

## **Advanced Development Economics – Selected Topics, Summer- 2017**

### **An Outline**

**Prof. Sugata Marjit**

The purpose of this course is to provide a rigorous introduction to certain key factors, historical as well as emerging, that have shaped the general economic and social landscape of the developing world since 1950s. While our main focus will be the set of factors that determine growth and prosperity of the economically disadvantaged, we shall reflect on broader aspects of Development beyond Economic Growth, which deals with poverty and inequality, education, health etc. Our method will be essentially analytical with strong emphasis on theoretical mechanisms and relevant empirical findings. We shall draw from important texts and papers and restructure materials to fit the course requirement. The list of topics we shall cover in this course are as follows.

1. Development Economics and Economic Development – A Historical Overview – Growth Vs. Development ( Lecture 1)
2. Economic Growth under Ideal and Non-Ideal Conditions ( Lecture 2)
3. Convergence, Divergence and Poverty Traps – Role of Imperfect Credit Market (lecture 2 and 3 )
4. Behavioural Complexities – Status Effect, Growth and Malnutrition ( Lecture 3 )
5. Labour Market Issues – Rural-Urban Migration, Informal Sector, Efficiency Wage Hypothesis ( Lecture 4 and 5 )
6. Open Economy Issues - Trade and Growth, Openness and Inequality ( Lecture 5 and 6)
7. Political Economy Perspective – Growth vs. Redistribution, Economic Reform , Corruption and Growth ( Lecture 6 and 7)
8. Development Economics and Clinical Policy Experiments ( Lecture 8)
9. Paper Presentations (9 and 10)

Following are some of the resources we will use along with the lecture notes. General

Readings/Books for an Overview (Exact details can be found in the web)

1. William Easterly – Elusive Quest For Growth
2. Acemoglu and Robinson – Why Nations Fail
3. Banerjee and Duflo – Poor Economics
4. Debraj Ray – Development Economics-Text Book and His Chapter in Palgrave

Dictionary of Economics (2007)

5. Robert Lucas- Lectures on Economic Growth (1998)
6. Richard Baldwin – The Great Convergence – Harvard University Press (2017)
7. Fiscal Policy and Inequality – ( International Monetary Fund, 2016)

### Reference Books

1. Kaushik Basu – Analytical Development Economics, MIT Press
2. Acharyya and Kar – International Trade and Economic Development, OUP
3. Marjit and Kar – The Outsiders – Economic Reform and Informal Labor in a Developing Economy -OUP

### Research Articles for Lectures 1, 2 and 3

1. Solow, Robert M, 1988. "Growth Theory and After", American Economic Review, vol. 78(3), pages 307-17, June.
2. Robert E. LUCAS, Jr. "On the Mechanics of Economic Development" *Journal of Monetary Economics* 22 (1988) 3-42. North-Holland
3. Lucas, R. E. (1998). On the mechanics of economic development. *Econometric Society Monographs*, 29, 61-70.
4. Robert J. Barro and Xavier Sala-i-Martin “Convergence “*Journal of Political Economy* Vol. 100, No. 2 (Apr., 1992), pp. 223-251
5. Amartya Sen – “Development as Freedom” OUP New York (1999)
6. Abhijit V. Banerjee, Esther Duflo – “Growth Theory through the Lens of Development Economics” – Chapter 7 of *Handbook of Economic Growth* Volume 1, Part A, 2005, Pages 473–552
7. Galor Odded and Zeira – “Income Distribution and Macroeconomics” *The Review of Economic Studies*, Vol. 60, No. 1, pp. 35-52 (1992)
8. Galor Odded (2009) – *Inequality and Development –A Modern Perspective*.
9. Arthur Lewis – Economic development with Unlimited Supplies of Labor, *The Manchester School* Volume 22, Issue 2, pages 139–191, May 1954 **Manchester School, Reprinted in Agarwal and Singh – Economics of Underdevelopment – Oxford University Press.**
10. Gary S. Fields – “Dualism in the Labor Market –A Perspective on Lewis after Half a

- century”- Cornell University, ILR Discussion paper – 7-2004.
11. Gary Fields – Income Mobility (2008) Digital Commons @ILR, Cornell University.
  12. Sugata Marjit - “Virtual Trade and Growth” Working Paper, Centre for Training and Research in Public Finance and Policy ([www.ctrpfp.ac.in](http://www.ctrpfp.ac.in)) (2015)
  13. Marjit, Santra and Hati – “Relative Social Status and Conflicting Measures of Poverty - A Behavioral Analytical Model” Working Paper, Centre for Training and Research in Public Finance and Policy ([www.ctrpfp.ac.in](http://www.ctrpfp.ac.in)) (2015)
  14. Debraj Ray - "Uneven growth: A framework for research in development economics." *The Journal of Economic Perspectives* 24.3 (2010): 45-60.
  15. Romer, P. M. (1990) – “Endogenous technological change”, *Journal of political Economy*, 98(5, Part 2), S71-S102.
  16. Romer, P. M. (1994) – “The origins of endogenous growth”, *The journal of economic perspectives*, 8(1), 3-22.
  17. Marjit, S. (2007) – “Trade theory and the role of time zones”, *International Review of Economics & Finance*, 16(2), 153-160.
  18. Kikuchi, T., Marjit, S., & Mandal, B. (2013) – “Trade with time zone differences: factor market implications”, *Review of Development Economics*, 17(4), 699-711.
  19. Rebelo, S. (1991) – “Long-run policy analysis and long-run growth”, *Journal of political Economy*, 99(3), 500-521.
  20. Acemoglu, D., & Ventura, J. (2002) – “The world income distribution”, *The Quarterly Journal of Economics*, 117(2), 659-694.
  21. Grossman, G. M., & Helpman, E. (1993) – “Endogenous innovation in the theory of growth”, (No. w4527). National Bureau of Economic Research.
  22. Grossman, G. M., & Helpman, E. (1993) – “Innovation and growth in the global economy”, MIT press.
  23. Romer-Rivera Batiz (NBER, 1990)

## Research Articles for Lectures 4 and 5

1. John R. Harris and Michael P. Todaro - “Migration, Unemployment and Development: A Two-Sector Analysis”, *The American Economic Review*, Vol. 60, No. 1 (1970), pp. 126-142
2. Marjit, Sugata, (1991) - "Agro-based industry and rural-urban migration : A case for an urban employment subsidy," *Journal of Development Economics*, Elsevier, vol. 35(2), pages 393-398, April.
4. David H. Autor - "Lecture Note: Efficiency wages, the Shapiro-Stiglitz Model" MIT and NBER, accessible at <http://economics.mit.edu/files/548>
5. Marjit, Sugata (2003) - "Economic reform and informal wage--a general equilibrium analysis," *Journal of Development Economics*, Elsevier, vol. 72(1), pages 371-378, October.

6. Patnaik, U. (2007) – “Neoliberalism and rural poverty in India”, *Economic and Political Weekly*, 3132-3150.
7. Deaton, A., & Drèze, J. (2009) – “Food and nutrition in India: facts and interpretations”, *Economic and political weekly*, 42-65.
8. Radhakrishna, R., & Ravi, C. (2004) – “Malnutrition in India: Trends and determinants”, *Economic and Political Weekly*, 671-676.
9. Griffiths, P. L., & Bentley, M. E. (2001) – “The nutrition transition is underway in India” *The Journal of Nutrition*, 131(10), 2692-2700.
10. Svedberg, P. (2008, December) – “Why malnutrition in shining India persists”, In *4th Annual Conference on Economic Growth and Development, New Delhi*.
11. Frank, R. H. (1985) – “*Choosing the right pond: Human behavior and the quest for status*”, Oxford University Press.
12. Sivanathan, N. & Pettit, N. C. (2010) – “Protecting the self through consumption: Status goods as affirmational commodities”, *Journal of Experimental Social Psychology*, 46(3), 564-570.
13. Mujcic, R., & Frijters, P. (2013) – “Economic choices and status: measuring preferences for income rank”, *Oxford Economic Papers*, 65(1), 47-73.
14. Cole, H. L., Mailath, G. J., & Postlewaite A. (1992) – “Social norms, savings behavior, and growth”, *Journal of Political economy*, 100(6), 1092-1125.
15. Corneo, G., & Jeanne, O. (2001) – “Status, the distribution of wealth, and growth”, *The Scandinavian Journal of Economics*, 103(2), 283-293.
16. Kanbur, R., & Tuomala, M. (2011) – “Charitable conservatism, poverty radicalism and inequality aversion”, *Journal of Economic Inequality*, 9(3), 417-431.
17. Moav, O., & Neeman, Z. (2010) – “Status and poverty”, *Journal of the European Economic Association*, 8(2-3), 413-420.
18. Robson, A. J. (1992) – “Status, the distribution of wealth, private and social attitudes to risk”, *Econometrica: Journal of the Econometric Society*, 837-857.
19. Ray, D., & Robson, A. (2012) – “Status, Intertemporal Choice, and Risk-Taking”, *Econometrica*, 80(4), 1505-1531.
20. Stiglitz, J. E. (1976) – “The efficiency wage hypothesis, surplus labour, and the distribution of income in LDCs”, *Oxford economic papers*, 28(2), 185-207.

### **Research Articles for Lecture 6 and 7**

1. Marjit and Acharyya (2007) – “Trade and wages”, Princeton Encyclopaedia of World Economy – Princeton University Press.
2. S. Marjit, R. Acharyya (2003) – “International Trade, Wage Inequality and the Developing Economy - A General Equilibrium Approach” – Springer Verlag Heidelberg.
3. Feenstra Robert, C. (2004) – “Advanced international trade”, *Theory and evidence*.
4. Kikuchi, T., & Marjit, S. (2011) – “Growth with time zone differences”, *Economic Modelling*, 28(1), 637-640.

5. Marjit and Mandal (2017) – Virtual Trade -*International Journal of Economic Theory*
6. Marjit and Yang – Distribution Neutral Fiscal Policy – CESifo, Munich, Working Paper (2017)
7. Furceri and Loungani (2016 ) Opening up to Inequity –Finance and Development (IMF, March )

### Research Articles for Lecture 8

1. Persson, Torsten & Tabellini, Guido (1992) - "Growth, distribution and politics," *European Economic Review*, Elsevier, vol. 36(2-3), pages 593-602, April.
2. S.Marjit and V.Mukherjee (2015) – “Market Liberalization and Rent Seeking in India”, in Congleton and Hillman ed. “Rent Seeking” Edward Elgar ( Forthcoming)
3. Ostry, J., Berg, A., & Tsangarides, C. (2014) – “Redistribution, inequality, and growth”, (International Monetary Fund Staff Discussion Note 14/02). *Washington, DC: IMF*.
4. Congleton, R. D., & Hillman, A. L. (2015) – “*Companion to the political economy of rent seeking*”, Edward Elgar Publishing.
5. Mauro, P. (1995) – “Corruption and growth”, *The quarterly journal of economics*, 110(3), 681-712.
6. De Soto, H. (2000) – “*The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*”, Basic books.
7. Marjit, Mukherjee and Kolmer (2006) (JITED)
8. Ades, A., & Di Tella, R. (1999) – “Rents, competition, and corruption”, *The American economic review*, 89(4), 982-993.

### Research Articles for Lecture 9

1. Banerjee and Duflo Chapter in -Annual Review of Economics (2009)
2. Angrist, J. D., & Lavy, V. (1999) – “Using Maimonides' rule to estimate the effect of class size on scholastic achievement”, *The Quarterly Journal of Economics*, 114(2), 533-575.
3. Kremer, M., Ilias, N., & Glewwe, P. (2003) – “*Teacher incentives*”, (No. 00257). The Field Experiments Website.
4. Duflo, E., Hanna, R., & Ryan, S. (2007) – “Monitoring Works: getting teachers to come to school”, Document de travail. URL: <http://economics.mit.edu/files/2066>.
5. Olken, B. A. (2007) - “Monitoring corruption: evidence from a field experiment in Indonesia”, *Journal of political Economy*, 115(2), 200-249.
6. Instruments of Development –Angus Deaton (2009, Princeton)

