

Syllabus “Advanced Economic Development” ECON-309, Fall 2010

FIRST PART: MICRO

Instructor: Tobias Pfutze
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Office hours: Tue 3:00-4:30pm, Wed 12:00-1:30pm or by appointment.

Time: Tue, Thu 9:30-10:45am
Location: King 227

Course Objectives: The first part of this course covers the most important current microeconomic topics in development. It aims to provide the student with a solid knowledge of the relevant theory, as well as, the empirical evidence related to it.

Course requirements and grading schemes: Your grade in this part of the course will be 50% of your final grade. Letter grades will only be given at the end of the semester. There will be two or three problem sets and an exam in the last class before fall break. The 50% to your final grade will be subdivided as follows:

10% Participation
10% Problem sets
30% Exam

Textbook & Readings: There is no required textbook for this part of the course. Readings will be posted on Blackboard. A good general textbook on development economics (from which some readings are taken) is:

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

and has been posted on reserve at the library.

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. 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:

Topic 1: Credit and Insurance Markets

- Ray, Debraj; *“Development Economics”*; chapters 14 & 15.
- Armendariz de Aghion, Morduch, *“The Economics of Microfinance”*, chapter 3: pgs. 59-68.
- Morduch 2000 *“The Microfinance Schism”*
- Morduch 2004 *“Micro-Insurance: The Next Revolution?”*

Topic 2: Foreign Aid

- Martens, Mummert, Murrell & Seabright; *“The Institutional Economics of Foreign Aid”*, chapter 5
- Moss, Petterson, Van de Walle: *“An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa.”*
- Svensson: *“Absorption Capacity and Disbursement Constraints”*
- Knack, Rahman: *“Donor Fragmentation”*

Additional Readings:

- Easterly, Pfütze: *“Where Does the Money Go? Best and Worst Practices in Foreign Aid”*
- Burnside, Dollar 2000: *“Aid, Policies, Growth”*
- Easterly, Levine, Roodman 2003: *“New Data, New Doubts: A Comment on Burnside and Dollar’s “Aid, Policies and Growth”(2000)”*
- Alesina, Dollar 2000: *“Who Gives Aid to Whom and Why?”*
- Alesina, Weder 2002: *“Do Corrupt Governments Receive Less Foreign Aid?”*
- Rajan, Subramanian 2008 *“Aid and Growth: What Does the Cross-Country Evidence Really Show?”*
- Easterly 2005 *“What Did Structural Adjustment Adjust?”*
- Feyzioglu, Swaroop, Zhu *“A Panel Data Analysis of the Fungibility in Foreign Aid”*

- Duflo, Kremer 2005 “*Use of Randomization in the Evaluation of Development Effectiveness*”

Topic 3: Institutions

- Shirley “*Institutions and Development*”, (chapter 24, Handbook of New Institutional Economics, Springer 2005)
- Greif, Avner; “*Institutions and the Path to the Modern Economy*”, chapter 4
- Gallup, Mellinger, Sachs 1998: “*Geography and Economic Development*”
- Acemoglu, Johnson, Robinson 2001: “*The Colonial Origins of Comparative Development: An Empirical Investigation*”
- Engerman Sokoloff 2002: “*Factor Endowments, Inequality and Paths of Development Among New World Economies*”

Additional Readings:

- Albouy 2004: “*The Colonial Origins of Comparative Development: A Reexamination Based on Improved Settler Mortality Data*”
- Easterly, Levine 2003: “*Tropics, Germs and Crops: How Endowments Influence Economic Development*”
- La Porta, Lopez de Silanes, Shleifer, Vishny; “*The Quality of Government*”
- Glaeser, La Porta, Lopez de Silanes, Shleifer; “*Do Institutions Cause Growth?*”
- Nunn, Wantchekon 2008: “*The Transatlantic Slave Trade and the Evolution of Mistrust in Africa: An Empirical Investigation*”