

## **Advanced Development Economics – Selected Topics, Summer- 2018**

### **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 (Lecture 3A)
4. Role of Imperfect Credit Market (Lecture 3B )
5. Behavioural Complexities – Status Effect, Growth and Malnutrition ( Lecture 4 )
6. Labour Market Issues – Rural-Urban Migration, Informal Sector, Efficiency Wage Hypothesis ( Lecture 5 )
7. Open Economy Issues - Trade and Growth, Openness and Inequality ( Lecture 6)
8. Political Economy Perspective – Growth vs. Redistribution, Economic Reform , Corruption and Growth ( Lecture 7)
9. Development Economics and Clinical Policy Experiments ( Lecture 8)
10. 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 (2001) – The elusive quest for growth: economists' adventures and misadventures in the tropics, MIT Press.
2. Robinson and Acemoglu (2012) – Why Nations Fail, Crown Publishing Group.

3. Banerjee and Duflo (2011) – Poor economics: A radical rethinking of the way to fight global poverty, Public Affairs.
4. Debraj Ray – Development Economics - Text Book and His Chapter in Palgrave Dictionary of Economics ( 1998), Princeton University Press.
5. Lucas, R. E. (2002) - Lectures on economic growth, Harvard University Press.
6. Inequality and Fiscal Policy (2015) - IMF Publication.
7. Richard Baldwin (2016) - The Great Convergence, Harvard University Press.

❖ **Reference Books**

1. Kaushik Basu (1997) – Analytical development economics: the less developed economy revisited, MIT Press.
2. Acharyya and Kar (2014) – International Trade and Economic Development, OUP
3. Marjit and Kar (2011) – The Outsiders – *The outsiders: Economic reform and informal labour in a developing economy*, Oxford University Press.

❖ **Research Articles for Lectures 1, 2 and 3**

1. Solow, Robert M, (1988) – ‘Growth Theory and After’, *American Economic Review*, 78(3), 307-17.
2. Robert E. LUCAS (1988) – ‘On the Mechanics of Economic Development’ *Journal of Monetary Economics*, 22, 3-42, North-Holland.
3. Robert J. Barro and Xavier Sala-i-Martin (1992) – ‘Convergence’ *Journal of Political Economy*, 100(2), 223-251.
4. Amartya Sen (1999) – Development as Freedom, Oxford University Press, New York.
5. Abhijit V. Banerjee, Esther Duflo (2005) – ‘Growth Theory through the Lens of Development Economics’ – Chapter 7 of Handbook of Economic Growth, 1(A), 473–552.
6. Galor Oded and Zeira (1992) – ‘Income Distribution and Macroeconomics’ *The Review of Economic Studies*, 60(1), 35-52.
7. Oded Galor (2009) – Inequality and Economic Development: the Modern Perspective, Edward Elgar Publishing.
8. W. Arthur Lewis (1954) – Economic development with Unlimited Supplies of Labor, 22(2), 139–191, The Manchester School.
9. Gary S. Fields (2004) – ‘Dualism in the Labor Market –A Perspective on Lewis after

- Half a century' - The Manchester School, 72(6), 724-735.
10. Gary S. Fields (2008) – 'Income mobility' [Electronic version]. Retrieved [insert date], from Cornell University, ILR School site: <http://digitalcommons.ilr.cornell.edu/articles/453/>
  11. Marjit, S. and B. Mandal (2017) - "Virtual Trade between separated Time Zones and Growth, *International Journal of Economic Theory*, 13(2), 171-183.
  12. Marjit, Santra and Hati – 'Relative Social Status and Conflicting Measures of Poverty - A Behavioral Analytical Model' *Journal of Quantitative Economics*, Springer, 13(1), 77-86.
  13. Debraj Ray (2010) – 'Uneven growth: A framework for research in development economics', *The Journal of Economic Perspectives* 24(3), 45-60.
  14. Romer, Paul M. (1986) - 'Increasing Returns and Long Run Growth,' *Journal of Political Economy*, 94, 1002–37.
  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. Rivera-Batiz, L., & Romer, P. M. (1994) – 'Economic integration and endogenous growth: an addendum', *The Quarterly Journal of Economics*, 109(1), 307-308.

## ❖ Research Articles for Lectures 4 and 5

1. John R. Harris and Michael P. Todaro (1970) – ‘Migration, Unemployment and Development: A Two-Sector Analysis’, *The American Economic Review*, 60(1), 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, 35(2), 393-398.
4. David H. Autor (2003) – ‘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, 72(1), 371-378.
6. Marjit, S., & Beladi, H. (2003) – ‘Possibility or impossibility of paradoxes in the small country Harris-Todaro framework: a unifying analysis’, *Journal of Development Economics*, 72(1), 379-385.
7. Marjit, S., & Mandal, B. (2016) – ‘International Trade, Migration and Unemployment–The Role of Informal Sector’, *Economics & Politics*, 28(1), 8-22.
8. Patnaik, U. (2007) – ‘Neoliberalism and rural poverty in India’, *Economic and Political Weekly*, 3132-3150.
9. Deaton, A., & Drèze, J. (2009) – ‘Food and nutrition in India: facts and interpretations’, *Economic and political weekly*, 42-65.
10. Radhakrishna, R., & Ravi, C. (2004) – ‘Malnutrition in India: Trends and determinants’, *Economic and Political Weekly*, 671-676.
11. Griffiths, P. L., & Bentley, M. E. (2001) – ‘The nutrition transition is underway in India’, *The Journal of Nutrition*, 131(10), 2692-2700.
12. Svedberg, P. (2008) – ‘Why malnutrition in shining India persists’, In *4th Annual Conference on Economic Growth and Development, New Delhi*.
13. Frank, R. H. (1985) – ‘*Choosing the right pond: Human behavior and the quest for status*’, Oxford University Press.
14. 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.
15. Mujcic, R., & Frijters, P. (2013) – ‘Economic choices and status: measuring preferences for income rank’, *Oxford Economic Papers*, 65(1), 47-73.
16. Cole, H. L., Mailath, G. J., & Postlewaite A. (1992) – ‘Social norms, savings behavior, and growth’, *Journal of Political economy*, 100(6), 1092-1125.
17. Corneo, G., & Jeanne, O. (2001) – ‘Status, the distribution of wealth, and growth’, *The Scandinavian Journal of Economics*, 103(2), 283-293.
18. Kanbur, R., & Tuomala, M. (2011) – ‘Charitable conservatism, poverty radicalism and inequality aversion’, *Journal of Economic Inequality*, 9(3), 417-431.
19. Beath, J. and F. Fitzroy (2010) - ‘Status, Happiness and Relative Income’. IZA Discussion Paper No. 2658.
20. Moav, O., & Neeman, Z. (2010) – ‘Status and poverty’, *Journal of the European Economic Association*, 8(2-3), 413-420.

21. Robson, A. J. (1992) – ‘Status, the distribution of wealth, private and social attitudes to risk’, *Econometrica: Journal of the Econometric Society*, 837-857.
22. Ray, D., & Robson, A. (2012) – ‘Status, Intertemporal Choice, and Risk-Taking’, *Econometrica*, 80(4), 1505-1531.
23. Stiglitz, J. E. (1976) – ‘The efficiency wage hypothesis, surplus labour, and the distribution of income in LDCs’, *Oxford economic papers*, 28(2), 185-207.
24. Stiglitz, J. E. (1974) – ‘Alternative theories of wage determination and unemployment in LDC's: The labor turnover model’, *The Quarterly Journal of Economics*, 88(2), 194-227.
25. Corden, W. M., & Findlay, R. (1975). Urban unemployment, intersectoral capital mobility and development policy. *Economica*, 42(165), 59-78.

❖ **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; with 15 Tables’, Springer Science & Business Media
3. Feenstra Robert, C. (2004) – ‘Advanced international trade’, *Theory and evidence*, Princeton (NJ) et al. *International Economics (Bachelor level) Forms of Teaching*.
4. Kikuchi, T., & Marjit, S. (2011) – ‘Growth with time zone differences’, *Economic Modelling*, 28(1), 637-640.
5. Persson, Torsten & Tabellini, Guido (1992) – ‘Growth, distribution and politics’, *European Economic Review*, Elsevier, 36(2-3), 593-602.
6. Ostry, J., Berg, A., & Tsangarides, C. (2014) – ‘Redistribution, inequality, and growth”, (International Monetary Fund Staff Discussion Note 14/02). Washington, DC: IMF.
7. Congleton, R. D., & Hillman, A. L. (2015) – “*Companion to the political economy of rent seeking*”, Edward Elgar Publishing.
8. Marjit, S., & Mukherjee, V. (2015) - 23. Market liberalization and rent seeking in India. *Companion to the political economy of rent seeking*, 410.
9. Mauro, P. (1995) – ‘Corruption and growth’, *The quarterly journal of economics*, 110(3), 681-712.
10. De Soto, H. (2003) – *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*, Basic Civitas Books.

11. Marjit, Mukherjee and Kolmer (2006) – ‘Poverty, Taxation and Governance’, *Journal of International Trade and Development*, (Special Issue), 15(3), 325-333.
12. Marjit, S., Mandal, B., & Roy, S. (2014) – ‘Trade openness, corruption and factor abundance: evidence from a dynamic panel’, *Review of Development Economics*, 18(1), 45-58.
13. Ades, A., & Di Tella, R. (1999) – ‘Rents, competition, and corruption’, *The American Economic Review*, 89(4), 982-993.
14. Ostry, J. D., Loungani, P., & Furceri, D. (2016). El neoliberalismo; un espejismo?: en lugar de generar crecimiento, algunas políticas neoliberales aumentaron la desigualdad, lo que a su vez dificultó una expansión duradera. *Finanzas y desarrollo: publicación trimestral del Fondo Monetario Internacional y del Banco Mundial*, 53(2), 38-41.
15. Clements, M. B. J., de Mooij, R. A., Gupta, M. S., & Keen, M. M. (2015) – ‘Inequality and fiscal policy’, International Monetary Fund.

❖ **Research Article for Lecture 8**

1. Chin, A. (2005) – ‘Can redistributing teachers across schools raise educational attainment? Evidence from Operation Blackboard in India’, *Journal of development Economics*, 78(2), 384-405.
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. Heckman, J. J., Lochner, L., & Taber, C. (1999) – *General equilibrium cost benefit analysis of education and tax policies* (No. w6881), National Bureau of Economic Research.
7. Kremer, M., & Miguel, E. (2007) - ‘The illusion of sustainability’, *The Quarterly journal of economics*, 122(3), 1007-1065.
8. Cohen, J., & Dupas, P. (2010) - ‘Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment’, *The Quarterly Journal of Economics*, 1-45.
9. S.Marjit and V.Mukherjee (2015) – ‘Market Liberalization and Rent Seeking in India’, in Congleton and Hillman ed. “Rent Seeking” Edward Elgar, 410-420.
10. De Soto, H. (2000) – *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*”, Basic books.
11. Banerjee and Duflo Chapter in - Annual Review of Economics.