

Economics 116: Economic Development
Fall 2011
TTh 11:00-12:20
Solis 107

James Rauch
Office: TMC Econ 220
Hours: M 11:00-11:50
TTh 1:00-1:50

SYLLABUS

This course is intended to provide an introduction to the problems of economic development in the (former) Third World and to the economic relations between it and the mature industrial societies. The text for the course is:

Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*. Eighth edition, 2005.

Lectures and Problem Sets: You are responsible for all the material and announcements in the lectures. If you miss one, borrow someone's notes. There will be four problem sets. Problem sets will not be graded; answers will be available from the class web site before each due date. In order for the problem sets to be most helpful, it is best that you attempt to solve them before looking at the answers.

Grading: Your grade will be determined on the basis of two midterm exams (25% each) and a final exam (50%). The first midterm will cover the same material covered by the first problem set, the second midterm will cover the same material covered by the second problem set, and the final will cover the same material covered by the third and fourth problem sets. No makeup exams will be given.

COURSE OUTLINE

The pages listed below from the text marked with an asterisk (*) are required; unmarked pages or readings are recommended. We will post any updates to these markings on the class web site.

I. Introduction xviii-ix*, 2-4*

A. Measuring Development 12-14*, 15-29, 32-33*

*Replacements for pp. 5-11:

http://hdr.undp.org/en/media/HDR_2010_EN_TechNotes_reprint.pdf

http://hdr.undp.org/en/media/HDR_2010_EN_Table1_reprint.pdf

B. Economic performance of less developed countries: The recent past 44*

*Replacements for pp. 42-43: See class web site

*Easterly, William. 2007. "Was Development Assistance a Mistake?" *American Economic Review* 97 (May): pp. 328-332.

II. Historical Perspective 81-131*

Rauch, James E. "Getting the Properties Right to Secure Property Rights: Dixit's *Lawlessness and Economics*." *Journal of Economic Literature* 43 (June 2005): 480-483.

FIRST MIDTERM

III. International Trade and Technology Transfer 133-136*

A. Trade 137-150*, 151-162, 163-171*

*Aizenman, Joshua and Jinjark, Yothin. 2009. "Globalization and Developing Countries – A Shrinking Tax Base?" *Journal of Development Studies* 45(5): 653-655.

B. Foreign Contact and Technology Transfer 172-174*

*Rauch, James E. 2010. "Development Through Synergistic Reforms." *Journal of Development Economics* 93 (November): 153-154.

IV. Human Resources 183-186*; also Appendix 633-638

A. Education 187-193*, 194-197, 198-200*, 201-205, 206-211*

*Banerjee, Abhijit and Duflo, Esther. 2006. "Addressing Absence." *Journal of Economic Perspectives* 20(1): 117-131.

Duflo, Esther; Hanna, Rema Nadeem; and Ryan, Stephen Patrick. "Incentives Work: Getting Teachers to Come to School." *American Economic Review*, forthcoming.

B. Health 212-239*

*Jayachandran, Seema and Lleras-Muney, Adriana. 2009. "Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines." *Quarterly Journal of Economics* 124(1): 349-352, 357-360, 376-377.

UNAIDS. 2010. *Global Report*. pp. 16-25.

http://www.unaids.org/documents/20101123_GlobalReport_Chap2_em.pdf

C. Population 240-247*, 248-259, 260*

D. Gender and Development 261-283*, 284-291

*Ebenstein, Avraham. 2010. "The 'Missing Girls' of China and the Unintended Consequences of the One Child Policy." *Journal of Human Resources* 45(1): 87-99, 105. http://pluto.huji.ac.il/~ebenstein/Ebenstein_OneChildPolicy_2010.pdf

SECOND MIDTERM

V. Investment and Finance 293-296*, 300-302*, 303-308, 315-330*

*Burgess, Robin and Pande, Rohini. 2005. "Do Rural Banks Matter? Evidence from the Indian Banking Experiment." *American Economic Review* 95 (June): pp. 780-782, 789, 791-793.

*Banerjee, Abhijit et al. 2010. "The Miracle of Microfinance? Evidence from a Randomized Evaluation." BREAD Working Paper No. 278 (June): 1-6, 20-21. <http://ipl.econ.duke.edu/bread/papers/working/278.pdf>

VI. Urbanization and the Informal Sector 331-335*

A. Urban Growth and Infrastructure 336-337, 338-342*, 343-352

B. Rural-Urban Migration and the Informal Sector 355-359, 360-364*, 365-370, 371-380*

*Replacements for pp. 353-354: See class web site

VII. Agriculture 381-392*, 404-406

*Besley, Timothy and Burgess, Robin. 2000. "Land Reform, Poverty Reduction, and Growth: Evidence from India." *Quarterly Journal of Economics* 115: 389-406, with a focus on understanding Table III.

Banerjee, Abhijit; Gertler, Paul; and Ghatak, Maitreesh. 2002. "Empowerment and Efficiency: Tenancy Reform in West Bengal." *Journal of Political Economy* 110: 239-280.

Ashraf, Nava; Giné, Xavier; and Karlan, Dean. 2009. "Finding Missing Markets (and a Disturbing Epilogue: Evidence from an Export Crop Adoption and Marketing Intervention in Kenya." *American Journal of Agricultural Economics* 91(4): 973-990.

VIII. Income Distribution 433-443*

A. The Impact of Development on Income Distribution 449-464*

B. The Impact of Income Distribution on Development 465-472*

C. Case Studies 473-480*, 481-488

IX. Political Economy 489-493*

A. The (Proper) Role of the State in Less Developed Countries 494-498

B. Rent Seeking and Government Failure 502-535*

C. State Capacity 536-572, 573-580*

*Besley, Timothy and Burgess, Robin. 2002. "The Political Economy of Government Responsiveness: Evidence from India." *Quarterly Journal of Economics* 117(4): 1415-1416, 1422-1430, 1436-1437, with a focus on understanding Table IV.

X. Development and the Environment 581-602*, 612-621, 622-631*

FINAL EXAMINATION