

Syllabus “Economic Development” ECON-209, Spring 2011

Instructor: Tobias Pfutze

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Office hours: Wed, Thu 11:00am-12:30pm or by appointment.

Time: Tue, Thu 1:30-2:45pm

Location: King 321

Course Objectives: The aim of this course is to provide a general overview of the most important economic issues in low and middle income countries (i.e. “developing countries”). Familiarity with the analytical tools provided in Econ-101 (or 102) is essential, as the course will heavily rely upon them and, in some instances, develop them further.

Course requirements and grading schemes: There will be five problem sets, to be handed in the week after they have been assigned. Problem sets will be graded based on the effort exerted to solve every single problem. Your total score on problem sets will be based on the highest four grades received. There will also be two exams and one final paper. The composition of your final grade will look like this:

Problem Sets:	10%
1 st Exam:	30%
2 nd Exam:	30%
Final Paper:	30%

Textbook & Readings: The only required textbook for the course is:

Ray, Debraj; *“Development Economics”*; Princeton University Press 1998 (**DE**)

In the readings list below I will simply refer to the text as “DE”. Chapters from a number of other books will be posted on Blackboard. While you are only responsible for the chapters posted, I would highly recommend you to purchase the books and read the not assigned chapters as well in order to gain a more profound understanding of the current policy discussion. The books, followed by the shorthand used in the reading list, are:

Todaro, Michael P.; Smith, Stephen C.; *“Economic Development”*; 10th edition, Addison-Wesley 2009 (**ED**)

Meier, Gerald M.; Rauch, James E.; *“Leading Issues in Economic Development”*; 8th Edition, Oxford University Press 2005 (**LIED**)

Easterly, William R.; *“The White Man’s Burden”*; Penguin 2006 (**WMB**)

Sachs, Jeffrey D.; *“The End of Poverty”*; Penguin 2005 (EOP)

Honor code: The Oberlin College Honor Code applies to all assignments for this course. You can access complete information on the Honor Code via Blackboard (go to the tab Lookup/Directories>Honor Code). Before turning in each of your exams and your problem sets, you need to write the honor pledge and sign it. The pledge is as follows: *“I affirm that I have adhered to the Honor Code in this assignment.”* The exams are all closed book and closed notes. For the exams signing the honor pledge signifies that you have abided by those restrictions and neither given nor received aid during the exams.

You are encouraged to work on your problem sets in groups of 2-5 persons. However, if you do so each of you is required to clearly state with who you worked on that particular problem set. A failure to do so will be considered a violation of the Honor Code.

Students with Disabilities: If you have specific physical, psychiatric or learning disabilities that require accommodations (such as a note taker or special testing arrangements), please let the instructor know early in the semester so your learning needs can be appropriately met. You will need to provide documentation of your disability to Ms. Jane Boomer, Coordinator for Services for Students with Disabilities. Her office is in Peters G-38A and her phone number is x58464.

Course outline:

Week 1: Introduction & Overview

- DE: Chapter 2
- Sen 1999: Chapter 3 *“Development as Freedom”*

Voluntary readings:

- Easterly 2008: *“How the Millennium Development Goals are Unfair to Africa”*

Week 2: Poverty and Inequality

- DE: Chapter 8.1-8.3; Chapter 6
- WDI 2008, Section 1
- <http://go.worldbank.org/OPQO6VS750>

Voluntary readings:

- Chen, Ravallion 2008: *“The Developing World Is Poorer Than We Thought, But No Less Successful in the Fight against Poverty”*
- Sala-i-Martin 2006: *“The World Distribution of Income: Falling Poverty and... Convergence, Period”*

Week 3: Poverty and Inequality cont. & Population Growth

- DE: Chapter 7; Chapter 9
- ED: Chapter 6, pgs. 273-295
- LIED: “Population”, pgs. 240-260

First problem set

Week 4: Population Growth cont. & Migration

- DE: Chapter 10.3
- Durand, Malone, Massey 2002: Chapter 2 “*Beyond Smoke and Mirrors*”

Second problem set

Week 5: Remittances & Economic Growth

- Ratha 2005: “*Workers’ Remittances: An Important and Stable Source of External Development Finance*”
- DE: Chapters 3.1-3.4 and 4.1, 4.2 and 4.4

Voluntary readings:

- Yang 2008: “*International Migration, Remittances and Household Investment: Evidence from Philippine Migrants’ Exchange Rate Shocks*”
- Clemens 2007: “*Do Visas Kill? Health Effects of African Health Professional Emigration*”

Week 6: Economic Growth cont.

- ED: Chapter 4

Voluntary readings:

- Easterly, Levine 2001: “*It’s Not Factor Accumulation: Stylized Facts and Growth Models*”

Third problem set

Week 7: : Contemporary Models of Development & 1st Exam

1st Exam: Thu March 24 (up to Economic Growth).

Spring Recess

Week 8: Contemporary Models of Development cont. & the Poverty Trap

- DE: Chapter 13.4

Voluntary readings:

- EOP: Chapter 3
- WMB Chapter 2

Week 9: Institutions & the Institutions vs. Geography Debate

- EOP: Chapter 16
- WMB: Chapter 4
- LIED: “Political Economy”, pgs. 494-498 and 502-508

Voluntary readings:

- Gallup, Mellinger, Sachs 1998: “*Geography and Economic Development*”
- Acemoglu, Johnson, Robinson 2001: “*The Colonial Origins of Comparative Development: An Empirical Investigation*”
- Nunn, Wantchekon 2008: “*The Transatlantic Slave Trade and the Evolution of Mistrust in Africa: An Empirical Investigation*”
- de Soto 2000: Chapters 2,3 “*The Mystery of Capital*”

Fourth problem set

Week 10: Institutions cont. & Foreign Aid

- Moss, Petterson, Van de Walle: “*An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa.*”
- Martens: “*Why Do Aid Agencies Exist?*”
- Svensson: “*Absorption Capacity and Disbursement Constraints*”
- Knack, Rahman: “*Donor Fragmentation*”

Voluntary readings:

- EOP: Chapters 14 & 15
- WMB: Chapters 5 & 10
- Easterly, Pfütze: “*Where Does the Money Go? Best and Worst Practices in Foreign Aid*”
- Burnside, Dollar 2000: “*Aid, Policies, Growth*”
- Alesina, Dollar 2000: “*Who Gives Aid to Whom and Why?*”

Week 11: Foreign Aid cont.

Week 12: Foreign Aid Successes: Health & Education

- ED: Chapter 8
- LIED: “Education”, pgs. 189-197
- LIED: “Health”, pgs. 212-223 and 231-239
- Pritchett 1996: “*Where Has All the Education Gone?*”

Voluntary readings:

- Canning 2006: “*The Economics of HIV/AIDS in Low-Income Countries: The Case for Prevention*”
- Michael Kremer, “*Making Vaccines Pay*”

Week 13: Credit Markets & the Role of Micro Credit

- DE: Chapter 14
- Cull, Demirguc-Kunt, Morduch 2009, “*Microfinance Meets the Market*”

Voluntary readings:

- Armendariz de Aghion, Morduch, “*The Economics of Microfinance*”, Chapter 3
- Morduch 2000 “*The Microfinance Schism*”

Fifth problem set

Week 14: Credit Markets cont. & 2nd Exam

1st Exam: Thu May 12

Final Paper DUE Sunday, May 22 noon!