

Syllabus

Econ 3473. Economic Development

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University of Connecticut
Fall 2013

This version:

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1 General information

Time and location: TuTh 11:00am-12:15p.m. OAK 105
Office hours: Tuesday 12:30-2:15 p.m. (343 Oak Hall)
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2 Course description

The goal of the course is to introduce students to the the main issues in development economics. How is economic *development* measured? How is that different from economic *growth*? What affects economic growth, inequality, and poverty? Why do some countries achieve high levels of economic development and others do not? What are the policies governments can implement to change the growth path of their countries? In this course we will initially approach these questions from a “macro” perspective and later introduce a “microeconomic” view of the problems.

3 The contract

3.1 Requirements

Unless explicitly stated otherwise, all assignments mentioned below must be turned in electronically using learn.uconn.edu. Non-electronic assignments are due at the beginning of

the class or should be left in my office no later than 30 minutes before the class meets. Only under extreme circumstances (such as medical emergencies with a doctor's note) will late assignments be accepted at the discretion of the instructor. The dates for all exams and assignments (once established) are final.

Best four problem sets (out of five)	5% each.
Class participation	10%.
One midterm exam (October 17)	20%
Presentation	25%
One final (TBA)	25%.

Students may be able to gain bonus points by attending campus-wide conferences and workshops. The dates, location and topics of those public meeting will be announced in class during the quarter. Beyond those, there will be not extra credit. Please do not insist.

3.2 Grades

The following table represents a *possible* way to convert your overall numeric grade to a letter grade based on previous years' rules:

Number	Letter
90 or above	A
80-89.9	B
70-79.9	C
60-69.9	D
Below 60	F

Sub-letter grades (eg., A+, B-, C) will be determined later in the quarter but they usually correspond to breaks of the same magnitude within the bracket. If a change takes place, it will always be in favor of the student.

3.3 Communications

Most communications will take place during class. Otherwise I will send an email through `learn.uconn.edu`. It is the student's responsibility to make sure that the email listed on `learn.uconn.edu` is valid. If you do not use your UConn account make the appropriate changes to have your UConn emails sent to your preferred account.

4 Textbooks

All books are suggested.

- Abhijit Banerjee and Esther Duflo (2012) *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, PublicAffairs. [PEC].
- Perkins, D., S. Radelet, and Lindauer (2006) *Economics of Development*, Sixth Edition. Norton. [PRL].
- Ray, D. (1998) *Development Economics*. Princeton University Press. [HD75 .R39 1998].
- Banerjee, A., R. Bènabou, and D. Mookherjee (2006) *Understanding Poverty*. 6th edition. Oxford University Press. [BBM, HC79.P6 U534 2006].
- Skolnik, Richard (2008) *Essentials of Global Health*. Jones and Bartlett. [SKO]
- Levine, R. (2004) *Case Studies in Global Health. Millions Saved*. Jones & Bartlett. [LEV]
- Easterly, William (2002) *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. The MIT Press. [ETL, HC59.72.P6 E17 2001]

5 Plagiarism

The appropriate ways for referencing the material used to write assignments will be discussed in class. Any student found committing plagiarism, not handing in original work of his/her own, or cheating, will be given an **F in the course** (not just for that assignment or exam) and will be subject to disciplinary action by the University. Please visit UConn's Community Standards for more information.

6 Course outline and readings

The [*] symbol indicates the **required readings**. All others are suggested but some/most of them will be covered in class. All materials, unless explicitly stated otherwise, are available on <http://learn.uconn.edu>. Please note that for some websites you will need to be on campus to access those files or you can use the VPN client. For more information please become familiar with this website: <http://library.uconn.edu/>

6.1 Objectives and introduction to math and graphs: August 27

I will go over the main goals of this course and discuss the rules. We will work on some of the math tools needed for this class as well as graphs.

6.2 Introduction to econometrics and Stata: August 29

- [*] Kevane, M. (2004). Appendix: Tools for analysis, pp. 205-212.
- [*] Meier, Gerald and James Rauch (2005) “Appendix: How to read a regression table” in *Leading Issues in Economic Development* 8th edition. Oxford: Oxford University Press. 2005.
- Stata Manual and from UCLA <http://www.ats.ucla.edu/stat/stata/>, U Wisconsin http://www.ssc.wisc.edu/sscc/pubs/stata_students1.htm
- Videos: There are several videos available via YouTube. Here is one example: <http://tinyurl.com/statavideo1>.

6.3 Measurement of economic development

6.3.1 Income and Gross Domestic Product: September 3 and 5

What is economic *development* and how does it differ from economic *growth*? What is the best way to measure well-being across countries? What are the observed patterns of development?

- PRL: chapters 1 and 2. [*]
- 2012 World Development Report: Table 1 and Appendix [learn.uconn.edu] [*]
- Ray: chapter 2.

Stata lesson: Introduction

6.3.2 Development beyond income: September 10 and 12 and TBA

What other ways can we use to measure economic development? What are the Millennium Development Goals? What about the lights at night?

- PRL: chapter 2. [*]
- United Nations Development Program (2011). *Human Development Report 2011*. Read Chapter 2: Patterns and trends in human development, equity and environmental indicators, Statistical Annex (tables 1-5) and Methodology, (pp. 167-173). [*]
- Henderson, J. Vernon, Adam Storeygard, and David N. Weil. 2012. “Measuring economic growth from outer space” [*]. The original paper from the *American Economic Review*, 102(2): 9941028 is available on [learn.uconn.edu].

- [*] Clemens, Michael A.; Kenny, Charles J. and Moss, Todd J., (2007) “The Trouble with the MDGs: Confronting Expectations of Aid and Development Success,” *World Development*, 35(5): 735-751, May.
- Collier, Paul and Dollar, David, (2001) “Can the World Cut Poverty in Half? How Policy Reform and Effective Aid Can Meet International Development Goals,” *World Development*, 29(11): 1787-1802, November.
- UNDP (2005) *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, Chapters 5 and 10, New York.
- Easterly, William (2009) “How the Millennium Development Goals are Unfair to Africa,” *World Development*, 37(1): 26-35, January.
- Kenny, Charles and Andy Sumner (2011) More Money or More Development: What Have the MDGs Achieved?, Center for Global Development, Working Paper 278

Make-up class: September 11 (tentative)

The time and location will be determined a few days prior to this class.

Stata lesson: Tables and graphs

*** First problem set due: September 15 ***

The problem set is due at 11:59pm on Sunday. To submit your homework you will need to use SafeAssign, which controls for plagiarism.

6.4 Models of economic growth

6.4.1 Solow model: September 17 and 19

Is it possible for an economy to grow forever? What is the role of capital accumulation and technology on economic growth? Are the variables that lead to short-term and long-term growth the same? Can we find evidence to support the models?

- PRL: chapter 3 [*] and 4 [*].
- ETL: chapter 3: Solow’s Surprise: Investment is Not the Key to Growth. [*]
- Mankiw, N. Gregory; David Romer and David N. Weil (1992) “A Contribution to the Empirics of Economic Growth”, *The Quarterly Journal of Economics*, 107(2): 407-437. [*]
- Collier, P. and J.W. Gunning (1999) Explaining African Economic Performance *Journal of Economic Literature*, 37(1):64-11, March.

- Artardi, E. and X. Sala-i-Martin (2003) “The Economic Tragedy of the 20th Century: Growth in Africa”, NBER Working Paper No. 9865.

Stata lesson: Regressions

6.4.2 An application using foreign aid: September 24 and 26

What is foreign aid? Who are the main donors and recipients? What is the relationship between aid, growth and development?

- PRL: chapter 14. [*]
- Moss, T. (2007) *African Development. Making Sense of Issues and Actors*. Lynne Rienner Publishers. Chapters 8 and 9. [*]

6.5 The role of institutions: October 1st and 3rd and TBA

- [*] Acemoglu, D., S. Johnson and J. Robinson (2006). “Understanding prosperity and poverty: Geography, institutions and the reversal of fortune” in *Understanding Poverty*, Benerjee, Benabou and Mookherjee (eds.), pp. 19-35.
- Acemoglu, Daron and James A. Robinson (2010) “Why is Africa Poor?”, *Economic History of Developing Regions*, 25(1), pp. 21-50
- Engerman, S. and K. Sokoloff (2006). “Colonialism, inequality and long-run paths of development” in *Understanding Poverty*, Benerjee, Benabou and Mookherjee (eds.), pp. 37-62.

Stata lesson: Instrumental variables

Make-up class: October 2 (tentative)

The time and location will be determined a few days prior to this class.

**** Second problem set due: October 6 ****

The problem set is due at 11:59pm on Sunday. To submit your homework you will need to use SafeAssign, which controls for plagiarism.

6.6 War as development in reverse (October 8 and 10)

From the independence movement to #KONY2012, African economies have experienced several war episodes. Is this bad for their economy? We will start with some controversial findings: the long-run effect of WWII on Europe and Japan and the Vietnam War shows no major scares on these countries. Is Africa different? Is there really a conflict trap?

6.6.1 The long-run effect of war

- [*] Collier, P. (2007) Chapter 2: The Conflict Trap.
- [*] Collier, P. et al (2003) *Breaking the Conflict Trap. Civil War and Development Policy*, Chapters 3 and 4.
- Blattman C. and E. Miguel (2010) “Civil War”, *Journal of Economic Literature*, 48(1), 3-57.
- Miguel and Roland (2011) “The long-run impact of bombing Vietnam” *Journal of Development Economics*, 96(1): 1-15, September.
- Davis, D. R. and D. Weinstein. (2002). “Bones, Bombs, and Breakpoints: The Geography of Economic Activity”, *American Economic Review*, 92(5): 1269 - 1289.

6.6.2 Is Africa different when it comes to the effect of war?

- [*] Agüero, J. and A. Deolalikar (2012) Crises and the Health of Children and Adolescents: Evidence from the Rwanda Genocide. Manuscript, UC Riverside.
- [*] Almond, Douglas, and Janet Currie (2011) “Killing Me Softly: The Fetal Origins Hypothesis ,” *Journal of Economic Perspectives*, 25(3): 153-72.
- Akresh, Richard and Damien de Walque (2010) Armed Conflict and Schooling: Evidence from the 1994 Rwandan Genocide,” HiCN Working Papers 47, Households in Conflict Network.

Review class: October 15

****** Midterm exam: October 17 *****

The exam will be during class. All you need to bring is a pen and an eraser. NO PENCILS. Books, phones, calculators or any other thing that it is not a pen or an eraser are not allowed. For an example of previous exams please go to learn.uconn.edu. The exam will have a very similar structure as the posted one.

Stata lesson: Difference-in-difference

6.7 Beyond averages

6.7.1 Inequality: October 22 and 24

How can we measure inequality? How has inequality changed in recent times?

- Ray: chapter 6 [*].

- Milanovic, Branko (2010) *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*. Chapters 2 and 3. [*]
- López-Calva, Luis Felipe and Nora Lustig (2010) *Declining Inequality in Latin America: A Decade of Progress?*, Chapter 1: Explaining the Decline in Inequality in Latin America: Technological Change, Educational Upgrading, and Democracy [*]
- Banerjee, A. and E. Duflo (2007) “The Economic Lives of the Poor” *Journal of Economic Perspectives*, 21(1):141-168, Winter.
- PRL: chapter 6.

****** Third problem set due: October 27 ******

The problem set is due at 11:00pm on Sunday. To submit your homework you will need to use SafeAssign, which controls for plagiarism.

6.7.2 Poverty with examples from South Africa: October 29 and TBA

How is poverty defined and measured? What is a poverty line? Why should the proportion of people living with less than the poverty line cannot be an adequate guideline for policy?

- Ray: chapter 8. [*]
- Woolard, I. and M. Leibbrandt (1999) “Measuring Poverty in South Africa,” Working Papers 9689, University of Cape Town, Development Policy Research Unit. [*]
- BBM: chapters 1 and 15.
- Chronic Poverty Research Center (2009) *The Chronic Poverty Report 2008-09*, Chapter 1: Foundations for understanding and challenging chronic poverty

Make-up class: October 28 (tentative)

The time and location will be determined a few days prior to this class.

***** October 31st: No classes *****

****** Fourth problem set due: November 3 ******

The problem set is due at 11:00pm on Sunday. To submit your homework you will need to use SafeAssign, which controls for plagiarism.

6.8 Human Capital

6.8.1 Education: November 5 and 7

On September 26 2012, the UN launched a 5-year global initiative, named *Education First* <http://globaleducationfirst.org>. Why is education relevant for development? What are the benefits of education? What are the main trends and patterns? Are boys and girls treated similarly? How can we measure the returns to education? How can we improve schools and motivate parents to send their children to school?

- PRL: chapter 8. [*]
- BBM: chapter 18.

Stata lesson: Regression discontinuity

***** November 12 and 14: No classes *****

6.8.2 Health and nutrition: November 19 and 21

What are the recent trends in health? What factors improve health? How does health affect productivity and growth? What works in health?

- PRL: chapter 9. [*]
- SKO: chapters 8-10. [*]
- LEV: case 6 (Sri Lanka) and case 9 (Mexico).

****** Fifth problem set due: November 24 *****

The problem set is due at 11:00pm on Sunday. To submit your homework you will need to use SafeAssign, which controls for plagiarism.

***** November 26 and 28: No classes (Thanksgiving)*****

6.9 Students' presentations: December 3 and 5

Review class: December 6 (tentative)

The time and location will be determined a few days prior to this class.

***** Final exam: TBA *****