Development Economics

Spring 2015

Class: Thursdays 6 – 7:50pm, Room 713, 72 Fifth Ave

Lab: Mondays 8 – 9:50pm, Room 701, 66 West 12th Street

Instructor: Sakiko Fukuda-Parr
Office: 713, 7th floor, 72 Fifth Ave
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Office hours: Tuesdays 4.00 – 5:30 PM; Thursdays 4 – 5:30 PM (sign up for slots on this link https://www.google.com/calendar/selfsched?sstoken=UUlIZnZrWHFNOFVGfGRlZmF1bHR8NjMxZWExZmi3NDY0ZGJmZWNiODMxMmI0ZjZlYzQ or other times by appointment

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Office Hours: Monday 6 – 8:00 PM; or by appointment

Course Description:
This course is an introduction to Development Economics and is concerned with how economists have sought to explain how the process of economic growth occurs, and how – or whether – that delivers improved well-being of people. The course includes theories of growth and their critiques from feminist, capabilities and heterodox economic traditions. We explore the relationship between economic growth, poverty, inequality, sustainability and human development. Throughout the semester, we ask: Is equitable growth possible – where economic growth is robust and sustained, while expanding human choices and freedoms for all and not just a few, and where the most deprived are empowered? In seeking to answer this question, we examine the theoretical concepts, policy strategies, and empirical evidence from experience. The learning objectives of the course are for students to become familiar with the basic theories and concepts on economic growth and its consequences for distribution, poverty and human development.

This course is the required foundation course for the Development Concentration in GPIA. It is designed to complement Theories, Histories and Practices of Development (THPD). Both aim at understanding the contemporary challenges of growth, inequality and human development. But while THPD focuses on contemporary issues and country experiences, this course is about the economic theories that help explain them.

Prerequisites:
Economics in International Affairs I or equivalent, and THPD unless it is taken concurrently with this course.

**Required Work:**
Assignments include two homework question sets, a midterm exam and a final exam. The grading will be structured as follows:
- Class participation (10% of final grade)
- Two homework assignments (20% of final grade - 10% each)
- Mid term exam (30% of final grade)
- Final exam (40% of final grade)

Participation will be an important part of learning in this course. Students are expected to attend all classes, come prepared, and contribute to class discussion. One absence will be allowed without penalty to the grade. Absences can be made up with two paragraph write ups of each of the required readings, incorporating one paragraph abstract and one paragraph commentary on the article. Students are expected to contribute proactively to class discussion by raising questions, making comments, and offering short presentations. Contribution to discussion will be part of the participation grade. Short presentations will be on topics that emerge in discussions. Students are encouraged to volunteer to make short presentations (5 minutes focusing on a narrow topic to be assigned.).

The labs are arranged with two objectives: to cover supplementary material and to clarify concepts already covered in the lecture. Those that cover supplementary material are indicated in the syllabus as mandatory. Students come to this course with diverse backgrounds in economics and the labs will help clarify any basic concepts that may not be fully explained in the lecture. Lab sessions will be designed to allow flexibility in the material to be covered dependent on student demand.

**Books and readings:**

*Required for purchase:* The following book will be the basic textbook for this course:


The book is available from Shakespeare and Co. at 716 Broadway (at Washington Pl), and also available online. A good source for purchasing books that provide information on comparative prices and availability are [www.bestbookbuys.com](http://www.bestbookbuys.com) for new books and [www.bookfinder.com](http://www.bookfinder.com) for used books. The Ray book is available for rent from Barnes and Noble, and from Amazon.

Other useful books to have but not required for purchase:

A more basic explanation of concepts than Ray.


Other than chapters from Ray, the required readings will be posted on Canvas. The supplementary readings are listed as additional resources for students who want to pursue some questions further.

**Course communications:**
The course webpage on Canvas will include all information including the syllabus, readings, announcements, assignments, exams, and personal profiles.

Individual communications to students will be made through the *New School email account.* Please make sure to check your *New School email account* regularly.

**Academic honesty:**
Plagiarism is the use of another person’s words or ideas in any academic work without proper acknowledgment. The standards of academic honesty and citation of sources apply to all forms of academic work (examinations, essay theses, dissertations, computer work, art and design work, oral presentations, and other projects). It is the responsibility of students to learn the procedures specific to their discipline for correctly and appropriately differentiating their work from that of others. For further information on proper acknowledgment and plagiarism, including proper expectations for paraphrasing source material and proper forms of citation in research and writing, students should consult the MLA Style Manual and Guide to Scholarly Publishing (second edition), chapter 6, on documentation. The New School University Writing Center also provides useful online resources to help students understand and avoid plagiarism, at [www.newschool.edu/admin/writingcenter/usefullinks.html](http://www.newschool.edu/admin/writingcenter/usefullinks.html).

**Course outline**

**Class 1 (Thursday 1/29) – Overview of the course**
*Note no lab on Monday*

Introductions; course objectives, themes, expectations, organization.
Short Lecture: history of mainstream and heterodox thinking about growth, poverty, inequality and human development

**Required readings:**
- Ortiz, Isabel and Mathew Cummins (2012) *Global Inequality: Beyond the Bottom Billion, A Rapid Review of Income Distribution in 141 Countries*. UNICEF Economic and Social

2/2 - Optional lab on data sources and Excel

Class 2 (2/5) – Economic Growth Models

Harrod-Domar and Solow models, long-term growth trends.

**Required readings:**

- Chapter 3 in Ray
- Case studies on Korea, Brazil
- Rodrik, Dani (2007). *One Economics, Many Recipes* chapter 1, Fifty Years of Growth (and lack thereof): an interpretation

**Additional resources:**

- Chapter 2 in Ray

Lab (2/9) Growth models

[Homework 1 assigned]

2/12 no class
2/16 no lab, President’s day

Class 3 (2/19) - New Growth Theory

Human capital, technology, social reproduction, and institutions.

**Required readings:**

- Chapter 4 in Ray (New Growth Theory)
- UNDP 1996 chapter 2 section p.50-55 New growth theories

**Additional resources:**
• Fine, Ben. “New Growth Theory” in Chang

**Class 4 (Monday 2/23) – Human Development and Capabilities**
**Lecture at lab time and room – 8.00 – 9.50 Room 701, 66 West 12th St.**

Consequences of growth – ends and means of development, human development and capabilities approach.

**Required readings:**
• Case study

**Additional resources:**
• Reddy, Sanjay (2013) Economics beyond the Economists, Economic and Political Weekly

**Class 5 (2/26) – Gender Inequality and Economics of Gender**
Critique of mainstream economic models; care economy and unpaid work; macroeconomic policies and gender; gender empowerment leads to growth.

[**Assignment 1 due (hard copy in class)**]

**Required readings:**

**Additional resources:**
3/2 - Mandatory lab – NGT/human development strategies and cross country regressions methodology in Ranis

Class 6 (3/5) – Structuralism, developmental growth models and strategies
Structuralism, Import Substitution Industrialization, Industrial Policy, New Structuralism

[Midterm exam handed out]

Required readings:

- Ocampo, Jose Antonio, Codrina Rada and Lance Taylor (2009), Growth and Policy in Developing Countries: A Structuralist Approach, Columbia University Press Chapters 1, 2, 9
- Mushtaq Khan - Strategies For State-Led Social Transformation: Rent Management, Technology Acquisition
- Brazil and Korea case studies

Additional resources:

- Amsden: "Why Isn’t the Whole World Experimenting with the East Asian Model to Develop?"

3/9 – Mandatory lab on developmental strategies, ISI, role of the state, case studies

Class 7 (3/12) - Inequality
Definition and measurement approaches; concept including intrinsic and instrumental concerns; instrumental role for economic growth; empirical trends since the 1970s.

Required readings:
• Chapter 7 in Ray (sections 7.1, 7.2.1, 7.2.2 only)
• Review country case studies

Additional resources:
• Cornia, Giovanni Andrea and Bruno Martorano (2012) Development Policies and Income Inequality in Selected Development Regions, UNCTAD working paper UNCTAD/OSG/2012/4

Lab 3/16 – Optional Lab: Midterm review

Class 8 (3/19) – Poverty
Conceptual approaches; definitions and measures; empirical trends.

[Mid term exam due]

Required readings:
• Chapter 8 in Ray (sections 8.1, 8.2, 8.3 only)
• Sen, Amartya (1992) Inequality Reexamined chapter 7
• Course hand out: “Measuring development, poverty and inequality: mapping indicators”
• South Africa and Brazil case studies

Additional resources:
Oxford University Press, New York. [www.hdr.undp.org](http://www.hdr.undp.org) also in Fukuda-Parr and Shivakumar, Readings in Human Development


**March 23-29th: Spring Break**

3/30 - **Mandatory Lab: Measurement of poverty and inequality**

**Class 9 (4/2) - Employment**

Employment and poverty; Standard theory of labor market; Policy prescriptions – flexible labor market and alternative approaches; Informal sector work.

[**Homework assignment 2 handed out**]

**Required readings:**

- Chapter 13 Ray

**Additional resources:**

- Chapter 4 Translating Growth into Employment Opportunities, UNDP 1996
4/6 – Optional lab on employment and homework review

Class 10 (4/9) – Rural and Urban linkages
Role of agriculture; structural shifts; migration.

[homework 2 due]

Required readings:
- Chapter 10 in Ray (focus on Lewis, Fei-Ranis and Harris-Todaro models sections 10.2, 10.3.1, 10.3.2, 10.3.3)

Additional resources:

Lab 4/13 - TBD

Class 11 (4/16)
Micro economics of poverty - Randomised controlled trials (RCTs) to assess ‘what works’ to reduce poverty
Macro vs. micro approaches, potential and limitations of RCTs, critique of RCTs.

Required readings:

Additional resources:


4/20 lab – topic open TBD

Class 12 (4/23) – International Trade

Required readings:
• Chapters 16, 17 in Ray

Additional resources:
• Chang, Ha-Joon, 2008 Bad Samaritans, the Myth of Free Trade and the Secret History of Capitalism.

4/27 lab - Mandatory lab on trade theory
[Final exam given out]

Class 13 (4/30) - Sustainability – Political Economics of the Environment

Required readings:
• Power, Marilyn (2009) Political Economists’ Environmental Analyses (mimeo)
• Solow, Robert. Sustainability: An Economist’s Perspective

05/4 – Optional lab – review for exam

Class 14 (5/7) – Student panel discussion on growth, poverty, inequality, and human development
Readings to be assigned

05/11 – Final Exam Due