

UNIVERSITY OF VICTORIA
DEPARTMENT OF ECONOMICS
ECONOMICS 520: Economic Development
Section A01 CRN 24617
Winter Session II, 2011-12

Instructors: Merwan Engineer, Alok Kumar and Nilanjana Roy

Description:

This course is concerned with the processes and problems of development in the economies of the Developing World. In this course, we look at a few select topics in economic development rather than survey the discipline. An undergraduate survey course is helpful but not essential background for this course.

Students are expected to read select articles and participate in class discussions and seminars. During the last week of term you will also be asked to do a presentation of your term paper. Beyond learning the subject material, an aim of this course is to help you to learn how to read, critique, write and present papers. The class discussions may help you to find a topic for the term paper.

Grading:

Your final grade will be determined as follows:

Participation	10%	exercises and comments/questions
Referee's Reports	30%	3 reports, 10% each
Paper Proposal	10%	due on <i>February 20</i>
Presentation of the term paper (25-30 mins)	20%	on <i>April 4</i> (tentative)
Term Paper	30%	due on <i>April 13</i>

Class participation will be evaluated on the quantity and quality of your comments, corrections and questions based on topics 1 and 2.

A referee's report is a critical assessment of a paper with suggestions for improvements. A typical report is no longer than four double-spaced pages. Reports usually start by briefly describing the paper and evaluating its contribution to the literature. Then the report lists both major and minor changes that would improve the paper. Reports will be on three papers selected by the instructors and provided to you on January 25th, February 22nd and March 14th respectively. Each report will be usually due on the following Wednesday of the following week.

The term paper should be no longer than 25 pages (double spaced, including references and figures) and concentrate on a specific topic. We welcome topics outside those covered in the course. The paper may be a critical survey, an attempt to model an issue or an empirical analysis of a problem. The paper needs to be more substantial if it is

joint with another course and you will still have to follow the deadlines set for this particular course. Please inform the instructors as soon as possible if you are planning on doing a joint paper. All topics are subject to our approval and we will give you guidance in preparing your paper.

A proposal, which includes the motivation/contribution of the paper, an outline that clearly specifies the framework that you are going to use (e.g. survey, modelling exercise etc), and a detailed list of references, is due by February 20th. In case of an empirical paper, the proposal should also include a summary table of the data to be used. The proposal should be about 4 to 5 pages.

The reports, the proposal and the term paper should be dropped off in the 520 assignment box on the due date by 4 p.m.

Numerical Score / Letter Grade Equivalency:

A+	≥90	B+	75-79	C+	60-64	F	<50
A	85-89	B	70-74	C	55-59	(No E grades.)	
A-	80-84	B-	65-69	D	50-54		

Policies:

Adds/Drops: “Students are responsible for checking their own records and registration status.”

Plagiarism and Cheating: Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. Students who are found to have engaged in unethical academic behaviour, including practices described on page 33 of the Calendar are subject to penalty by the University. (Also available online at <http://web.uvic.ca/calendar2011/FACS/UnIn/UARe/PoAcI.html>)

Policy on Inclusivity and Diversity: “The University of Victoria is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.” (UVic Calendar, p. 10)

REFERENCES/SYLLABUS

There is no textbook for this course. However, we would encourage you to look at the following texts:

- Todaro and Smith (2009). *Economic Development*, 10th Ed.
 - leading undergraduate text
- Ray (1998). *Development Economics*, 1st Edition.
 - leading graduate text
- Mookherjee and Ray (2000). *Readings in the Theory of Economic Development*.
 - recent articles with new approaches to understanding development issues

We would also encourage you to read generally. Two stimulating, provocative and popular books by leading economists are:

Easterly (2001). *The Elusive Quest for Growth*.

Sachs (2005). *The End of Poverty*.

Syllabus:

The following syllabus is tentative and changes may be made as the course progresses. The key readings in each section are indicated with a star *.

1. The Human Development versus the Income Approach

1.1 *Background*

- * [Human Development](#) (web page accessible from UNDP homepage)
 - read: Origins of the Human Development Approach
 - watch: People First: The Human Development Reports
 - skim: Human Development Report 2011

"The Rise and Fall of G.D.P." New York Times, May 10, 2010.

Easterlin, R. (2011), "[Economic Policy Implications of the Sarkozy Report](#)"

1.2 *Human Development Indexes and Methodology*

- * [Human Development](#) Indexes
 - under Indices and Data read: -- Human Development Index
 - under Human Development Index read: -- Technical Notes, concentrate on the HDI and variants
- * Anand, S. and A. Sen (1994), "[Human Development Index: Methodology and Measurement](#)", United Nations Development Program, Occasional Papers.
 - concentrate on: achievement index and the deprivation index

1.3 *Philosophy of the Human Development Approach*

- * Sen, A. (1989), "[Development as Capability Expansion](#)", reprinted in *Readings in Human Development*, ed. Fukuda-Parr and Kumar, 2003, Oxford.
 - fully developed in Sen's (1999) famous book *Development as Freedom*.
- * Veenhoven, R. (2010), "[Capability and Happiness: Conceptual Difference and Reality Links](#)", *Journal of Socio-Economics*, 39, 344-350.

1.4 *Index Methodology and Critiques*

Engineer, M., Roy, N. and S. Fink. (2010), "[Healthy Human Development Indices](#)", *Social Indicators Research*, 99, 61-80.

Engineer, M., King, I., and N. Roy (2008), "[The Human Development Index as a Criterion for Optimal Planning](#)", *Indian Growth and Development Review* 2, 172-192.

* Kakwani, N. (1993), "[Performance in living standards; An International Comparison](#)", *Journal of Development Economics* 41,307-336.

2. **Growth of Income, Health, and Happiness**

2.1 *Growth Theory*

* Mankiw, G., D. Romer, and D. Weil (1992). "[A Contribution to the Empirics of Economic Growth](#)", *Quarterly Journal of Economics*, 107, 407-437.

MacDonald S., and J. Roberts (2006). "[AIDS and Economic Growth: A Human Capital Approach](#)", *Journal of Development Economics*, 80, 228-250.

Ray, D. (2007) [Development Economics](#).

2.2 *Planning*

* Engineer, M. and I. King (2011), "[Maximizing Human Development](#)" mimeo, University of Victoria.

2.3 *Health*

* Acemoglu D. and S. Johnson (2006), "[Disease and Development: The Effect of Life Expectancy on Economic Growth](#)", *Journal of Political Economy*, 115(6), 925-985.

Anand, S. and M. Ravallion (1993), "[Human Development in Poor Countries: On the Role of Private Income and Public Services](#)", *Journal of Economic Perspectives*, 7, 133-150.

Chen, W. (2008), "Three Essays on the Health and Wealth of Nations", Ph.D. Dissertation, University of Victoria. See the Introduction and Chapter 3.

* Pritchett, L. and L. Summers (1996), "[Wealthier is Healthier](#)", *Journal of Human Resources*, 31, 841-868.

2.4 *Happiness*

- * Graham, C. (2011), "[Happiness Measures as a Guide to Development Policy? Promise and Pitfalls](#)" mimeo.

3. **Child Labor (Theoretical Models)**

Introduction

- *Baland, J. M. and Robinson, J. A. (2000), "Is Child Labor Inefficient?", *Journal of Political Economy*, Vol. 108, No. 4, pp. 663-679.
- *Horowitz, A. W. and Wang, J. (2004), "Favorite Son? Specialized Child Laborers and Students in Poor LDC Households", *Journal of Economic Development*, Vol. 73, No. 2, pp. 631-642.
- *Kumar, Alok and Emma Underhill (2010), "Gender Bias and Child Labor in LDCs", Mimeo.
- *Kumar, Alok (2011), "Son Preference, Gender Differentials in Child Labor and Schooling, and Efficiency", Mimeo.
- Pouliot, W. (2006), "Introducing Uncertainty into Baland and Robinson's Model of Child Labour", *Journal of Development Economics*, 79, 264-272.
- *Basu, K. and Van, P. H. (1998), "The Economics of Child Labor", *The American Economic Review*, Vol. 88, No. 3, pp. 412-427.
- Basu, K. and H. Zarghame (2009), "Is Product Boycott a Good Idea for Controlling Child Labor? A Theoretical Investigation", *Journal of Development Economics*, 88, 217-220.
- *Basu, K., S. Das, and B. Dutt (2010), "Child Labor and Household Wealth: Theory and Empirical Evidence of an Inverted U", *Journal of Development Economics*, 91, 8-14.

Some Survey Articles:

- Basu, K. (1999), "Child Labor: Cause, Consequences, and Cure, with Remarks on International Labor Standards", *Journal of Economic Literature*, 37, 1083-1119.
- Edmonds, E. V. and Pavcnik, N. (2005), "Child Labor in the Global Economy", *Journal of Economic Perspectives*, Vol. 19, No. 1, pp. 199-220.

Edmonds, E. V. (2007), "Child Labor" in Handbook of Development Economics, Vol. 4, Ch 57, 3607-3709, Ed. Schultz, T. and J. Strauss.

4. Measurement of Poverty

*Ravallion, M. (1993), "Poverty Comparisons: A guide to Concepts and Methods", LSMS, Working paper, Washington, D.C., World Bank, Ch.2.4 – 2.6 (pages 25-57)

United Nations Statistics Division (2006), "Handbook on Poverty Statistics: Concepts, Methods and Policy Use, Ch. 2 and 3 (pages 23-71)

(<http://unstats.un.org/unsd/methods/poverty/chapters.htm>)

*Alkire, S. and M.E. Santos (2010), "Acute Multidimensional Poverty: A New Poverty Index for Developing Countries", Oxford Poverty and Human Development Initiative (OPHI), Working paper no. 38

(<http://www.ophi.org.uk/publications/ophi-working-papers/>)

5. Child Labor (Empirical Literature)

*Edmonds, E. and N. Pavcnik (2005), "Child Labor in the Global Economy", Journal of Economic Perspectives, 19, 199 – 220.

*Bhalotra, S. and C. Heady (2003), "Child Farm Labor: The Wealth Paradox", The World Bank Economic Review, 17, 197-227.

*Basu, K., S. Das and B. Dutta (2010), "Child Labor and Household Wealth: Theory and Empirical Evidence of an Inverted-U", Journal of Development Economics, 91, 8-14.

*Edmonds, E. (2003), "Does Child Labor Decline with Improving Economic Status?", The Journal of Human Resources, 40, 77-89.

*Zapata, D., D. Contreras and D. Kruger (2011), "Child Labor and Schooling in Bolivia: Who's Falling Behind? The Roles of Domestic Work, Gender, and Ethnicity", World Development, 39, 588-599.

*Rosati, F. C. and M. Rossi (2003), "Children's Working Hours and School Enrollment: Evidence from Pakistan and Nicaragua", The World Bank Economic Review, 17, 283-295.