

Economics @ Lady Margaret Hall

Development Economics

Gavin Cameron

Trinity 2003

Please find attached reading lists for this term's tutorials on Development Economics.

We will alternate between tutorials and classes. For the tutorials I expect you to write an essay (to be handed in at the tute itself) and for the classes I expect you to prepare answers to the questions given.

Tutorials will take place in my LMH office: flat 2, 1 Fyfield Road. If you walk along Norham Gardens towards LMH, 1 Fyfield Road is just on the corner about 40 yards before the LMH porters' lodge. It is a large house with two front doors. Come to the left hand front door and ring the top left bell.

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Textbooks

Agénor, P. and P. J. Montiel (1999), *Development Macroeconomics*.

Hayami, Y. (1997), *Development Economics: From the Wealth to Poverty of Nations*.

Ray, D. (1998), *Development Economics* (highly recommended).

Smith, S. (2000), *Case Studies in Economic Development*, 2nd edition (*basic*).

Todaro, M.P. (2000) *Economic Development*, 7th edition (*basic*).

Thirlwall, A.P. (1999), *Growth and Development*, 6th edition (*basic*).

Statistics and Background

UNCTAD (annual), *Trade and Development Report*.

UNDP (annual), *Human Development Report*.

World Bank, (annual), *World Development Report* (especially the 2000/01 report on Poverty).

World Bank, *World Development Indicators*.

Surveys

Balasubramanyam, V.N. and S.Lall (eds), (1991), *Current Issues in Development Economics*.

Behrman, J. and T.N.Srinivasan (eds), (1995), *Handbook of Development Economics*, vol.3a and 3b.

Chenery, H. and T.N. Srinivasan (eds), (1988), *Handbook of Development Economics*, vols. 1 and 2.

Meier, G.M. and Stiglitz, J.E. (eds), (2000), *Frontiers of Development Economics: The Future in Perspective*.

Meier, G.M. and J.Rauch (eds), (2000), *Leading Issues in Economic Development*, 7th edition.

Stern, N. (1989), "The Economics of Development: a survey" *Economic Journal*, vol.99, 597-685.

Week One: Tutorial

Growth and Wealth Differences

Essay:

'Do growth models illuminate the determinants of growth in backward economies?'

References:

- Ray, D. (1998), *Development Economics*, Chs. 1 to 5
- Hall, R. and Jones, C. (1997), "Levels of Economic Activity Across Countries (in What Have we Learned from Recent Empirical Growth Research?)", *The American Economic Review*, 87 (2), Papers and Proceedings (May), 173-177.
- Sala-I-Martin, X. (1997), "I Just Ran Two Million Regressions", *The American Economic Review*, 87 (2), (May), 178-183.
- Olson, Mancur Jr. 1996. Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor. *Journal of Economic Perspectives* 10 (1):3-22.
- Temple, J. (1999), "The New Growth Evidence", *Journal of Economic Literature*, 37, (March), 112-156.
- Aron, J. (2000), "Growth and institutions", *World Bank Research Observer*, vol.15, no.1.
- Knack, S. and P.Keefer (1997), "Does social capital have an economic payoff? A crosscountry investigation", *Quarterly Journal of Economics*, 112 (4), 1251-1288.
- Rodrik, D. (1999), "Where did all the growth go? External shocks, social conflict", *Journal of Economic Growth*, 4 (4), December.
- Temple, Jonathan and Johnson, Paul A. (1998), "Social capability and economic growth". *Quarterly Journal of Economics*, August, 113 (3), 965-990.
- Collier, P. and J.W.Gunning (1999), "Why has Africa grown slowly", *Journal of Economic Perspectives*, 13 (3).

Week Two: Class

Development as Freedom

Questions for discussion:

1. How can it be judged whether the economic welfare of poor people has improved over time?
2. What economic policies, if any, can prevent nutritional stress from deteriorating into famine?
3. The best way to promote human development is to promote economic growth. Do you agree?

References:

- Ray, D. (1998), *Development Economics*, Chs. 6, 7, and 8.
- Aghion, P., E.Caroli and C.Garcia-Penalosa (1999), "Inequality and economic growth: the perspective of the new growth theories", *Journal of Economic Literature*, 37(1), 64-11.
- Basu, K.(2000), "On the Goals of Development", in Meier, G.M. and Stiglitz, J.E. (eds). *Frontiers of Development Economics: The Future in Perspective*.
- Dollar, D. and Kraay, A. (2002) 'Growth is Good for the Poor', *Journal of Economic Growth*, http://econ.worldbank.org/files/22015_Growth_is_Good_for_Poor.pdf
- Sen, A. (1999), *Development as Freedom*, Ch. 7.
- Sen, A., (1981), *Poverty and Famines*, Ch. 1 and examples, such as Ch. 9 on Bangladesh.
- Ravallion, M., (2001), "Growth, inequality and poverty: looking beyond averages", *World Development*, 29 (11), 1805-1815.
- Baulch, B. and J.Hoddinott (eds) (2000), *Economic Mobility and Poverty Dynamics in Developing Countries* (special issue of the Journal of Development Studies, Aug.).
- Chen, S. and M. Ravallion, (2000), "How did the world's poorest fare in the 1990s?" Policy Research Working Paper 2409, *World Bank, Development Research Group*, <http://econ.worldbank.org/docs/1164.pdf>.
- Sen, A.K. (2000), "A decade of human development", *Journal of Human Development*, 1(1), Feb.

Week Three: Tutorial

Free Trade vs Fair Trade

Essay:

To what extent would developing countries benefit from debt relief and fair trade as opposed to structural adjustment and free trade?

References:

- Bird, G. and Milne, A.. (2003) 'Debt Relief for Low Income Countries: Is it Effective and Efficient?', *World Economy*, 26, 1, 43-59.
- Krugman, P. (1992) *Currencies and Crises* (MIT Press), chapters 7-9.
- Jubilee 2000 (2000) *A beginner's guide to the debt crisis*,
http://www.jubilee2000uk.org/analysis/reports/beginners_guide/debt.htm
- Deaton, A. and R. Miller (1996), "International commodity prices, macroeconomic performance, and politics in sub-Saharan Africa", *Journal of African Economies*, Supplement to 5 (3).
- Lutz, M. (1994), "The effects of volatility in the terms of trade on output growth: new evidence", *World Development*, 22 (12).
- Sapsford, D. and V.N.Balasubramanyam (1994), "The long-run behaviour of the relative price of primary commodities: statistical evidence and policy implications", *World Development*, 22 (11).
- Zehner, D. (2002) 'An economic assessment of fair trade in coffee', *The Chazen Web Journal of International Business*, Columbia Business School:
http://www1.gsb.columbia.edu/journals/files/chazen/Fair_Trade_Coffee.pdf
- Oxfam's Make Trade Fair Campaign: http://www.oxfam.org.uk/fair_trade.html

Week Four: Class

Stabilization policy in developing countries

Questions for discussion:

1. 'The principle justification for structural adjustment programmes lies in the elimination of rent seeking activities.' Discuss
2. Is it to the economic benefit of poor countries to have broad economic policies imposed upon them by international agencies as a condition of economic assistance?
3. What factors should LDCs consider in choosing an exchange rate regime? (2000)

References:

- Christiaensen, L., L. Demery and S. Paternostro (2001), "Reforms, recovery and poverty reduction in Africa: messages from the 1990s", World Bank, mimeo.
- Demery, L. and L. Squire, (1996), "Macroeconomic adjustment and the poverty in Africa: an emerging picture", *The World Bank Research Observer*, 11 (1), 39-59.
- Agénor, P. and P. J. Montiel (1999), *Development Macroeconomics*, Chs. 7-8 on exchange rates, 10 overview on stabilisation programs and 11 to 12 for specific policies and 18 on reforms (a bit difficult).
- Agénor, P.R. and M.P. Taylor (1993), "Analyzing credibility in high-inflation economies", *Economic Journal*, 103 (Mar).
- Collier, P. & V. Joshi (1989), "Exchange rate policy in developing countries", *Oxford Review of Economic Policy*, 5 (3).
- Corbo, V. and S. Fischer (1995), "Structural adjustment, stabilization, and policy reform," in J. Behrman and T. N. Srinivasan (eds), *Handbook of Development Economics*, 3b.
- Dornbusch, R. and S. Fischer (1993), "Moderate inflation", *World Bank Economic Review*, 7 (Jan).
- Edwards, S. (1994), "The political economy of inflation and stabilization in developing countries", *Economic Development and Cultural Change*, 42 (Jan).
- Rodrik, D. (1996), "Understanding economic policy reform", *Journal of Economic Literature*, 34 (March), 9-41.
- Calvo, G. and Reinhart, C. (2000) 'Fear of Floating', NBER working paper 7993:
<http://papers.nber.org/papers/W7993>

Week Five: Class

South Asia and East Asia

Questions for discussion:

1. What factors might explain the different growth rates of South Asia and East Asia?
2. What is the role of micro-credit institutions in the alleviation of poverty?
3. How successful were the Indian economic reforms of the 1990s?

References:

- Basu, K., (1998), *Agrarian Questions*.
- Cassen, R. and V.Joshi (eds), (1995), *India: the Future of Economic Reform*.
- Drèze, J. and Sen, A. (eds), (1996), *Indian Economic Development: Selected Regional Perspectives*.
- Drèze, J. and Sen, A. (1995), *India: Economic Development and Social Opportunity*.
- Eswaran, M. and Kotwal, A. (1994), *Why Poverty Persists in India? A Framework for Understanding the Indian Economy*.
- Joshi, V. and I.M.D.Little (1996), *India's Economic Reforms 1991-2001*.
- Lanjouw, P. and N.Stern (1999), *Economic Development in Palanpur over Five Decades*.
- Looney, R.E. (1997), *The Pakistani Economy: Economic Growth and Structural Reform*.
- Trivedi, K. (2002) 'Educational Human Capital and Levels of Income: Evidence from States in India, 1965-92', Oxford University Department of Economics working paper no 097:
<http://www.economics.ox.ac.uk/research/WP/PDF/paper097.pdf>
- Wahid, A.N.M. (1996), *The Economy of Bangladesh: Problems and Prospects*.
- Amsden, A. (1989), *Asia's Next Giant, South Korea and Late Industrialisation*.
- Castley, R. (1997), *Korea's Economic Miracle: The Crucial Role of Japan*.
- Gomez, E.T. (1997), *Malaysia's Political Economy: Politics, Patronage and Profits*.
- World Bank (1993), *The East Asian Miracle: Economic Growth and Public Policy*.
- Wade, R. (1990), *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialisation*.
- White, G. (1987), *Developmental States in East Asia*.

Week Six: Class

Latin America and Africa

Questions for discussion:

1. Why has Latin American been so susceptible to financial crises?
2. How does Mercosur compare with NAFTA and the EU?
2. Why has growth in Africa been so slow?

References:

- Bates, R. (1981), *Markets and States in Tropical Africa*.
- Bryceson, D. F. (2002), "The scramble in Africa: reorienting rural livelihoods", *World Development*, 30 (5).
- Collier, P. and J.W.Gunning (1999), "Explaining African Economic Performance", *Journal of Economic Literature*.
- Cornia, G.A. and G.K. Helleiner (eds) (1994), *From Adjustment to Development in Africa: Conflict, Controversy, Convergence, Consensus?*
- Hansson, G. (1995), *Ethiopian Economy: Ethiopia Tikden and After*.
- Nkurunziza, J. and Bates, R. (2003) 'Political Institutions and Economic Growth in Africa' Oxford University CSAE working paper 2003:3
<http://www.economics.ox.ac.uk/CSAEadmin/workingpapers/pdfs/2003-03text.pdf>
- Olayin, R.O. (1996), *Foreign Aid, Self-Reliance and Economic Development in West Africa*.
- Siddiqui, R.A. (1997), *Sub-Saharan Africa in the 1990s: Challenges to Democracy and Development*.
- Stewart, F., S.Lall and S.Wangwe (eds), (1992), *Alternative Development Strategies in Sub-Saharan Africa*.
- Tarp, F. (1993), *Stabilisation and Structural Adjustment: Macroeconomic Frameworks for Analysing the Crisis in sub-Saharan Africa*.
- Birdsall, N., C.Graham and R.H.Sabot (eds), (1998), *Beyond Tradeoffs: market Reforms and Equitable Growth in Latin America*.
- Cardenas, E., J.A.Ocampo and R.Thorp (eds), (2000), *An Economic History of Twentieth Century Latin America*, vol.3.
- Cardoso, E. and A.Helwege (1995), *Latin America's Economy: Diversity, Trends, and Conflicts*.
- Hirschman, A. (1995), "On the Political Economy of Latin American Development", in Hirschman, A. (ed), *Propensity to Self-Subversion*.
- Thorp, R. (1998), *Progress, Poverty and Exclusion: An Economic History of Latin America in the 20th Century*.
- World Development (2000), *Special Issue on Latin American Development Strategies*, 28(9).