This course introduces you to analytical approaches to the study of development economics. My aim is to expose you to theoretical models which provide a conceptual framework for thinking broadly about key development questions, help guide and interpret empirical analysis. It should be useful to those interested in theoretical development per se, as well as those who intend mainly to do empirical research. It does not provide any training in empirical methods. Ec722, the second course in the development elective sequence will focus on empirical analysis of development issues.

The first part of the course deals with market failures. Topics include (i) market imperfections in credit and insurance; (ii) their implications for misallocation, human capital investments, growth and inequality; (iii) financial development policies; (iv) intra-household issues such as gender relations and child labor.

The second part of the course deals with governance failures. Topics covered include (vi) models of political competition and interest groups; (vii) clientelism, ethnicity and gender in politics; (ix) dynamics of democratic institutions.

Class: TTh 2-3.30, SSW315, Sept 6--Dec 8

Office Hours: M2-3.30, Th11-1230

Prerequisites: First Year PhD courses in micro and macro (Ec701-704) or equivalent

Exams and Grading: Grades will be based on a midterm exam, class participation and a research proposal for a 2nd year paper.

You are expected to know and understand the provisions of the CAS Academic Conduct Code. Cases of suspected academic misconduct will be referred to the Dean’s Office.
TOPICS AND READINGS

Papers marked * are core readings which will be covered in detail in the lectures. Non-starred articles are supplementary.

Background Texts

P Bardhan and C Udry (BU), Development Microeconomics, Oxford University Press, 1999.


1. Credit Market Imperfections; Implications for Misallocation, Inequality and Growth (Sept 6, 8, 13, 15, 20)

*P. Ghosh, D. Mookherjee and D. Ray, “Credit Rationing in Developing Countries: An Overview of the Theory,” Chapter 11 in MR.


2. Insurance Market Imperfections (Sept 22, 27, 29)

*P Bardhan and C Udry, "Risk and Insurance in an Agricultural Economy," Ch. 8 in BU.


3. Financial Development Policies (Oct 4, 16, 13, 18)

Collateral and Enforcement


Microfinance


4. *Intra-household Decision-Making (Oct 20, 25)*


5. *Modeling Political Competition (Oct 27, Nov 1,3, 8)*


*T Besley and S Coate, Sources of Inefficiency in a Representative Democracy, *AER* 1998


*E Grossman and G Helpman, `Electoral Competition and Special Interest Politics’, *RES* 1996.

6. *Clientelism and Vote-Buying (Nov 15,17)*


7. Ethnicity and Gender in Politics (Nov 22, 29)


8. Institutional Multiplicity and Political Dynamics (Dec 1, 6, 8)


