

**Economics 116: Economic Development**  
**Spring 2002**  
**MWF 2:30-3:20**  
**Center 113**

**James Rauch**  
**Office: TMC Econ 220**  
**Hours: MWF 1:00-2:00**  
**or by appointment**

## **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*. Seventh edition, 2000.

**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, two before the midterm and two after the midterm. The TAs will schedule sections to help with the problem sets and will correct any that are handed in by the due date. Students are permitted to work together on problem sets. No late problem sets will be accepted. Answers to the problem sets will be available on the class web site after each due date. The address of the class web site is <http://econ.ucsd.edu/classes>.

**Grading:** Your grade will be determined on the basis of a midterm exam (40%), a final exam (40%), and the problem sets (20%). The midterm will cover the first half of the course and the final will cover the second half. No makeup exams will be given. The midterm will be given on Monday, May 6 from 7:30-10:00 pm in a room to be announced.

## **COURSE OUTLINE**

The pages listed below from the text marked with an asterisk (\*) are required; unmarked pages are recommended. All other listed readings are required. Readings will be on reserve at the Social Science and Humanities Library. Web addresses are given when available.

- I. Introduction 1-4\*
  - A. Measuring Development 5-12\*, 13-20, 21-29\*, 30-34
  - B. Economic performance of less developed countries: The recent past 35-68
  
- II. Historical Perspective 77-118\*

III. Savings and Investment 119-128\*, 141-146, 147-154\*; also Appendix 561-566

IV. International Trade and Technology Transfer 155-158\*

A. Trade 159-190\*, 191-194, 195-203\*

B. Foreign Contact and Technology Transfer 204-205\*, 206-210, 211-212\*

V. Human Resources 213-215\*

A. Education 216-217\*, 218-222, 223-227\*, 229-233, 237-240

Krueger, Alan B. and Lindahl, Mikael, "Education for Growth: Why and For Whom?" *Journal of Economic Literature* 39(4), December 2001, pp. 1112-1114 and 1118-1119.

Case, Anne and Deaton, Angus. "School Inputs and Educational Outcomes in South Africa." *Quarterly Journal of Economics* 114(3), August 1999, pp. 1047-1084.

B. Population 241\*, 242-248

C. Health

McCarthy, Wolf, and Wu, "The Growth Costs of Malaria."

<http://papers.nber.org/papers/W7541> (accessible from UCSD IP addresses or via the UCSD web proxy server)

World Bank, *Confronting AIDS*, Summary, Chapter 1, Chapter 6.

<http://www.worldbank.org/aids-econ/confront/confrontfull>

Sachs, *Macroeconomics and Health: Investing in Health for Economic Development*, Executive Summary. <http://www.cid.harvard.edu/cidcmh/CMHReport.pdf>

Sachs, Kremer, and Hamoudi, "The Case for a Vaccine Purchase Fund."

[http://www2.cid.harvard.edu/cidmalaria/case\\_vpf.pdf](http://www2.cid.harvard.edu/cidmalaria/case_vpf.pdf)

D. Gender and Development 263-270\*, 283-284\*, 285-288

VI. Migration and the Urban Informal Sector 289-311\*, 318-327

Henderson, Vernon, "Urban Primacy, External Costs, and Quality of Life," *Resource and Energy Economics* 24, 2002: 95-106.

VII. Agriculture 329-331\*

Gallup, John Luke and Sachs, Jeffrey D., "Agriculture, Climate, and Technology: Why are the Tropics Falling Behind?" *American Journal of Agricultural Economics* 82, August 2000: 731-737.

VIII. Income Distribution 375-381\*

A. The Impact of Development on Income Distribution 382-386, 394-400\*

Higgins and Williamson, "Explaining Inequality the World Round: Cohort Size, Kuznets Curves, and Openness." <http://papers.nber.org/papers/W7224>

B. The Impact of Income Distribution on Development 401-403, 404-408\*

C. Case Studies 409-420\*

IX. Political Economy 421-425\*

A. The (Proper) Role of the State in Less Developed Countries 426-433

B. Rent Seeking and Government Failure 434-441\*, 446-470\*

C. State Capacity 471-475, 476-515\*

X. Development and the Environment 517-530\*, 531-534, 544-559