling Child Labor" in Banarjee and R. Benabou (eds.) *Understanding Poverty*, Oxford University Press

Foreign Aid (2 sessions)

Angus Deaton (2014) *The Great Escape*, chapter 7 “How to help those left behind”.

Sachs, Jeffrey, “Can Extreme Poverty Be Eliminated?” *Scientific American*, September 2005, pp. 56-65.

World Bank, “Assessing Aid: What Works, What Doesn’t, and Why,” 1998, Oxford University Press. Please read the “Overview” which is contained in this file. The rest of report (if you want to look at it) is online at: <http://www.worldbank.org/aid/aidtoc.htm>

William Easterly “The Big Push Déjà Vu: A Review of Jeffrey Sachs, *The End of Poverty: Economic Possibilities for Our Time*, Penguin Press: New York, 2005”, *Journal of Economic Literature* Vol. 44, No. 1, March 2006

Easterly, William, Can Foreign Aid Buy Growth?. *Journal of Economic Perspectives*, Vol. 17, No. 3, Summer 2003

Related Readings:

Craig Burnside & David Dollar, 2000. "Aid, Policies, and Growth," *American Economic Review*, American Economic Association, vol. 90(4), pages 847-868.

Easterly, William, “The Cartel of Good Intentions: The Problem of Bureaucracy in Foreign Aid,” *Policy Reform*, 2002, 54(4): 223-250.

Rural-Urban Migration (1 session, if time left)

Ray, Chapter 10.3, 10.4