

ECON3110

Development Economics

Course Outline

Semester 2, 2017

Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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1 STAFF CONTACT DETAILS

Lecturer-in-charge: Gautam Bose

Location: Room 430B Business School

Phone: 9385 3318

Email: g.bose@unsw.edu.au

Consultation Times: Wednesdays 2pm-4pm (call at other times).

Tutor: Asha Haroon

Email: asha.gul@unsw.edu.au

1.1 Communications with staff

You should feel free to contact your lecturer or tutor about any academic matter. The best times to make your enquiries about the course material are before or after lectures or tutorials, and during consultation time. We will not indulge in lengthy emails explaining course subject material.

Email correspondence on administrative matters (e.g. advising inability to attend tutorial) will be responded to within 48 hours, but not over weekends. Please note that the date and time of the final exam is determined by the exams office. Course staff do not know this information in advance, nor do they have any influence on the scheduling.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1 and will run to week 13. There is no lecture on Monday October 2, which is a public holiday (week 10).

The time and location is: Monday 10:00-12:00, TETB LG05.

Tutorials start in Week 2 and run to Week 13. There will be two tutorials held on Mondays at 1pm and 2pm. There will be no tutorials in week 10. Rooms are listed on the course website.

2.2 Units of Credit

The course is worth 6 units of credit.

This course is taught in parallel to both undergraduate and postgraduate students.

2.3 Summary of Course

Underdevelopment is among the foremost contemporary challenges faced by the human race. Development economics is the study of underdevelopment and encompasses a wide range of topics. This course will focus on a few selected topics, aimed to provide an integrated understanding of some critical aspects of underdevelopment and development. At the end of this course, students will have an in-depth understanding of the distinction between some of the functional causes of underdevelopment and its observable characteristics, and be able to assess the potential effectiveness of proposed development strategies.

2.4 Aims and Relationship to Other Courses

This course fulfils the requirement of an elective in the Economics (BEc) and Business Economics (BCom) majors, as well as in the Development Studies program and the Political Economy program in the Faculty of Arts and Social Sciences. The material covered in this course is related to that in the economics (ECON) courses 2111 and 3109. It is a natural continuation of 2111, though the latter is not a prerequisite.

ECON2101 (Microeconomics 2) and ECON2102 (Macroeconomics 2) are prerequisites for this course. Students should be warned that good command of the material taught in the two prerequisite courses is *essential* for successfully mastering the material in ECON3110. A basic understanding of statistics and/or econometrics (e.g., ECON 2206) is useful.

Please note that, like many upper-level economics courses, the material encompasses theoretical models and empirical arguments. Hence a reasonable facility with mathematical and econometric methods is necessary.

2.5 Alert: Content is Open to Argument!

It is extremely important to note that, in large part, this course does not deal with accepted answers to conventional questions. Many of the questions we will address and discuss are current puzzles about which there are conjectures and insights, but no known “right answers” that can be memorised. Indeed, different pieces of reading material assigned on the same topic will sometimes contradict each other.

Assignments and exams will reflect this nature of the material; marks will be awarded for evidence of reflection and reasoning, not for merely reproducing textbooks or lecture notes.

2.6 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

Program Learning Goals and Outcomes	Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals</i>	<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>

1	Knowledge	Understand the interplay between markets, institutions and income distribution in causing and perpetuating underdevelopment. Assess the potential effectiveness of various policies in combating underdevelopment.	<ul style="list-style-type: none"> Class tests (AOL)
2	Critical thinking and problem solving	Meaningfully question received knowledge and claims regarding theory and policy related to economic development.	<ul style="list-style-type: none"> Class tests (AOL)
3a	Written communication	Construct written work which is logically and professionally presented.	<ul style="list-style-type: none"> Assignment (Analysis paper) (AOL)
3b	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none"> Tutorial oral presentation (AOL)
4	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none"> Tutorial oral presentation (AOL)
5a.	Ethical, environmental and sustainability considerations	Identify and assess institutional conditions necessary to sustain equitable development.	<ul style="list-style-type: none"> Final exam (AOL)
5b.	Social and cultural awareness	Understand the economic underpinning of cultural phenomena in developing countries.	<ul style="list-style-type: none"> Analysis paper (AOL)

The course assessments indicated with (AOL) are used to assess the Program Learning Goals and Outcomes according to the Assurance of Learning (AOL) processes of the UNSW Business School. At least some components of the AOL assessments will be marked according to the AOL rubric for the assessment criteria. The AOL rubric relevant for your course will be posted on the course Moodle site.

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class). The lecturers and tutors aim to provide meaningful and timely feedback to students to improve learning outcome.

An understanding of any economic phenomenon has two components. *Theory* investigates causal factors that produce and sustain the phenomenon (in this case, underdevelopment) and examines the processes through which causality works. The facts that theory attempts to explain are provided by *empirical observations and analysis*. Empirical data is also used to test the validity of the theory in the context of specific cases. In this course, we will emphasise this

synergy between theory and empirics. Students will be particularly encouraged to question the validity of theories, as well as the relevance of specific facts.

3.2 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures

The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

Tutorials

Tutorials are an integral part of the subject. Tutorial presentations will build on the material discussed in class with the lecturer.

Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that a fair amount of learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An “ideal” strategy (on which the provision of the course materials is based) might include:

- Reading of the relevant chapter(s) of the text and any readings **before the lecture**. This will give you a general idea of the topic area.
- Attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.
- Attending tutorials and attempting the tutorial questions.

4 ASSESSMENT

4.0 You must complete the “Working with Academic Integrity” module on your Moodle site, before you hand in any written work.

- You **MUST** complete the ‘Working with Academic Integrity’ module **AND THE MODULE’S QUIZ**, found on your course Moodle site, **BEFORE YOU ARE ALLOWED TO SUBMIT ANY WRITTEN ASSESSMENT**.
- If your submission is delayed because you did not complete the module and the quiz, you may be liable to late penalties as specified in your course outline.
- Failing to comply with the University rules of Academic integrity may result in serious consequences:
 - All cases of plagiarism (regardless of their severity) **ARE** recorded with the University Integrity Office University register.

4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50 out of 100;
- make a satisfactory attempt at **ALL** assessment tasks;
- attend at least 8 out of 11 tutorials.

4.2 Assessment Details

Assessment Task	Weighting	Length	Due Date
Tutorial presentation and participation	15%	See 4.3 below	
Analysis paper	25%	2500 words	Outline 5%: 3 September Final 20%: 10 October
3 Class tests (in lecture)	30%	45 mins	Weeks 5, 9, 13
Final Exam (See 4.6)	30%	2 hours	University Exam Period
	100%		

4.3 Tutorial Presentations and Participation

Each week, a group of two to four students will present one or more papers assigned for presentation. The aims of the presentations are to (i) summarise and highlight important content from the readings, (ii) explain the related arguments, and (iii) instigate discussion of the material. Students will be assessed on the quality of the presentations and the facilitation of the ensuing discussion. The presentation roster will be drawn up in the first set of tutorials in the second week.

Students should note that 80% attendance is required by UNSW and Business School rules. While no marks are awarded simply for tutorial attendance, tutorial participation will be awarded marks. This participation will reflect active engagement in discussion of presentations made by peers in each session.

Attendance at 8 of 11 tutorials will be deemed as meeting the requirement. Students must sign on within 5 minutes of the start of tutorial to qualify as 'in attendance'. Signing on for another student is misconduct. You are required to attend your usual tutorial class at least 8 times during the session. This allows for occasional absence due to minor illness and other reasons, hence special consideration applications will not reduce this requirement.

4.4 Class tests

There will be three in-class tests (45 minutes each) in lecture in weeks 5, 9 and 13. Specific details about coverage and content will be provided in class.

There will be **NO supplementary tests** offered. You should make every effort to take these on the assigned dates and times. Students who fail to attend will need to apply for Special Consideration. For information on Special Consideration please refer to the Business School's [Course Outlines Policies webpage](#).

In cases of serious illness, students will need full and convincing documentation of that illness. Students who are found to be genuinely too ill to have attended the tests will have their mark in the final exam re-weighted to include the mark reserved for the missed test. In all other cases of non-attendance students will receive a grade of zero. Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

Applications for special consideration must be **lodged online through myUNSW within 3 working days of the assessment** (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration).

Then submit the originals or certified copies of your [supporting documentation](#) and a completed [Professional Authority form \(pdf - download here\)](#) to Student Central.

4.5 Assignment: Analysis paper

Each student will prepare an analysis paper (2500 words) during the semester. This paper consists of the student's own analysis of a specific underdeveloped country, or a specific development related problem or phenomenon. **The student will need to submit an outline prior to the due date.** More details about the assignment are provided separately on the course website.

4.5.1 Submission Procedure for Assignment

The outline of the paper must be submitted by 11pm Sunday, September 3. The final assignment must be submitted no later than 11pm Sunday, October 8. These will be submitted via electronic submission boxes on the course Moodle site. A hardcopy should be submitted in lecture the following day.

4.5.2 Late Submission of assignment

If you fail to submit your assignment by the deadline, 20% of the value of the assignment will be deducted for each day (24 hours) or part thereof that the electronic copy is submitted late. Assignments submitted more than four days late will not be marked.

You will have all the necessary material to write the paper several weeks before the due date. Further, the paper is worth no more than 20% of the course mark. Hence special consideration requests will not be accommodated. Any student, who for reasons of **serious and extended illness cannot submit before the submission date**, will need **full and convincing documentation of that illness**, specifically a valid medical certificate which covers the entire period of **two weeks** leading up to the submission deadline.

Applications for special consideration must be **lodged online through myUNSW within 3 working days of the assessment** (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your [supporting documentation](#) and a completed [Professional Authority form \(pdf - download here\)](#) to Student Central.

4.6 Final Exam

Important details about the final exam will be released in class during the semester.

Students should note that, given changes in the course content and the unpredictability of the instructor, past exam papers for this subject will be misleading. As emphasised in 3.2 above, all material covered in the lectures and tutorial program is examinable.

4.7 Protocol for viewing final exam scripts

The UNSW Business School has set a protocol under which students may view their final exam script. Please check the protocol [here](#).

4.8 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program

learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential and will not be related to course grades.

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience Survey Tool is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

6 COURSE RESOURCES

The website for this course is on UNSW Moodle at: <http://moodle.telt.unsw.edu.au>.

The textbook for this course is:

Ray, Debraj: *Development Economics*. Princeton 1998. (Ray).

We will also refer to several articles from:

Banerjee, Abhijit, Roland Benabou, and Dilip Mookherjee: [Understanding Poverty](#). [You can access an online version free of charge through the UNSW library.] (BBM).

The property rights section will use:

Besley, Timothy J., and Maitreesh Ghatak. "Property rights and economic development." (2009). [Provided on Moodle].

Other readings: An assortment of readings is recommended below, organised roughly by topic. Many but not all are required. The course schedule details when these are to be read. The rest may be useful for relevant presentations, analysis papers, or a better understanding of the subject.

Perspectives

*Sen, A. 1998. Mortality as an indicator of economic success and failure. *The Economic Journal*, 108(446), 1-25.

*Banerjee, A. V., & Duflo, E. 2007. The economic lives of the poor. *The Journal of Economic Perspectives*, 21(1), 141.

*Ray, Debraj. 2007. "Development Economics," in the *New Palgrave Dictionary of Economics*, ed. Lawrence Blume and Steven Durlauf. Palgrave Macmillan.

History, Institutions and coordination failure

*Acemoglu, Johnson and Robinson 2001, "The Colonial Origins of Comparative Development: An Empirical Investigation," *AER*, 91(5), 1369-1401.

- *Banerjee and Iyer 2005. History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India. *AER* 95(4), 1190-1213.
- *Basu, Kaushik, and Pham Hoang Van. "The economics of child labor." *American economic review* (1998): 412-427.
- Bose, Gautam. "Institutions and Institutional Change: A Review of Conceptual and Analytical Issues." In Limam (ed.) *Institutional Reform and Development in MENA region* (1999).
- *Engerman and Sokoloff (2000). Institutions, Factor Endowments and Paths of Development in the New World, *JEP* 14(3), 217-232.
- Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. 2004. Do institutions cause growth? *Journal of Economic Growth*, 9(3), 271-303.
- *Kremer, Michael. "The O-ring theory of economic development." *The Quarterly Journal of Economics* (1993): 551-575.
- *Murphy, Kevin M., Andrei Shleifer, and Robert W. Vishny. "Why is rent-seeking so costly to growth?" *The American Economic Review* 83.2 (1993): 409-414.
- *Nunn, N. 2008. The Long-Term Effects of Africa's Slave Trades. *Quarterly Journal of Economics* 123, no. 1: 139-176.
- Nunn, Nathan. "The importance of history for economic development." *Annu. Rev. Econ.* 1.1 (2009): 65-92.
- *Nunn, Nathan, and Leonard Wantchekon. "The slave trade and the origins of mistrust in Africa." *The American Economic Review* 101.7 (2011): 3221-3252.
- *Whatley, Warren, and Rob Gillezeau. "The impact of the transatlantic slave trade on ethnic stratification in Africa." *The American Economic Review* 101.3 (2011): 571-576.

Poverty and Inequality

- Banerjee, A. V., & Newman, A. F. (1994). Poverty, incentives, and development. *The American Economic Review*, 84(2), 211-215.
- *Bose, G. (1997). Nutritional efficiency wages: a policy framework. *Journal of Development Economics*, 54(2), 469-478.
- *Galor, O., & Zeira, J. (1993). Income distribution and macroeconomics. *The review of economic studies*, 60(1), 35-52.

Gender

- *Alesina, A. F., Giuliano, P., & Nunn, N. (2011). *On the origins of gender roles: Women and the plough* (No. w17098). National Bureau of economic research.
- *Anderson, S., & Ray, D. (2010). Missing women: age and disease. *The Review of Economic Studies*, 77(4), 1262-1300.
- Anderson, S. (2007). The economics of dowry and brideprice. *The Journal of Economic Perspectives*, 21(4), 151-174.
- *Duflo, E. (2012). Women empowerment and economic development. *Journal of Economic Literature*, 50(4), 1051-1079.

*Goldin, Claudia. *The U-shaped female labor force function in economic development and economic history*. No. w4707. National Bureau of Economic Research, 1994.

Heath, R., & Mobarak, A. M. (2015). Manufacturing growth and the lives of Bangladeshi women. *Journal of Development Economics*, 115, 1-15.

Jayachandran, S. (2014). *The roots of gender inequality in developing countries* (No. w20380). National Bureau of Economic Research.

*Jensen, R. (2012). Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India. *The Quarterly Journal of Economics*, 127(2), 753-792.

Grosjean, Pauline A., and Rose Khattar. "It's Raining Men! Hallelujah?." (2015).

Property Rights and markets

*Banerjee, A. V., Gertler, P. J., & Ghatak, M. (2002). Empowerment and efficiency: tenancy reform in West Bengal. *Journal of Political Economy*, 110 (2), 239-280.

Beaman, L., Karlan, D., Thuysbaert, B., & Udry, C. (2014). *Self-selection into credit markets: Evidence from agriculture in Mali* (No. w20387). National Bureau of Economic Research.

Besley, T. 1995. Property Rights and Investment Incentives: Theory and Evidence from Ghana. *Journal of Political Economy* 103, no. 5: 903-937.

*Goldstein, M., & Udry, C. (2008). The profits of power: Land rights and agricultural investment in Ghana. *Journal of Political Economy*, 116(6), 981-1022.

7 COURSE SCHEDULE

7.1 Lecture Schedule

Week	Date	Topic	Texts
Section 1: Definitions and theories			
Week 1	24-Jul-17	Introduction. Correlates and measures of underdevelopment.	Ray Ch. 1 & 2, Ch 10.
Week 2	31-Jul-17	Income, poverty, inequality. Growth theory. Convergence.	Ray Ch. 6,7.1-7.2.6; Ch. 8.1-8.3; Deaton (BBM). Ray Ch. 3, Ch. 4 sec 1-3.
Week 3	07-Aug-17	Coordination failure	Ray Ch 5. Kremer (1993), Murphy, Schleifer, Vishny (1993), Bose (1999)
Section 2: History, Institutions, Norms			
Week 4	14-Aug-17	History, Institutions and expectations.	Acemoglu et al (2001). Engerman and Sokoloff (2000). Nunn (2009).
Week 5	21-Aug-17	CLASS TEST 1: WEEKS 1-3. Africa and the slave trade	Nunn 2008, Nunn & Wantchekon 2009, Whatley & Gillezeau 2011.
Week 6	28-Aug-17	Missing Women. Gender inequity.	Anderson and Ray 2010. Duflo 2012, Goldin 1994.
Week 7	04-Sep-17	PAPER OUTLINE DUE Gender and development	Alesina et al 2011, Jensen 2012, Bhalotra et al 2017
Section 3: Property rights and markets			
Week 8	11-Sep-17	Property rights and contracts in agriculture. Land and tenancy.	Besley & Ghatak, p.1-41 (parts). Ray Ch 11,12.1-12.3. Eswaran&Kotwal: "Agriculture" in BBM.
Week 9	18-Sep-17	CLASS TEST 2: WEEKS 4-7 Land and tenancy continued.	
	25-Sep-17	Semester Break	
Week 10	02-Oct-17	Public Holiday	
Week 11	9-Oct-17	PAPER DUE Credit markets, microcredit.	Ray Ch. 14.1-14.3. Munshi (Nonmarket institutions) in BBM, Townsend (Credit) in BBM.
Week 12	16-Oct-17	Poverty Traps: Nutrition and labour markets; Inequality and education	Ray 8.4, 13.4, Bose (1997) Ray 7.2, Galor & Zeira (1993)
Week 13	23-Oct-17	CLASS TEST 3: WEEKS 8-12 What have we learned?	Ray: "Development Economics" in the New Palgrave.

7.2 Tutorial Schedule

Tutorials start in Week 2 and finish in Week 13. The schedule will be posted on the Course website.