

1. Horario atención a estudiantes

Thursdays, 2.00 – 3.00 pm (oficina 705)

2. Objetivos de la materia

- To provide students with insights into some of the key issues affecting the economic development of countries;
- To stimulate students to study, present and debate their own ideas and analyses of these issues.
- To widen students' perceptions of the world and of the applicability of economic science and to motivate them to retain that perception.
- To provide the opportunity for students to build on knowledge and key skills acquired in earlier years

3. Contenido

1. meaning and measurement of development
2. historical perspectives and dependency theory
3. early theories of economic growth and development
4. contemporary theories of economic growth and development
5. dualism and two-sector models
6. population, labour and rural-urban migration
7. the informal sector
8. inequality and growth
9. agriculture and development
10. trade theory and globalisation
11. primary produce exploitation and resource curse
12. role of government and new institutional economics
13. financial development
14. conflict and terrorism

4. Metodología

The weekly, two hour seminar will include a formal presentation by the lecturer, a question and answer session and periodic class assignments.

5. Competencias

- Ability to analyse and synthesise
- Ability to exercise critical judgement and express an independent opinion
- Ability to apply economic theories to case studies
- Ability to develop logical argument in debates and essays

6. Criterios de evaluación (Porcentajes de cada evaluación)

- I. Class assignments: 40%
- II. Class presentation: 10%
- III. Test essay: 20%
- IV. Final exam: 30%

7. Sistema de aproximación de notas definitiva

I. CLASS ASSIGNMENTS

Students will be set occasional work based on the weekly seminars. Such assignments may be a short list of questions analysing a given article, or it may be a 1000 word essay. Assignments should be completed in one week and handed in for assessment at the next class. *Note that absence from class with no valid excuse means the relevant assignment will be forfeit.*

II. CLASS PRESENTATIONS

Students will be asked to give a 15 minute group presentation to the rest of the class on themes to be announced during the semestre.

III. CLASS TEST (*Parcial*)

Students will be assigned titles to write an individual 2000 word essay to be completed in class on the seventh week of the semestre

IV. FINAL EXAM

The final exam will consist of one essay (worth 30%)

8. Bibliografía

Recommended texts:

There are a number of excellent texts available. Development Economics is unique in the sense that there is no agreed consensus on what is the ideal core or framework to this subject – so each text takes a different view. Use whichever text you find most useful.

Cypher, J. and J. Dietz (2008), *The Process of Economic Development*, (3rd Edition) Taylor and Francis.

Meier, G. and J. Rauch (Editors, 2005), *Leading Issues in Economic Development*, (8th edition) OUP

Ray, D. (1998), *Development Economics*, Princeton University Press.

Thirlwall, A. (2011), *Economics of Development*, (9th Edition), Palgrave-Macmillan.

Todaro, M. and S. Smith (2011), *Economic Development*, (11th Edition) Pearson.

References for each lecture:

1. **The Meaning and Measurement of Development:** Terminology; perceptions of development; values and biases; problems of measurement.

References:

CLEAVER, T., *Understanding the World Economy*, Routledge (2006), Ch. 11.

CYPHER and DIETZ, op cit, Chs 1, 2

MEIER GM and RAUCH JE, Ch.IA

Commission on the Measurement of Economic Performance and Social Progress, Report, 2009 (www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf)

SEN, Amartya, "Development: Which Way Now?" *Economic Journal* 93 (1983) reprinted in WILBER and JAMESON, ch 1.

UNDP, *Human Development Report 2011* (http://hdr.undp.org/en/media/HDR_2011_EN_TechNotes.pdf)

ASSIGNMENT: construct a development index (10%)

2. Historical perspectives and Dependency theory. Colonialism; populism; dependency theories; mechanisms of dependency. China and Latin America

References:

CYPHER and DIETZ, op cit, Ch 6.

BURNS, E. Bradford, "*The Modernization of Underdevelopment: El Salvador, 1858-1931*" (1984) reprinted in WILBER and JAMESON, ch 10.

GHOSH, B.N., *Dependency Theory Revisited*, Ashgate (2001)

GRILLI ER and YANG, Maw Cheng: 'Primary Commodity Prices, Manufactured Goods Prices and the Terms of Trade of Developing Countries: What the Long Run Shows.' *World Bank Economic Review*, 1988.

PREBISCH, R. 'Commercial Policy in the Underdeveloped Countries', *American Economic Review*, (May,1959),

REINHART C and WICKHAM P 'Commodity Prices: Cyclical Weakness or Secular Decline?' *IMF Staff Paper No.41*, (1994)

SHEAHAN, J, *Patterns of Development in Latin America*, Princeton University Press, (1987), ch 7.

SINGER, H. 'The Distribution of Gains Between Investing and Borrowing Countries', *American Economic Review*, (May, 1950),

SKIRA,M, *China and Latin America: A Match Made in Trade Heaven or Dependency Reloaded?* - 2007 – <http://digitalcommons.uri.edu>

THORPE, R in ABEL, C and LEWIS, C. M., *Latin America, Economic Imperialism and the State*. Athlone Press, (1985).

THOUMI, F '*Illegal Drugs, Economy and Society in the Andes*' Johns Hopkins UP (2003) esp. Ch 2.

ASSIGNMENT: China and Latin American dependency (10%)

3. Early theories of growth and development Classical theories: Smith, Malthus, Ricardo, Marx. Harrod-Domar growth model. Pioneers in Development.

References

THIRLWALL, op cit, Ch 5

TODARO, M. and S. SMITH, op cit Ch 3.

MADDISON, A. *Explaining the Economic Performance of Nations*, Elgar (1995)

NATH, S K, 'The Theory of Balanced Growth' *Oxford Economic Papers*, (June 1962)

RODRIK, D "Getting Interventions Right: How South Korea and Taiwan Grew Rich" *Economic Policy* 20 (1995)

ROSENSTEIN-RODAN, P. 'Problems of Industrialisation of Eastern and South-Eastern Europe', *Economic Journal*, (June-September,1943),

ROSTOW, W. 'The Take-off Into Self-Sustained Growth', *Economic Journal*, (March1956),

4. More recent theories of growth and development. Neoclassical and endogenous growth.

References

RAY, op cit, Ch 3

THIRLWALL, op cit, Ch 5

AGHION P and HOWITT P, 'Appropriate Growth Policy: A Unifying Framework', Joseph Schumpeter lecture, EEA, Amsterdam (2005)

KENNY, C. & WILLIAMS. D. 'What Do We Know About Economic Growth? Or, Why Don't We Know Very Much?' *World Development* Vol 29, No. 1 (2000).

KRUGMAN, P. 'Nobel Lecture: The Increasing Returns Revolution in Trade and Geography', *American Economic Review*, (June, 2009),

NELSON, R. and PACK, H., 'The Asian Miracle and Modern Growth Theory' *Economic Journal*, Vol 109, No 457, (1999) pp 416-436

ROMER, P. 'The Origins of Endogenous Growth', *Journal of Economic Perspectives*, (Winter 1994),

STERN, N. "The Determinants of Growth" *Economic Journal*, (1991)

YOUNG, A "A Tale of Two Cities: Factor Accumulation and Technical Change in Hong Kong and Singapore" NBER 1992

5. Dualism and two sector models Dualism. The Lewis model. Myrdal's Cumulative Causation. Kremer's 'O' ring model.

References:

CYPHER and DIETZ, op cit, Ch 5

MEIER and RAUCH, op cit, Ch VI

RAY, op cit, Ch 5.

TODARO, M. and S. SMITH, op cit Ch 4.

AUERBACH P and SKOTT P, 'Cumulative Causation and the "New" Theories of Economic Growth', *Journal of Post Keynesian Economics*, Vol. 17, No. 3 (1995), pp. 381-402

KALDOR N, "The Irrelevance of Equilibrium Economics" *Economic Journal*, (Dec. 1972)

LEWIS, W. Arthur "Economic Development with Unlimited Supplies of Labour", *Manchester School of Economic and Social Studies*, XXII (1954)

MYINT, H., "Organisational Dualism and Economic Development", *Asian Development Review*, (1985), in LAL, vol I, ch 7 and also MEIER, ch III.B.4.

YOUNG A, "Increasing Returns and Economic Progress" *Economic Journal* (1928)

6. Population, labour, urban migration Urban growth. Rural-urban migration. The Todaro model. The informal sector.

References

MEIER and RAUCH, op cit, Ch. VI.

RAY, op cit, Ch 9 and 10

THIRLWALL, op cit, Ch 9

TODARO, M. and S. SMITH, op cit Ch 6 and 7

CORDEN, W.M. and FINDLAY, R. "Urban Unemployment, Intersectoral Capital Mobility and Development Policy", *Economica* 42 (1975)

CLASS TEST: 2000 word essay on growth or dualism or urban migration (20%)

7. The informal sector. Characteristics, function, development perspectives

References

BLUNCH, CANAGARAJAH and RAJU 'The Informal Sector Revisited' WB Policy, SP Discussion Paper 0119 (July 2001) www.worldbank.org

CAPP J, ELSTRODT HP and JONES W B, 'Reining-in Brazil's Informal Economy', *The McKinsey Quarterly* (Jan 2006)

FUNKHOUSER, E, 'The urban informal sector in Central America: Household survey evidence', *World Development* Vol. 24 (1996) pp1737-1751.

HOLDEN, P and RAJAPATIRANA, S., *Unshackling the Private Sector*, The World Bank, (1995) Ch 8.

MALONEY, W 'Informality Revisited' World Bank Policy Research Working Paper 2965 (Jan 2003)

MEAD D C and MORRISON C, 'The Informal Sector Elephant' *World Development* (Vol 24, No 10, 1996)

PORTES, A, and SCHAUFFLER, A, 'Competing Perspectives on the Latin American Informal Sector', *Population and Development Review* (Mar 1993).

PRATAP, S and QUITIN E, 'The Informal Sector in Developing Countries', *UNU-WIDER Research Paper 2006/130* (Nov 2006)

DE SOTO, H, *The Other Path*, Harper and Row (1989)

DE SOTO, H, *The Mystery of Capital*, Basic Books (2000)

YAMADA, G 'Urban Informal Employment and Self Employment in Developing Countries: Theory and Evidence.' *Economic Development and Cultural Change*, (Jan 1996)

8. Inequality and growth Definitions. Which causes which?

References

COLLIER, P. 'Implications of Ethnic Diversity', *Economic Policy*, (April, 2001)

ENGERMAN S and SOKOLOFF K, 'Factor endowments, inequality and paths of development among new world economies', *Economia 3* (2002) reprinted in MEIER and RAUCH pp118-126

DEININGER, K. and SQUIRE L. ' New Ways of Looking at Old Issues: Inequality and Growth', *Journal of Development Economics*, Vol. 57, No. 2. (1998)

DOLLAR D and KRAAY A, '*Growth Is Good for the Poor*' The World Bank Development Research Group (March 2000)

KUZNETS S, 'Economic Growth and Inequality', *American Economic Review* (June 1955)

LOPEZ J H and PERRY G: '*Inequality in Latin America: Determinants and Consequences*' Policy Research Working Paper 4504, World Bank (Feb 2008)

RAVALLION M, '*Growth, Inequality and Poverty: Looking beyond Averages*', The World Bank Development Research Group (March 2001)

ROOT, H L, '*Capital and Collusion*', Princeton (2005)

THE ECONOMIST (13 March 2004) '*Is inequality around the world getting better or worse?*'

9. Agriculture and development Traditional and modern agriculture. Land reform. Technical progress.

References

CYPHER, J. and J. DIETZ, op cit, Ch 11

MEIER and RAUCH, op cit, Ch VII

RAY, op cit, Ch 11 and 12

TODARO, M. and S. SMITH, op cit Ch 9

BANERJEE A V, 'Prospects and Strategies for Land Reform' (1999) reprinted in MEIER and RAUCH, op cit, pp 407-415

BINSWANGER, H. and K. DEININGER 'Explaining Agriculture and Agrarian Policies in Developing Countries', *Journal of Economic Literature*, (December 1997),

BIRDSALL N and LONDONO J L, '*Asset inequality does matter: lessons from Latin America*', Inter-American Development Bank (1997) [DUO]

De JANVRY, A and SADOULET, E, 'A Study in Resistance to Institutional Change: The Lost Game of Latin American Land Reform'. *World Development*, (1989) Vol 17, No 9, 1397-1407

JOHNSON, B. 'Agriculture and Structural Transformation in Developing Countries: A Survey of Research', *Journal of Economic Literature*, (June 1970),

KAY, C, 'Why East Asia overtook Latin America: agrarian reform, industrialisation and development' *Third World Quarterly* (2002) Vol 23 No 6, pp1073-1102

MEAD, R W, 'Chinese agricultural reforms: the importance of private plots' *China Economic Review* (2000) pp54-78

ASSIGNMENT: agricultural technology or land reform (10%)

10. Trade theory and globalisation. Comparative advantage, Heckscher-Ohlin, economies of scale and imperfect competition; international and intra-industry trade, multinational corporations.

References

CYPHER, J. and J. DIETZ, op cit, Ch 14

TODARO, M. and S. SMITH, op cit Ch 12

FISCHER, S. 'Globalisation and its Challenges' *American Economic Review*, (May,2003)

KRUGMAN P and M OBSTFELD, *International Economics*, Pearson (2009)

HANSON G H, 'The Rise of the Middle Kingdoms: Emerging Economies in Global Trade', *NBER Working Paper 17961* (March 2019)

11. Primary produce exploitation and resource curse

MEIER and RAUCH, op cit, Ch IIIA.1

RAY, op cit, Ch 16

BULTE, E H, DAMANIA R and R DEACON, 'Resource Intensity, Institutions, and Development' *World Development* Vol. 33, No. 7, (2005)

FRANKEL, J A, 'The natural resource curse: A survey' NBER Working Paper 15836 (March 2010)

MEHLUM H, MOENE K AND TORVIK R, 'Institutions and the Resource Curse', *Economic Journal*, Vol 116 (January 2006)

REINHART C and WICKHAM P 'Commodity Prices: Cyclical Weakness or Secular Decline?' IMF Staff Paper No.41, (1994)

SACHS J and A WARNER, 'The curse of natural resources', *European Economic Review*, Vol 45, Issues 4-6, (May 2001)

LEDERMAN D and MALONEY W: *Does What You Export Matter?* The World Bank (2012)
<https://openknowledge.worldbank.org/bitstream/handle/10986/9371/703250PUB0EPI0067902B09780821384916.pdf?sequence=1>

ASSIGNMENT: trade theory (10%)

12. Role of government and new institutional economics

References

MEIER and RAUCH, op cit, Ch IX

ACEMOGLU D, JOHNSON S and ROBINSON J, 'The Colonial Origins of Comparative Development: An Empirical Investigation' *American Economic Review* (2001)

ACEMOGLU D and ROBINSON J 'Persistence of Power, Elites and Institutions' MIT working paper (2006)
<http://ssrn.com/abstract=888187>

COASE, R, 'The Institutional Structure of Production' *American Economic Review* (1992) pp713-719

EASTERLY, W and LEVINE, R, 'Tropics, Germs and Crops: How Endowments Influence Economic Development' *NBER Working Paper 9106* (2002)

HALL, R E, and JONES, C I, 'Why do some countries produce so much more output per worker than others?' *Quarterly Journal of Economics* (1999)

NORTH, D., 'Institutions and Economic Growth: An Historical Introduction' *World Development*, Vol 17, No 9 (1989) pp 1319-1332.

NORTH, D., 'Institutions' *Journal of Economic Perspectives*, Vol 5 (1991) pp97-

NORTH, D., 'Economic Performance Through Time' *American Economic Review*, Vol 84, (June 1994) pp359-368.

NORTH, D., *Understanding the Process of Economic Change*, I.E.A. Occasional Paper No 106 (1999).

OLSON, M., 'Big Bills Left on the Sidewalk: Why Some Nations are Rich and Others Poor.' *Journal of Economic Perspectives*, Vol 10, No 2, (Spring 1996) pp 3-24

13. Financial development. Financial repression, liberalisation and development

References

THIRLWALL, op cit, Ch 13

TODARO, M. and S. SMITH, op cit Ch 15

AUERBACH P and SIDDIKI J, 'Financial liberalisation and economic development: an assessment', *Journal of Economics Surveys*, Vol 18, No 3 pp231-265 (2004)

CALDERON C and LIU L, 'The Direction of Causality Between Financial Development and Economic Growth', *Journal of Development Economics* Vol 72, (2003)

CHO, Yoon Je, "McKinnon-Shaw versus the Neostructuralists on Financial Liberalisation" *World Development*, vol 18 (March 1990)

GIBSON, I. and E. TSAKALOTOS 'The Scope and Limits of Financial Liberalisation in Developing Countries: A Critical Survey', *Journal of Development Studies*, (April.1994)

HONOHAN, P., 'Financial development, growth and poverty: how close are the links?' *World Bank Policy Working Paper 3203* (Feb 2004).

IMF., 'Country Experiences with the Use and Liberalisation of Capital Controls' *IMF Occasional Paper 190* (May 2000)

MISHKIN, F., *The Next Great Globalisation*, Princeton (2006)

14. The economics of conflict and terrorism

References

ABADIE, A, 'Poverty, Political Freedom and the Roots of Terrorism', *American Economic Review* Vol 96, No 2, (May 2006)

BEJARANO, J A, 'Violence, Security and Economic Growth in Colombia, 1985-1995' *Colombian Economic Journal*, Vol 1, No 1 (2003)

BERMAN, E and D LATIN, 'Religion, Terrorism and Public Goods: Testing the Club Model' *NBER working paper 13725* (January 2008).

COLLIER, P and A HOEFFLER, 'Resource rents, governance and conflict', *Journal of Conflict Resolution*, Vol 69, No 4, (Aug 2005)

DE GROOT, O J and A SHORTLAND, 'Gov-arrgh-nance, Jolly Rogers and Dodgy Rulers' *DIW Berlin Discussion Paper No 1093* (September 2010)

THOUMI, F, *Illegal Drugs, Economy and Society in the Andes*' Johns Hopkins University Press, (2003)

HOLMES J S, AMIN J and CURTIN K, 'Drugs, Violence, and Development in Colombia: A Department-Level Analysis,' *Latin American Politics and Society*, Vol 48, (2006)

RUBIO, M, 'Perverse Social Capital - Some Evidence from Colombia', *Journal of Economic Issues* Vol. 31 No. 3 (September 1997)

FINAL EXAM (30%)

Fecha de entrega del 30% de las notas: Marzo 22 de 2013

Fecha límite para retiros: Abril 05 de 2013