

# Advancing Development: Core Themes in Global Economics

## GOALS

Why isn't the whole world as rich as the United States? We will study one of the most important subjects of all economic issues: the economic transformation of those countries known as the developing world. The World Development Report (World Bank, 1996) employs a threshold of \$9,000 per capita to distinguish between what it calls high-income countries and low- and middle-income countries: according to this classification, well over 4.5 billion of the 5.6 billion people in the world today live in the developing world of low- and middle-income countries. They earn, on average, around \$1,000 per capita, a figure that is worth contrasting with the yearly earnings of the average North American or Japanese resident, which are well above \$25,000.

Despite the many caveats and qualifications that we later add to these numbers, the ubiquitous fact of these astonishing disparities remains. Development economics studies the economies of such countries and the problems they face, including poverty, chronic underemployment, low wages, etc.

## EVALUATION

Given the course's format, I expect you to read in advance the material for every session. Active participation is encouraged; my assessment of class participation will include the comments on real-world issues which are parallel to the course's material, and relevant contributions to class discussion.

There will be 3 homework assignments. They will be posted on the course's website. All problem sets should be typed, yet graphs and algebra can be hand-written as long as they are clear and legible. Late assignments will not be accepted under any circumstance.

There will be one midterm exam and one final exam, which will be cumulative. Your final grade in the class will be determined as the following weighted average of your work throughout the semester

Participation and Problem Sets	30%
Midterm Exam	30%
Final Exam	40%

## REFERENCES

The required textbooks for the course are:

**Mavrotas, George and Shorrocks, Anthony (Eds.).** “*Advancing Development: Core Themes in Global Economics.*” World Institute for Development Economics Research, 2007.

**Ray, Debraj.** *Development economics.* Princeton University Press, 1997.

The edited volume of Mavrotas and Shorrocks (hereafter AD2007) and the textbook of Ray (hereafter DE1997) are the required texts for this course. Alternative sources such as electronic notes and other useful texts will be posted electronically on the course's website.

Lectures and text readings are complements, not substitutes, and students are responsible for material presented in both lectures and readings. Regular class attendance is strongly advised.

Some additional books that will prove useful are:

**Amsden, Alice.** *The rise of “the rest”: Challenges to the West from Late-Industrializing economies*. Oxford: Oxford University Press, 2001.

**Basu, Kaushik.** *Analytical development economics: the less developed economy revisited*. Cambridge, MA: MIT Press, 1997.

**Jaime, Ros.** *Development theory and economics of growth*. Ann Arbor: University of Michigan Press, 2000.

**Krueger, Anne O.** *Political Economy of Policy Reform in Developing Countries*. Cambridge, MA: The MIT Press, 1993.

**Lal, Deepak.** *The poverty of “development economics”*. Cambridge, MA: The MIT Press, 2000.

**Maddison, Angus.** *Phases of capitalist development*. Paris: OECD Development Center, 2001.

**Mokyr, Joel.** *The lever of riches*. New York: Oxford University Press, 1990.

**Parente, Stephen and Prescott, Edward C.** *Barriers to riches*. Cambridge, MA: MIT Press, 2000.

## COURSE OUTLINE

### I Development Economics in Retrospect

“The Evolution of the Development Doctrine”, AD2007 Ch. 1

“Turning Points in Development Thinking and Practice”, AD2007 Ch. 2

“Economic Development: Overview”, DE1997 Ch. 2

**Bardhan, Pranab.** “Economics of Development and the Development of Economics” *Journal of Economic Perspectives*, Spring 1993, 7(2), pp. 129-42.

**Ray, Debraj.** “What’s New in Development Economics?” *American Economist*, Fall 2000, 44(2), pp. 3-16.

## II Analytcs of Growth and Development

“Economic Growth”, DE1997 Ch. 3

“New Growth Theories”, DE1997 Ch. 4

## III Poverty and Inequality

“Economic Inequality”, DE1997 Ch. 6

“Inequality and Development: Interconnections”, DE1997 Ch. 7

“Poverty and Undernutrition”, DE1997 Ch. 8

“Inequality in Historical Perspective”, AD2007 Ch. 4

“Health Improvements and Health Inequality during the Last 40 Years”, AD2007 Ch. 5

## IV Globalization and Development Strategies

“Trade Policy”, DE1997 Ch. 17

## V China and India: Challenges

**Bosworth, Barry and Collins, Susan M.** “Accounting for Growth: Comparing China and India.” *NBER Working Paper Series*, No: 12943, February 2007.

**Kochbar, Kalpana; Kumar, Utsav; Raghuram, Rajan; Subramanian, Arvind and Tokatlidis, Ioannis.** “India’s Pattern of Development: What Happened, What Follows?” *Journal of Monetary Economics*, July 2006, 53(5), pp. 981-1019.

**Lal, Deepak.** “India and China: Contrasts in Economic Liberalization?” *World Development*, September 1995, 23(9), pp. 1475-94.

**Young, Alwyn.** “Gold into Base Metals: Productivity Growth in the People’s Republic of China during the Reform Period.” *Journal of Political Economy*, December 2003, 111(6), pp. 1220-61.

## VI Development Economics in Prospect

“The Human Dimensions of the Global Development Process in the Early Part of the 21<sup>st</sup> Century: Critical Trends and New Challenges”, AD2007 Ch. 35

“Development Questions for 25 Years”, AD2007 Ch. 36

*Good Luck!*