

Intermediate Seminar (Empirical Analysis of Issues in Development Economics)

Introduction: history and thought

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Course plan

- ◇ 30% Final report: Submit the report before the final presentation
- ◇ 20% Final presentation: 5-6 minutes each
- ◇ 20% Class presentation: 2 persons in each class (35-40 min each)
- ◇ 30% Weekly assignments: submit the report on the presentation

Grading

- ◇ Pass: A+ = 90-100, A = 80-89, B = 70-79, C = 60-69
- ◇ Fail: F = 45-59, G = 0-44

Study materials

- ◇ Handouts and papers will be uploaded on the Moodle

In the class, active participation is encouraged

What is development?

Development is about the enhancement of human wellbeing. Wellbeing is a multidimensional concept implying priorities and trade-offs, with the consequence that defining development is a national and personal choice reflecting the social needs and aspirations of the corresponding individual, group, class, or nation.

Why history of development?

- ◇ Why some countries are rich and others are poor?
- ◇ Why women are underrepresented than men?
- ◇ What else do you think?

Q. Are these questions intriguing to you?

Dealing with these questions without understanding the history and thought will not give full picture

Examples of why history matters

Nunn (2008):

- ◇ a robust negative relationship between the number of slaves exported from a country and current economic performance
- ◇ the slave trades had an adverse effect on economic development

Jayachandran (2015):

- ◇ gender inequality is high in developing countries—in education, personal autonomy, and more
- ◇ many countries that are poor today have cultural norms that exacerbate favoritism toward males

So, we need history to understand the development

4 principles in analyzing history of thought in Development Economics (DE)

- ◇ Development and underdevelopment are linked
- ◇ Schools of thought in DE have both positive and normative intents
- ◇ Schools of thought in eight major periods of history starting in 1500
- ◇ Relative roles of state, market, and civil society

Thoughts since 1500 (See Table 3.1)

- ◇ 1500–1700: mercantilists and colonial plunder
- ◇ 1700–1820: classical political economy and the agricultural and industrial revolution
- ◇ 1820–80: relative economic backwardness and modernization theory
- ◇ 1880–1914: The first liberal period and the age of empire
- ◇ 1914–45: War and depression
- ◇ 1945–82: The glorious years of development and the Asian experience
- ◇ 1982–97: The age of globalization: Washington Consensus, stabilization, and adjustment
- ◇ 1997–today: Post-Washington Consensus second-generation reforms: growth diagnostics and institution building

Paper review: The long-term effects of Africa's slave trades

Introduction

- ◇ Empirical examination Africa's slave trades in shaping subsequent economic development
- ◇ Data number of slaves exported from African countries in each century during 1400-1900
- ◇ Negative relationship number of slaves exported and subsequent economic performance
 - ▶ The countries that are the poorest today are the ones from which the most slaves were taken
 - ▶ Not conclusive evidence that the slave trades caused less economic development
 - ▶ For causal relationship, need further scrutiny
 - ▶ For example, use instrumental variable

Paper review: The Roots of Gender Inequality in Developing Countries

- ◇ Underdevelopment are the cause of gender inequality or poor countries have certain characteristics and cultural beliefs that foster gender inequality?
- ◇ High degree of gender inequality is prevalent in developing countries, for example, in education, health, and personal autonomy
- ◇ The process of development can explain much of the GDP/gender-inequality relationship
- ◇ However, many poor countries also have cultural norms that exacerbate favoritism toward males
- ◇ As example, norms help explain the male-skewed sex ratio in India and China and low female employment in India, the Middle East, and North Africa
- ◇ The sex ratio has become more male-skewed with development

Reference

Chapter 3. History of thought in Development Economics. Alain De Janvry and Elisabeth Sadoulet.

Nunn, N. (2008). The Long-Term Effects of Africa's Slave Trades. The Quarterly Journal of Economics, 123(1), 139–176.

Jayachandran, S. (2015). The Roots of Gender Inequality in Developing Countries. Annual Review of Economics, 7, 63-88.