**DEVELOPMENT ECONOMICS**

**WINTER 2020**

## Teaching staff

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**Module aims**

The aim of this module is to develop knowledge and analytical skills in the theory and practice of development economics.

## Learning objectives

The course provides an introduction to the main concepts, theories that helps policy making and analysis in the field of development economics. The main question of the course is what determines growth and how it affects developing countries in different areas such as poverty reduction. The course also considers historical aspects of the current state of economics, as well as global and local initiatives aimed to enhance developing countries.

Subject-specific Knowledge:

You should

* be able to interpret scholarly literature at the frontier of research in development economics;
* have a critical understanding of the economic differences between developing and developed countries and of the policies aimed at addressing those differences
* have explored, understood and appreciated the complexity and contradictions of the current academic literature and its implications for professional practice, and be able to identify open questions for their own research in development economics.

Subject-specific Skills:

You should

* be able to apply advanced analytical skills to complex issues in development economics;
* be able to offer policy recommendations informed by the knowledge and analytical skills acquired in the module to address the differences in economic performances between developing and developed countries.

**Delivery mechanisms**

The module is delivered by:

* 30 hours of lectures (2 hours per week). Lectures will present the topics in detail, give suggestions for further reading, give guidance for the problems/tasks for the seminars, and give students the necessary knowledge to read and understand the relevant scholarly literature.
* 30 hours of seminars (2 hours per week), which will be devoted to in-depth research of some reference material related to the lecture topics. Student-led group discussion is to be expected. The seminars will train the students to solve analytical problems in theory of developments economics, critically discuss its applications as well as giving students the opportunity to identify research questions. Amount of required presentations depends on a number of students in a group. Usually 3 presentations per student.

### Assessment

Midterm Exam 1 20%

Midterm Exam 2 20%

Final Exam 40%

Presentations 20%

Exams consist of two part: multiple choice and essay type questions. To enhance learning, you will be required to prepare presentations on certain assigned or chosen themes.

Attendance and participation will be considered in borderline cases.

1. Read the lecture before the class. Lectures will be more valuable, and you will find it easier to learn when you read it before.
2. There will be no make-up or early exams without an official, written excuse. Students hoping to take make-up exam should contact instructor immediately. Students who do not make up their exams promptly will not be allowed to take it at all.

A note on cheating and plagiarism

Cheating is a significance offense against AUCA’a academic policy, the university, and your fellow classmates. Cheating will merit, at a minimum, a zero for a grade on the assignment. Further actions may be warranted and will be determined by the professor on a case-by-case basis and very likely may include a grade of "F" for the class.

In Class and Exams Requirements:

* No cell phones (turn them off during the classes).
* Don't be late for more than 5 minutes.
* You are not allowed to leave the room during the exam.

• Be sure to bring your own calculator, pens, pencils, and eraser for the exam. You won't be able to use your classmate's one.

Grading Scale:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Grade** | **Score** | **Grade** | **Score** | **Grade** | **Score** | **Grade** | **Score** |
| **“A”** | **91-100** | **“B”** | **75-79** | **“C”** | **60-64** | **“D”** | **45-49** |
|  |  |  |  |
| **“A-”** | **85-90** | **“B-”** | **70-74** | **“C-”** | **55-59** | **“D-”** | **40-44** |
|  |
| **“B+”** | **80-84** | **“C+”** | **65-69** | **“D+”** | **50-54** | **“F”** | **<40** |
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# Reading

This is a postgraduate module in development economics. Unfortunately, because of rapid developments in the field, there is no exactly matching textbook for Master level. The following textbooks are helpful for good reference materials and overviews on each topic.

In addition to the books below, other references may be given as the module progresses. You are also encouraged to search the literature for other relevant sources.

Main textbook:

Michael P. Todaro and Stephen C. Smith (2015) Economic Development, 12th Edition, Pearson

Ray, Debraj (1998) *Development Economics*, Princeton University Press.

Reference Books:

Banerjee, A.V. and Duflo, E. (2011) *Poor Economics*, Random House, London

Basu, Kaushik (1984) *The Less Developed Economy: A Critique of Contemporary Theory*, Oxford: Blackwell.

Basu, Kaushik (1997) *Analytical Development Economics: The Less Developed Economy Revisited*, Oxford.

Other books that may be useful:

Chenery, H. B. and T. N. Srinivasan (1996) *Handbook of Development Economics*, 3 Volumes, London.

Deaton, Angus (2013) *The Great Escape*, Princeton University Press

Easterly, William, (2006) *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done so Much Ill and so Little Good*, Oxford University Press, Oxford

Lewis, W. A. (1984) “The State of Development Theory”, *The American Economic Review*, 74(1), 1-10.

Sachs, Jeffrey (2005) *The End of Poverty: Economic Possibilities of our Time*, Penguin Press, New York

Sen, Amartya K. (1999) *Development as Freedom*, Oxford University Press.

Sen, Amartya K. (1984) “Development: Which Way Now?” in Sen, Amartya K. *Resources, Values and Development*, Blackwell.

Articles from these journals to be frequently consulted:

American Economic Review

Economic Development and Cultural change

Journal of Development Economics

Journal of Development Studies

World Development

World Bank Economic Review

In addition, the *World Development Report*, an annual publication of the World Bank may also be a useful source of information.

### Syllabus

Topics generally will be selected from the list below. This is subject to minor changes. The sequence may not be exactly followed.

| **Week #** | **Topic** |
| --- | --- |
| Week 1 |  Introduction |
| Week 2 |  Poverty and inequality: The twin problem of Developing Countries, Global Inequality in the Globalised World |
| Week 3 |  Long term comparative development as a result of historical legacy – Colonialism, Slavery, Institutions and Geography |
| Week 4 |  Lewis model of structural transformation and Harrod-Domar model, Contemporary Theories of Economic Development (Solow, Romer models) |
| Week 5 | **Midterm 1** |
| Week 6 |  Within country Inequality and Poverty, Multi-dimensional Poverty Index and the Growth Effect  |
| Week 7 |  Human Capital Education, Health and Child Labour. Concept of “Low hanging fruits” |
| Week 8 | Child Labor, Agriculture |
| Week 9 |  Population Growth and Economic Development |
| Week 10 | **Midterm 2** |
| Week 11 |  Rural and Urban Ininterteraction |
| Week 12 |  International and Entrepot Trade, Foreign Investment  |
| Week 13 |  International Aid, International Finance Institutions  |
| Week 14 |  Economic Model of the Kyrgyz Republic |
| Week 15 | **Final Exam** |