

Oberlin College
Economics 209: Economic Development
Alberto Ortiz
Fall 2008

Schedule: Monday, Wednesday, and Friday 9:00 - 9:50 a.m., King 321.

Office Hours: Tuesday 1:00 - 3:00 p.m., Wednesday 2:30 - 4:30 p.m., and by appointment.

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Course Web Page: The class material (syllabus, lecture notes, announcements, problem sets, and additional readings) will be posted on Blackboard.

Course Overview: The objective of this course is to give you an introduction to the theory and evidence on economic development from both a macroeconomic and microeconomic perspective. Topics include economic growth, income distribution, poverty, instability, the economic role of institutions, the political economic determinants of macro policies, and the effects of international markets integration. The course will also look at how market fragmentation, incomplete information, and incentive problems affect the markets for land, labor, and credit markets.

Prerequisite: Economics 101: Principles of Economics

Readings: The texts for the course are:

(TS) Michael P. Todaro and Stephen C. Smith, 2009. *Economic Development*. 10th edition, Pearson. (ISBN-13:978-0-321-48573-1).

(MR) Gerald M. Meier and James E. Rauch, 2005. *Leading Issues in Economic Development*. 8th edition, Oxford University Press (ISBN-13:978-0-19-517960-6).

You will also find useful the review that Debraj Ray wrote for the New Palgrave Dictionary of Economics about Development Economics available at <http://www.nyu.edu/econ/user/debraj/Papers/RayPalgrave.pdf>

Attendance: Regular attendance is required for good performance in the course. You are responsible for everything covered in class.

Grading: Your grade will be determined as follows:

Class Participation (10%)
Problem Sets (20%)
Midterm Exam (30%)
Final Exam (40%)

Problem Sets: There will be several homework assignments during the semester. The main objectives of these assignments are to help you to review the material covered in class and to introduce you to data and methods of economic analysis. Please observe the assignment deadline as no late homework will be accepted.

Exams: The midterm exam will be held during class time on Friday, October 17. The final exam is scheduled by the Registrar office on Friday, December 19 from 2:00 - 4:00 p.m. Please plan your activities around exam dates because make up exams are only given in case of officially documented medical or immediate-family emergencies. I will gladly make any necessary accomodation for students with disabilities, but please discuss with me the situation at least a week before the midterm exam.

Honor Code: Discussion of the course materials in groups is strongly encouraged. However, all work handed in for credit must be your own. It is your responsibility to know and understand the provisions of the Honor Code. Cases of suspected academic misconduct will not be graded and will be referred to the Student Honor Committee.

Disclaimer: The contents of this syllabus and of the following outline are subject to change. All modifications will be posted under the course website and/or announced in class.

Course Outline

Date	Topic
9/3	Economics, Institutions, and Development TS, chapter 1. http://www.youtube.com/worldbank
9/8	Comparative Economic Development TS, chapter 2. MR, section I.

- I.A: exhibit, "The Human Development Index," pp. 5-11.
 I.A.1: note, "The Evolution of Measures of Development," pp. 12-15.
 I.A.4: exhibit, "Basic Data," pp. 21-33.
 I.B.1: Easterly, "The Lost Decades," pp. 34-40.
 I.B.1: note, "No Easy Answer, Yet All Is Not Lost," pp.41-44.
- 9/12 Classic Theories of Economic Growth and Development
 TS, chapter 3.
 MR, sections I.C and II.
 I.C.1: note, "Evolution of Development Economics," pp. 73-78.
 II.1: Reynolds, "The Spread of Economic Growth to the 3rd World," pp. 84-100.
 II.5: Engerman and Sokoloff, "Factor Endowments, Inequality, and Paths of Development ...," pp. 118-126.
 II.6: Pritchett, "Divergence, Big Time," pp. 127-131.
- 9/19 Contemporary Models of Development and Underdevelopment
 TS, chapter 4.
 MR, sections V and I.C.
 V: overview: "Investment and Finance ...," pp. 293-296.
 V.I: Blomström, et al., "Is Fixed Investment the Key to Growth," pp. 300-302.
 V.II: Levine, "Financial Development and Economic Growth," pp.303-308.
 I.C: note, "New Endogenous Growth Theory," pp.79-80.
- 9/26 Poverty, Inequality, and Development
 TS, chapter 5.
 MR, section VIII.
 VIII: Overview, pp. 433-436.
 VIII.1: note, "Measurement of Income Inequality," pp. 437-443.
 VIII.A.1: Kuznets, "Economic Growth and Income Inequality," pp. 444-448.
 VIII.A.4: Higgins and Williamson, "Explaining Inequality ...," pp. 456-463.
 VIII.B.1: Easterly, "The Middle Class Consensus," pp. 465-467.
 VIII.C.1: World Bank, "Rising Inequality in China, 1981-1995," pp. 473-480.
 VIII.C.2: Hill, "Falling Inequality in Rural Indonesia, 1978-1993" pp. 481-488.
- 10/1 Population Growth and Economic Development
 TS, chapter 6.
 MR, sections IV.C and IV.D.

- IV.C: note, "The size of the World's Population ...," pp. 247.
 IV.C.1: Birdsall, "Economic Approaches to Population Growth," pp. 248-254.
 IV.C.2: Bloom and Sachs, "Demographic Trends in Sub-Saharan Africa," pp. 255-260.
 IV.D.1: World Bank, "Gender Inequality at the Start of the 21st Century," pp. 261-274.
 IV.D.3: Chattopadhyay and Duflo, "Women as Policy Makers," pp. 284-291.
- 10/6 Urbanization and Rural-Urban Migration
 TS, chapter 7.
 MR, section VI.
 VI.A.1: Preston, "Urban Growth in Developing Countries," pp. 336-337.
 VI.A.3: Galiani et al., "Impact of the Privatization of ...," pp. 343-352.
 VI.B.1: exhibit, "Rural-Urban Migration and the Informal Sector," pp. 353-354.
 VI.B.1: Lewis, "Economic Development with Unlimited Supplies of Labor," pp. 355-357.
 VI.B.2: Todaro, "A Model of Labor Migration and Urban Unemployment ...," pp. 358-359.
 VI.B.1: note, "The Lewis Versus the Harris-Todaro view ...," pp. 360-364.
 VI.B.4: Fields, "Labor Market Modelling and the Urban Informal Sector," pp. 371-375.
- 10/10 Human Capital: Education and Health
 TS, chapter 8.
 MR, sections IV.A and IV.B.
 IV.A.1: note, "Three Views of the Contribution of Education to Economic Growth," pp. 187-188.
 IV.A.1: Psacharopoulos, "Economic Impact of Education," pp. 189-193.
 IV.A.2: World Bank, "Creating Human Capital," pp. 194-197.
 IV.A.4: Hanushek, "Interpreting Recent Research on Schooling ...," pp. 201-205.
 IV.B.1: exhibit, "Health Indicators," pp. 212-217.
 IV.B.1: Kremer, "Pharmaceuticals and the Developing World," pp. 218-223.
 IV.A.2: World Bank, "Confronting AIDS," pp. 231-239.
- 10/15 Review
- 10/17 Midterm Exam

- 10/27 Agricultural Transformation and Rural Development
 TS, chapter 9.
 MR, section VII.
 VII.A.1: exhibit, "Agricultural Labor Force and Productivity," pp.
 384-387.
 VII.A.2: Timmer, "Agricultural Development Strategies," pp. 394-
 396.
 VII.A.3: Stiglitz, "Some Theoretical Aspects of Agricultural Poli-
 cies," pp. 400-403.
 VII.A.5: Banerjee, "Prospects and Strategies for Land Reform,"
 pp. 407-415.
- 10/31 The Environment and Development
 TS, chapter 10.
 MR, section X.
 X.1: exhibit, "Environmental Indicators," pp. 584-587.
 X.1: World Bank, "Development and the Environment," pp. 588-
 597.
 X.1: comment, "The Environmental Kuznets Curve," pp. 597-598.
 X.2: Chichilnisky, "North-South Trade and the Global Environ-
 ment," pp. 599-601.
 X.4: Hettige, et al., "Determinants of Pollution Abatement ...," pp.
 612-621.
 X.5: Hamilton and Clemens, "Genuine Savings Rate in Developing
 Countries," pp. 622-631.
- 11/5 Policymaking and the Roles of Market, State, and Civil Society
 TS, chapter 11.
 MR, section IX.A
 IX.A.1: Stern, "The (Proper) Role of the State in Less Developed
 Countries," pp. 494-498.
 IX.A.1: comment, "Development Planning," pp. 499-500.
 IX.A.2: comment, "Governing the Market," pp. 500-501.
- 11/10 International Trade Theory and Development Strategy
 TS, chapter 12.
 MR, section III
 III.A.1: note, "Natural Resource Abundance, International Trade,
 and Economic Growth," pp. 140-143.
 III.A.2: note, "Import-substituting Industrialization and the Infant-
 Industry Argument," pp. 144-145.
 III.A.4: Rodrik, "Getting Interventions Right: How South Korea
 and Taiwan Grew Rich," pp. 163-169.
 III.B.1: note, "Learning in International Production Networks,"
 pp. 172-174.

- 11/17 Balance of Payments, Debt, and Macroeconomic Stabilization
TS, chapter 13.
- 11/24 Foreign Finance, Investment, and Aid
TS, chapter 14.
MR, section III.B and V.3 - V.5
III.B.2: Harrison, "The Benefits of FDI," pp. 178-179.
V.3: Eichengreen, "Taming International Capital Flows," pp. 309-
314.
V.4: Easterly, "Can Foreign Aid Buy Growth?," pp. 315-319.
V.5: Morduch, "The Microfinance Promise," pp. 320-330.
- 12/3 Finance and Fiscal Policy
TS, chapter 15.
- 12/8 Some Critical Issues
TS, chapter 16.
- 12/12 Review
- 12/19 Final Exam (2:00-4:00 p.m.)