Course Description
The course applies economic analysis to selected topics in economic development.

Much of economics is, by its very nature, development economics, even when not labeled “development” economics. Areas of economics that tend to be explicitly associated with development include macroeconomic aspects of economic development, growth theory, microeconomic aspects of economic development, health and wellbeing, geographic aspects of development, urban and rural development, and political economy.

Much of the development literature focuses on issues that are particularly relevant for (by our standards) “low-income” countries, for example health issues. Economic development in “developed” economies, in contrast, is typically covered in courses on urban/regional planning or development. With the “rise” of previously considered “developing” economies and with the financial crisis and structural changes of countries considered “developed,” one may either want to abandon the distinction by income level or reduce the field of development economics to a study of the remaining low income countries, which typically means Africa.

Courses in development economics tend to focus on one area of development, such as microeconomic aspects of development, and are often direct outcrops of an individual instructor’s research agenda. This course, in contrast, covers a cross-section of topics related to economic development.

Prerequisites
Basic knowledge of macroeconomics, microeconomics, and econometrics. Undergraduate development economics is of advantage. No specific course prerequisite.

Some of the readings assume knowledge of mathematical modeling and econometric techniques. Mathematical modeling and econometric techniques are relevant tools for this course. The focus of the course is on theories/issues/policies.

Course Objectives
• Understand economic theories of development.
• Apply rigorous analytical tools to issues of economic development.
• Become aware of the variety of development processes and development policies around the world, and of the limits to explaining economic development and deriving general “good practices” of economic development.
• Become familiar with the economic development of specific countries or regions.

Requirements and grading
16% pre-class reading/submission (details below). Two percentage points each up to a maximum of 16 percentage points. Graded pass/fail. A minimum of ten opportunities. May incorporate assignments.
16% précis and presentations. Two-page précis with presentation. Graded pass/fail. The précis is a summary of academic research papers and a critical evaluation. The presentation is a 20-30 minute free-standing presentation which can, if need be, supported
by the speaker’s notes or ppt (no direct reading off notes or ppt). The précis is to be
distributed by email at least 24 hours before class. For additional information about the
précis and presentation see the end of the course outline.
If class size is small or if we switch to 2x80 minutes, this requirement may become
two presentations (with reduced requirements per presentation).
Fellow students are expected to read the précis before coming to class and to be prepared to raise questions and to discuss the précis.

4% Write a referee report about a specific seminar (1-2 pages). Start the report with a
summary of the main argument(s) of the seminar presentation. Then provide critical
comments as if you were writing directly to the author. You may not only wish to state
the shortcomings of the work, but to also make (detailed and realistic) suggestions for
improvements.

16% first quiz, in-class, 31 March; closed-book
16% second quiz, cumulative; closed-book in last class, 12 May; possibility that may change
to take-home exam
32% term paper; detailed instructions are appended at the end of the course outline.
(1) Submit selection of topic in hard copy at the beginning of class in Week 8 (24 March
2010). Include your name and the title of your paper. Briefly describe what you will
study, how you will study the topic, and why you want to study the topic.
(2) Submit substantive outline at the beginning of class in Week 12 (28 April 2010).
(3) The term paper is due Tuesday, 18 May 2010, noon. Penalties apply for late
submission.
Active class participation is expected.
If the pre-class reading/submission assignment turns out to yield poor results, and/or fellow
students do not read others’ précis in preparation for class, we may have mini-quizzes at
the beginning of class which will then need to be passed in order to meet the pre-class
reading/submission pass-fail requirement.

Pre-class readings/submission
At least twenty-four hours before a class session, (1) submit questions and comments based
on the required reading as specified in the previous class. (Guideline: two substantive
questions or comments per text, with possibly a short paragraph elaborating on the question
or comment.) (2) Accompany your questions with a few paragraphs that integrate the
readings and the topic(s), i.e., reflect on the issues covered in the reading. Evaluate the
authors’ arguments, assumptions, use of supporting information, and conclusions. The key is
to demonstrate in your questions and comments that you have thought about the readings.
Submit this by email to socholz@ust.hk, in the text/body of the email (not as attachment).
(Guideline for total length: equivalent to 1+ page.)

The intent of this assignment is to encourage thoughtful reading that will lead to increased
understanding and a more sophisticated evaluation of the issues. In response to the questions
and comments, for each class session, a few students may be asked to take the lead in the
discussion of the readings—which might include describing and analyzing their own
economic development experience and its relationship to the readings.

Typical class
We will have one to three core texts for each class which students are expected to have read
carefully. We will discuss these texts at length in class. We may not present details of these
texts in class but assume that everyone has read them, and use cold-calling to discuss specific
details of the paper.
Other readings are assigned and students are expected to have familiarized themselves with these readings and be able to refer to them during the discussion. A rough guide for the total extent of readings is three to five journal articles per three-hour class, or two to three hundred pages in a book.

There is a lecture element to the course, though not necessarily to every class. The lecture may happen before or after discussion of the core text(s).

The final part of each class consists of student presentation and then discussion of the presented arguments.

There are no “lecture notes,” and it’s not a ppt class.

Learning outcomes
On completing this course, students should possess a basic knowledge of economic development theories and policies. Students should be able to

• demonstrate familiarity with core historical as well as current issues in economic development;
• apply theoretical concepts of development economics to real world issues;
• summarize and critically evaluate existing research literature on the topics of economic development covered in class, and to present the findings;
• critically evaluate real-world development policies;
• independently investigate and put into perspective topics in economic development;
• bring a quality of judgment and evaluation to dispersed information on economic development.

The reading/submission requirement provides an incentive to come to class prepared, having read the required reading. The seminar referee report encourages students to familiarize themselves with current research and to evaluate this research. The two quizzes provide incentives to retain basic facts and theories; they also provide an opportunity to develop an argument. The précis-cum-presentation encourages students to critically absorb research literature as well as to speak in front of a group of people and to respond to comments and questions. The term paper allows students to practice independent investigation of a research topic.

Acknowledgements
This course outline draws on established courses in development economics. Links to course outlines can be found at http://people.su.se/~mkuda/gradlec.html. I acknowledge my debt to the course outlines of, in alphabetical order of the surname, Alberto Alesina, Abhijit Banerjee, Esther Duflo, William Easterly, Susanna Hecht, Michael Kremer, Edward Miguel, Sendhil Mullainathan, Benjamin Olken, Rohini Pande, Debraj Ray, Dani Rodrik, Sam Schulhofer-Wohl, Andrei Shleifer, Michael Storper, and Goetz Wolff.

The usual fine print
Quizzes cover material presented in class and the required readings.
You can appeal grades in writing within seven days of return of the work for a full re-grading. There are no extra-credit assignments.
Missing quizzes is acceptable only under the usual extenuating circumstances plus documentation, in case of medical reason a medical certificate saying that you have been *too ill to work* on the day of the quiz.

If you miss the first quiz without acceptable excuse, your percentage-score in the second quiz will be applied to the maximum points obtainable in the first quiz, up to a maximum of 90% of the lowest score obtained by any student in the first quiz. (It must not pay to miss a quiz.) If you miss the second quiz, the same procedure applies using the score of the first quiz, up to a maximum of 70% of the lowest score obtained by any student in the second quiz.
Readings

The course does not have a textbook.

Background texts – mostly at the undergraduate or master’s level

Recommended for their broad coverage and relatively accessible presentation. On reserve in the library (possibly in form of an earlier edition):


Otherwise:


Schultz, T. Paul, and John Strauss (eds.). Handbook of Development Economics IV. Amsterdam: North-Holland, 2008. (With volumes I, II, IIIA, IIIB, published earlier and also relevant, edited by Hollis Chenery and T.N. Srinivasan, or Jere Behrman and T.N. Srinivasan.)


Specifically on economic growth:


**Microeconomics / household surveys**


**Finance / microfinance**


**Regional development / economic geography**


**Trade**


**East Asia**


**China**


**Japan**


**Korea**


**Taiwan**


The United Nations and the World Bank publish annual reports on human and ‘general’ development which often reflect recent academic debates.

  - 2009: *Overcoming Barriers: Human Mobility and Development*
  - 2010: *Development and Climate Change*

Dani Rodrik (Harvard) maintains a blog on economic development and globalization, though recently neglected. Comes with a link to a monthly column of his: [http://rodrik.typepad.com](http://rodrik.typepad.com)
Topics
* Required reading. (*) Recommended reading. All other readings are optional.

Week 1 (3 February)

1. Causality, Method, Development Economics

Causal arguments


Method
* Benson, Bruce L. “Economic Dissociative Identity Disorder: The Math Gamer, the Anti-Policy Econometrician and the Narrative Political Economist.” *Econ Journal Watch* 6, no. 3 (Sept. 2009): 364-73. (Will not be discussed in class. But be sure to read.)


* Hirschman, Albert O. “The Search for Paradigms As a Hindrance to Understanding.” *World Politics* 22, no. 3 (April 1970): 329-43. (Go quickly on pp. 330-4.)


Week 2 (10 February)

2. Economic Development

Goals of development

Websites
http://www.gapminder.org/world
http://www1.eur.nl/fsw/happiness/hap_nat/nat_fp.htm click on “nation ranks -- level”
Happy Planet Index: http://www.happyplanetindex.org/list.htm

Introduction to cross-country income differences


**Geography and Climate**


**Student presentation:** What does GDP measure and how can GDP be improved on?

Here, * means: Required reading only for presenter


Week 3 (17 February)

**3. Early Thinking about Economic Development**


**More recent reflections**


**Books**


**Student presentation: Colonialism**


4. Industrial Revolution / History

Updated version (with mathematical model): http://www.hbs.edu/research/pdf/09-052.pdf

Student presentation: Why did China not industrialize earlier?
* Lin, Justin Yifu. “The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China.” Economic Development and Cultural Change 43, no. 2 (Jan. 1995): 269-92. (If you are very short of time, go for the concluding remarks, but the whole piece is worthwhile reading; can skip the endnotes without much damage.)

5. Growth Theory

Neoclassical and endogenous growth models
Background reading --- also see book section at front of syllabus


A few of the very many further explorations and developments

Student presentation: East Asia


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**Week 6 (10 March)**

**Criticism of growth regressions and growth accounting**


**Data issues**


**Details on technology**


**Student presentation: Institutions**


6. Exploring Economic Growth
(Outside or Beyond the Neoclassical or Endogenous Growth Framework)

**Structural change**

**Trade**

**Growth policy**

**Growth periods**


**Student presentation: Economic transition in China**


Whyte, Martin King. “A Sociological Perspective on China’s Development Record.” Department of Sociology, Harvard University, Nov. 2007.

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**Week 8 (24 March)**

**7. Human capital**


**A. Education**


Education quality --- Curriculum, pedagogy, tracking, class size, student attendance, etc.


(*) Attanasio, Orazio, Emla Fitzsimons, Ana Gomez, Martha Isabel Gutiérrez, Costas Meghir, and Alice Mesnard. “Children’s Schooling and Work in the Presence of a Conditional Cash Transfer


**Education policy and family education choices**


**Film choices**

Edward Burtynsky. *Manufactured Landscapes*. Film by Jennifer Baichwal. 90min. TR 140 B87 M36 2007


7 April – spring break

**B. Health**


**Nutrition**


**Health seeking behavior and health services**


**Productivity effects of health and nutrition**


**Worms, iron, and iodine**


Or: [http://www.escholarship.org/uc/item/1h66k92r](http://www.escholarship.org/uc/item/1h66k92r)

**Diseases**


**Student presentation: Health**


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Week 11 (21 April)

C. Labor markets and migration


**Labor supply and labor demand**


**Migration**


D. Gender


E. Demographics


Student presentation: Economic transformation in India


Week 12 (28 April)

8. Finance


A. Financial intermediation and growth

B. The supply side of the markets for credit and savings
Web appendix: (PDF)

Credit constraints

Intermediaries in the credit market

Microfinance, rural finance


C. The demand-side of the markets for credit and savings


9. Physical capital


Student Presentation:

**Land / land reform / sharecropping**


We have a choice of topics for the last two weeks

Week 13 (5 May)
Week 14 (12 May)

10. Family, networks, government

**Culture, social norms, and development**


**Markets, networks, social capital**


Families, decision-making within families, and from families to institutions


11. Government

Public finance and public goods


Political economy


**Student presentation: corruption and misgovernance**

**Corruption and misgovernance**


**Governance**


Field, Erica. “Do Property Titles Increase Credit Access Among the Urban Poor? Evidence from a
http://www.rwj.harvard.edu/papers/field/Field%20Do%20Property%20Titles%20Increase%20Credit...pdf

**Government economic policy**


Possibly for student presentation:

**Foreign Aid**


**Democracy**


http://isites.harvard.edu/fs/docs/icb.topic637155.files/Besley_060919.pdf


**Nongovernmental Organizations**


12. Regional economic development and planning


**Student presentation: Local planning and development**

Possibly for student presentation

**Sustainability**

13. Poverty, Inequality

Possibly for student presentation

**Poverty**


Possibly for student presentation:

**Inequality**


14. Conflict

Possibly for student presentation:

**Ethnic and social divisions**


Possibly for student presentation:

**War**


15. Corporate governance


Further topics for student presentation

**Student presentation: Tropical Africa**

**Student presentation: The Bottom Billion**

**Student presentation: East Asian Economic Development**


Two-page interpretative précis

Maximum two pages (approximately 500 words/page; 1-inch margins and font size 12 if using Times New Roman).

Ideally, a précis does three things:
(1) It summarizes the key arguments of the text(s).
(2) It provides a critique of these arguments.
(3) It suggests how to improve the argument(s), or it suggests additional / new research starting from the text(s).

An introductory sentence or short paragraph should provide a clear frame for the argument(s).

- Provide your name, student ID, and the course number at the top of the first page.
- Provide full bibliographic information of the text(s) on which your précis is based.
- Start your précis with a 1-5 sentence summary statement of what the text is about, phrased in a way that allows your grandparents to understand what you are talking about and what the argument is.
- Email your précis to fellow students at least 24 hours before the class meets.

Fellow students are expected to read each précis before coming to class, and to be prepared to comment, expand on the précis/underlying text, and raise questions.
Term paper

Deadlines
See the section “requirements and grading” at the beginning of the course outline. Penalties for late submission of the final term paper are listed below.

Task
Investigate a selected economic development issue, tool or approach, situated in the framework of economic development literature. Feel free to explore one or more of the required/optional/additional readings as a starting point for your paper—for example, they may point you to a case study, or to establishing a critique of some particular (narrow) aspect in the literature. Try to keep the topic simple and interesting. There is no need to bedazzle, but a need to be clear and meaningful.

(i) Try to phrase the topic (or question) of the paper precisely. Can you further elaborate on it in three sentences in a way that your grandparents understand what you are doing in the paper?
(ii) Describe what you want to describe, or make the points that support your argument or answer your questions. (iii) Conclude / draw out possible implications (why should we care about what you found). (iv) Properly format the references.

• It’s OK for the paper to be primarily descriptive. Then try to coax out some implications at the end.
• It’s OK to rely solely on secondary literature. If your topic has to do with numbers, feel free to explore the website and the print publications of your country’s statistical authority.
• You may build an argument using non-numerical information.
• (Or) you may build an argument using numerical information and conduct statistical/econometric analysis.

A very rough guide to the number of pieces of literature to consult: 5-30 depending on if you rely on primary sources or review the secondary literature.

You are welcome to choose a topic as a group. If the group hands in one identical paper for every member, standards are expected to be slightly higher and the length can be slightly longer than if each member writes his/her own.

Paper length: max. ten 1.5 or double-spaced pages, excluding tables, figures, and references.
Criteria for the grading of the term paper

Start with a total of 32 points, then subtract up to a maximum as stated below.

A. Is the question clearly formulated? (maximally subtract 8 points)
B. Is the question original/ interesting/ non-trivial? (15)
C. Is the question answered as unambiguously as possible?
   Is the argument compelling? (12)

1. Does the literature review show that you
   are aware of the main literature relevant to your topic,
   have understood it,
   and can relate your own research to the body of existing literature?
   (10; if the term paper is a literature review, 20)
2. Is the choice of data collection method justified, and is the method appropriate? (No
   ‘overkill,’ but appropriate.) (6)
3. Is the data analysis logically consistent? (10)
4. Do the findings follow from the argument/ facts? (10)
5. Does the interpretation of the findings answer the question? Compellingly/ convincingly?
   (10)
6. Is the conclusion clearly formulated? (Can an interested reader understand what you are
   doing just by reading the conclusion of your paper?) Is your research “significant” in
   some respect? What are shortcomings and limitations of your research? What are
   alternative hypotheses – can you rule them out? (10)
7. Are the references properly formatted (follow a specific journal’s style)? (5, strict)

Penalties for handing in late: hand in
   on due day, *after* noon and *before* 5:30pm when the general office closes: -10%.
   Between 5:30pm of the due day and 5:30pm on the next day: -30%.
   Then continue by subtracting 10 percentage points for every further day, with the day
   running from 5:30pm one day to 5:30pm the next day.