

DEVELOPMENT ECONOMICS

ECO 609

(6 ECTS)

Spring 2023

Instructor: Dr. Nurgul Tilenbaeva

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Classes: Wednesday 03:35 pm (room 309)
Wednesday 05:00 pm (room 309)

Office hours: Wednesday (01:30 pm – 03:30 pm) (room 215) Sign up for the slot in the e-course.

Course Description:

This course is designed for first-year students of the Master of Science program in Economics. Other students (including Bachelor level students) with a keen interest and sufficient knowledge in economics are also welcome. The course aims to introduce you to the field of development economics by studying the main theories and their empirical applications. We begin by examining what “development” means and what “development economics” as a discipline represents. We then study the major causes of “underdevelopment” that have been proposed in the literature. The rest of the course provides in-depth coverage of the most relevant topics in development economics, which could give ideas for your thesis topics.

The course will be a combination of lectures and seminar-style classes discussing the most prominent papers in the relevant subject. The discussion will revolve not only around the main ideas of the papers but also the methodological challenges and solutions proposed. This should help you in coming up with an empirical strategy for your thesis.

Upon completing the course, you will be able to:

- (1) explain the main economic theories used in development economics;
- (2) apply the results of empirical papers in your work;
- (3) critically examine the methodologies used in applied work.

Prerequisites:

Students are expected to have completed Microeconomic Theory I (ECO 601) and Macroeconomic Theory I (ECO 602) or equivalent.

Course Textbook: No single textbook is followed throughout the course. Rather, a list of corresponding papers is provided for each topic.

Daily schedule:

Week	Date	Topic	Required Readings	Optional Readings
PART I: WHAT IS DEVELOPMENT?				
1	18.01	What is Development?	Haslam, P. A., Schafer, J., Beaudet, P., & Haslam, P. A. (Eds.). (2012). Chapter 1. <i>Introduction to international development: Approaches, actors, and issues</i> (Second edition). Oxford University Press. ▪ pp. 3-15 (only)	

			<p>Sumner, A., & Tribe, M. (2008). Chapter 1. <i>International Development Studies: Theories and Methods in Research and Practice.</i> SAGE Publications Ltd. https://doi.org/10.4135/9781446279397</p> <ul style="list-style-type: none"> ▪ pp. 8-17 (only) <p>Sen, A. (1988). Chapter 1. The concept of development. In <i>Handbook of Development Economics</i> (Vol. 1, pp. 9–26). Elsevier. https://doi.org/10.1016/S1573-4471(88)01004-6</p> <p>United Nations Development Programme. (1990). Chapter 1. <i>Human Development Report 1990.</i> UN. https://doi.org/10.18356/7007ef44-en</p>	
2 3	25.01 01.02	Measuring Development	<p>Cypher, J. M., & Dietz, J. L. (1997). Chapter 2. <i>The process of economic development.</i> Routledge.</p> <p>Peet, R., & Hartwick, E. R. (2009). <i>Theories of development: Contentions, arguments, alternatives</i> (2nd ed). Guilford Press. <ul style="list-style-type: none"> ▪ pp. 6-12 (only) </p> <p>Deaton, A. (2006). Measuring Poverty. In <i>Understanding Poverty.</i> Oxford University Press.</p> <p>Ray, D. (1998). Chapter 2. <i>Development economics.</i> Princeton University Press</p> <p>EASTERLIN, R. A. (1974). Does Economic Growth Improve the Human Lot? Some Empirical Evidence. In P. A. DAVID & M. W. REDER (Eds.), <i>Nations and Households in Economic Growth</i> (pp. 89–125). Academic Press. https://doi.org/10.1016/B978-0-12-205050-3.50008-7</p> <p>Banerjee, A. V., & Duflo, E. (2007). The Economic Lives of the Poor. <i>The Journal of Economic Perspectives</i>, 21(1), 141–168.</p>	<p>Easterlin, R. A. (1995). Will raising the incomes of all increase the happiness of all? <i>Journal of Economic Behavior & Organization</i>, 27(1), 35–47. https://doi.org/10.1016/0167-2681(95)00003-B</p> <p>Frijters, P., Clark, A. E., Krekel, C., & Layard, R. (2020). A happy choice: Wellbeing as the goal of government. <i>Behavioural Public Policy</i>, 4(2), 126–165. https://doi.org/10.1017/bpp.2019.39</p>

3	01.02	Studying and Analyzing Economics-Related Journal Articles	English for Economics. Module 2. Brightspace.	
PART II: "UNDERDEVELOPMENT": CONTRIBUTING FACTORS				
4	08.02	Geography	<p>Sachs, J. D., Mellinger, A. D., & Gallup, J. L. (2001). The Geography of Poverty and Wealth. <i>Scientific American</i>, 284(3), 70–75. https://doi.org/10.1038/scientificamerican0301-70</p> <p>Sachs, J. D. (2001). <i>Tropical Underdevelopment</i> (NBER Working Papers No. 8119). National Bureau of Economic Research, Inc. https://EconPapers.repec.org/RePEc:nbr:nberwo:8119</p> <p>Landes, D. S. (1999). Chapter 1. <i>The wealth and poverty of nations: Why some are so rich and some so poor</i> (Reprinted). Little, Brown & Company.</p>	<p>Rappaport, J., & Sachs, J. D. (2003). The United States as a Coastal Nation. <i>Journal of Economic Growth</i>, 8(1), 5–46. http://www.jstor.org/stable/40215936</p>
5	15.02	History	<p>Nunn, N. (2009). The Importance of History for Economic Development. <i>Annual Review of Economics</i>, 1(1), 65–92.</p>	<p>Acemoglu, D., Johnson, S., & Robinson, J. A. (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. <i>American Economic Review</i>, 91(5), 1369–1401. https://doi.org/10.1257/aer.91.5.1369</p> <p>Engerman, S., & Sokoloff, K. (1995). Factor Endowments, Institutions, and Differential Paths of Growth Among New World Economies: A View From Economic Historians of the United States. <i>Stephen Haber (Ed.), How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico.</i></p> <p>La Porta, R., Lopez-De-Silanes, F., Shleifer, A., & Vishny, R. W. (1997). Legal</p>

				Determinants of External Finance. <i>The Journal of Finance</i> , 52(3), 1131–1150. https://doi.org/10.1111/j.1540-6261.1997.tb02727.x
6	22.02	Institutions	Glaeser, E. L., La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (2004). Do Institutions Cause Growth? <i>Journal of Economic Growth</i> , 9(3), 271–303. http://www.jstor.org/stable/40215873	Acemoglu, D., Johnson, S., & Robinson, J. A. (2002). Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution. <i>The Quarterly Journal of Economics</i> , 117(4), 1231–1294. http://www.jstor.org/stable/4132478 Banerjee, A., & Lakshmi Iyer. (2005). History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India. <i>The American Economic Review</i> , 95(4), 1190–1213. http://www.jstor.org/stable/4132711
7	01.03	Resource Curse	Sachs, J., & Warner, A. (1995). <i>Natural Resource Abundance and Economic Growth</i> (No. w5398; p. w5398). National Bureau of Economic Research. https://doi.org/10.3386/w5398 van der Ploeg, F. (2011). Natural Resources: Curse or Blessing? <i>Journal of Economic Literature</i> , 49(2), 366–420. http://www.jstor.org/stable/23071620 Venables, A. J. (2016). Using Natural Resources for Development: Why Has It Proven So Difficult? <i>The Journal of Economic Perspectives</i> , 30(1), 161–183. http://www.jstor.org/stable/43710015	Mehlum, H., Moene, K., & Torvik, R. (2006). Institutions and the Resource Curse. <i>The Economic Journal</i> , 116(508), 1–20. https://doi.org/10.1111/j.1468-0297.2006.01045.x Smith, B. (2015). The resource curse exorcised: Evidence from a panel of countries. <i>Journal of Development Economics</i> , 116, 57–73. https://doi.org/10.1016/j.deveco.2015.04.001
		Supporting Your Arguments	English for Economics. Module 4. Brightspace.	
8	08.03	International Women’s Day (No		Draft group presentation is due!!!

		class)		Deadline: 11.03.2023 (11:59 pm)
9	15.03	GROUP PRESENTATION		
10	22.03	Fall Break (No class)		
PART III: TOPICS IN DEVELOPMENT ECONOMICS				
11	29.03	Nutrition	Ray, D. (1998). Chapter 8. <i>Development economics</i> . Princeton University Press	Behrman, J. R., & Deolalikar, A. B. (1987). Will Developing Country Nutrition Improve with Income? A Case Study for Rural South India. <i>Journal of Political Economy</i> , 95(3), 492–507. http://www.jstor.org/stable/1831975 Strauss, J. (1986). Does Better Nutrition Raise Farm Productivity? <i>Journal of Political Economy</i> , 94(2), 297–320. http://www.jstor.org/stable/1837406
12	05.04	Health	Strauss, J., & Thomas, D. (1998). Health, Nutrition, and Economic Development. <i>Journal of Economic Literature</i> , 36(2), 766–817. http://www.jstor.org/stable/2565122	Almond, D. (2006). Is the 1918 Influenza Pandemic Over? Long-Term Effects of <i>In Utero</i> Influenza Exposure in the Post-1940 U.S. Population. <i>Journal of Political Economy</i> , 114(4), 672–712. https://doi.org/10.1086/507154 Sussman, N. (2020). Time for Bed(s): Hospital Capacity and Mortality from COVID-19. <i>Covid Economics : Vetted and Real-Time Papers</i> , 11, 116–131. Xiao, K. (2021). Saving Lives Versus Saving Livelihoods: Can Big Data Technology Solve the Pandemic Dilemma? In S. Agarwal, Z. He, & B. Yeung, <i>Impact of COVID-19 on Asian Economies and Policy</i>

				<p><i>Responses</i> (pp. 19–24). WORLD SCIENTIFIC. https://doi.org/10.1142/9789811229381_0004</p>
13	12.04	Household models	<p>Bardhan, P., & Udry, C. (1999). Chapter 2. <i>Development Microeconomics</i>. Oxford University Press. https://doi.org/10.1093/0198773714.001.0001</p> <p>English for Economics. Module 5. <i>Brightspace</i>.</p>	<p>Ashraf, N., Field, E., & Lee, J. (2014). Household Bargaining and Excess Fertility: An Experimental Study in Zambia. <i>The American Economic Review</i>, 104(7), 2210–2237. http://www.jstor.org/stable/42920884</p> <p>Ashraf, N. (2009). Spousal Control and Intra-Household Decision Making: An Experimental Study in the Philippines. <i>The American Economic Review</i>, 99(4), 1245–1277. http://www.jstor.org/stable/25592508</p>
14	19.04	Education	<p>Psacharopoulos, G. (1994). Returns to investment in education: A global update. <i>World Development</i>, 22(9), 1325–1343. https://doi.org/10.1016/0305-750X(94)90007-8</p> <p>Krueger, A. B., & Lindahl, M. (2001). Education for Growth: Why and For Whom? <i>Journal of Economic Literature</i>, 39(4), 1101–1136. http://www.jstor.org/stable/2698521</p> <p>Hanushek, E. A., & Woessmann, L. (2008). The Role of Cognitive Skills in Economic Development. <i>Journal of Economic Literature</i>, 46(3), 607–668. http://www.jstor.org/stable/27647039</p>	<p>Duflo, E. (2001). Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment. <i>The American Economic Review</i>, 91(4), 795–813. http://www.jstor.org/stable/2677813</p> <p>Paul Schultz, T. (2004). School subsidies for the poor: Evaluating the Mexican Progresa poverty program. <i>Journal of Development Economics</i>, 74(1), 199–250. https://doi.org/10.1016/j.jdeveco.2003.12.009</p>
15	26.04	Migration	<p>Bardhan, P., & Udry, C. (1999). Chapter 5. <i>Development Microeconomics</i>. Oxford University Press. https://doi.org/10.1093/0198773714.001.0001</p>	<p>Beine, M., Docquier, F., & Rapoport, H. (2008). Brain Drain and Human Capital Formation in Developing Countries: Winners and Losers. <i>The Economic</i></p>

			<p>Yang, D. (2011). Migrant Remittances. <i>The Journal of Economic Perspectives</i>, 25(3), 129–151. http://www.jstor.org/stable/49426</p>	<p><i>Journal</i>, 118(528), 631–652. http://www.jstor.org/stable/20108815</p> <p>Yang, D. (2008). International Migration, Remittances and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks. <i>The Economic Journal</i>, 118(528), 591–630. http://www.jstor.org/stable/20108814</p>
16	03.05	Corruption	<p>Laffont, J. (2006). Corruption and Development. In <i>Understanding Poverty</i>. Oxford University Press.</p> <p>Shleifer, A., & Vishny, R. W. (1993). Corruption. <i>The Quarterly Journal of Economics</i>, 108(3), 599–617. https://doi.org/10.2307/2118402</p> <p>Mauro, P. (1995). Corruption and Growth. <i>The Quarterly Journal of Economics</i>, 110(3), 681–712. https://doi.org/10.2307/2946696</p>	<p>Fisman, R., & Miguel, E. (2007). Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets. <i>Journal of Political Economy</i>, 115(6), 1020–1048. https://doi.org/10.1086/527495</p> <p>Olken, B. A. (2007). Monitoring Corruption: Evidence from a Field Experiment in Indonesia. <i>Journal of Political Economy</i>, 115(2), 200–249. https://doi.org/10.1086/517935</p>
17	10.05	Writing an Economics Policy Brief	English for Economics. Module 6 . Brightspace.	
18	17.05	FINAL EXAM		

Course requirements:

- **Attendance** is essential for learning Development Economics because most of the course material will be examined during the class. That is why I will keep a record of your attendance. Every class I will give you **2 points** if you come to class, so if you are absent, you will lose these points. Excused absences will result in **1 point**. Altogether, attendance will comprise **10%** of your final grade.
- Four modules of the English for Economics course (built in Brightspace) will be incorporated into the study material to help you acquire skills for the successful study of Economics classes. **Activity in Brightspace** will be monitored and comprise **10%** of your final grade.
- **Group Presentation 1.**
 - In a group of **two people**, pick a country (either yours or one of your choice).
 - Pick one factor leading to “underdevelopment” studied in class (geography, history, institutions, resource curse) that is particularly relevant for that country.

- Analyze the role of this factor in that country's development.
 - Prepare a **25 mins** long presentation with slides. Another **5 minutes** will be devoted to questions and answers.
 - Both members of the group will need to deliver a presentation. In case of illness/other serious situation that prevents a group member from presenting, the remaining group member will need to deliver a presentation (the same number of points will be allocated to both members of the group).
 - Send a draft version of your slides to me by email **4 days before the presentation** (the exact date/time is indicated in the syllabus) (full **5%**).
 - Deliver a presentation on the specified date. No make-up presentations are allowed.
 - Quality of the presentation (maximum **5%**) and analysis (maximum **10%**).
- You will need to make **one individual presentation** of the paper from the list of optional readings provided in the daily schedule.
 - Send a draft version of your slides to me by email **4 days before your presentation** (full **2%**).
 - Deliver a presentation on the specified date. No make-up presentations are allowed.
 - Quality of the presentation (maximum **3%**) and analysis (maximum **5%**).
- You will need to write a **policy brief** addressing one of the topics from part III of the course. Details will be communicated to you later. A policy brief will comprise **20%** of your final grade.
- There will be **one final exam (30%** of your final grade), which will cover both parts of the course.

Grading:

Attendance	- 10%
Activity in Brightspace	- 10%
Group Presentation	- 20%
Individual Presentation	- 10%
Policy Brief	- 20%
Final exam	- 30%
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Total	100%

Grade	Award %
A	90% - 100%
A-	85% - 89%
B+	80% - 84%
B	76% - 79%
B-	72% - 75%
C+	68% - 71%
C	64% - 67%
C-	60% - 63%
D+	57% - 59%
D	54% - 56%
D-	50% - 53%
F	0% - 49%

Note:

A course instructor reserves the right to make changes to the syllabus throughout the course.

Good Luck with your studies!!!