Development Economics

B.A. International Management - Fall Semester 2025/26

2025-08-19

1 Overall Goal of the Course

You will know the most influential theories about the determinants of socio-economic development. You will be able to identify and reflect on the ideas of 'progress' and 'good life' underlying these theories. Moreover, you will learn to reproduce and evaluate the common patterns of argumentation on the relationship between 'development', 'economic growth' and 'planetary boundaries'.

2 Learning Goals

Upon completion of this seminar, you will be able to:

Expertise:

- Define and critically evaluate the most important concepts of (sustainable) economic development and commonly used development indicators
- Critically question and assess different approaches to defining and measuring development
- Evaluate policy measures in terms of their expected impact on economic development and identify their underlying theoretical foundations

Methodological Competence:

- Independently collect development data from publicly available sources and use it to analyze determinants and implications of economic development
- Identify and evaluate the theories underlying development programs and policies
- Apply both empirical and theoretical methods from development economics to analyze development-related problems and critically assess them

Social and Personal Skills:

- Critically question common notions of 'development' and articulate and justify your own ideas about appropriate definitions and measurements of economic development
- Describe current debates on development policy and take well-founded positions on concrete development policy measures
- Identify the data necessary to answer development theory questions and, when needed, acquire and analyze this data yourself while explaining your findings

3 Course Information

3.1 Prerequisites

The lecture is an elective in the third or fifth semester. While there are no formal prerequisites, successful completion of the Economics I and II modules is strongly recommended. You also benefit from having completed the course "Applied Data Science".

3.2 Course Details

- **Credits:** 5 CP (150 total hours)
- **Lecture Time:** 15 hours (10 × 1.5 hours)
- **Self-Study:** 135 hours
- **Location:** MAD, room 024

3.3 Course Resources

- **Moodle Room:** 15556
- **Moodle Password:** Development25
- **Course homepage:** developmenteconomics25fall.netlify.app

3.4 Recommended Study Schedule

- **Time Horizon:** September 12 - December 12
- **Daily Study:** about 1.5 hours (7 days/week)
- **Weekday Study:** about 2 hours (5 days/week)

4 Schedule and Logistics

> **!** Important
>
> **Note:** This schedule is subject to change as the course progresses. Announcements will be made via Moodle. The latest version of the syllabus will be made available here.

#	Week	Date	Topic
1	38	19.09.	Foundations and Contested Definitions
2	39	26.09. (digital)	Data and Measurement in Development
	40	03.10.	No lecture (Tag der deutschen Einheit)
3	41	10.10.	Human Development and the Capabilities Approach
4	42	17.10. (digital)	Classical and Neoclassical Growth Models
	43	24.10.	No lecture (reading week)

#	Week	Date	Topic
	44	31.10.	No lecture (Reformationstag)
5	45	07.11.	Institutional economics and Development
6	46	14.11.	Marxist and Dependency Theories of Development
7	47	21.11. (digital)	Technology, Innovation, and Trade-Led Development
8	48.	28.11.	Sustainable Development, Environmental Limits, and Degrowth
9	49	05.12.	Current methodological trends in development economics
10	50	12.12.	Summary and open questions

> ⚠️ **Exam Dates**
>
> - **First Exam:** December 16, 2025, 10:00 – 12:00
> - **Second Exam:** February 26, 2026, 10:00 – 12:00

5 Evaluation and Assessment

5.1 Final Exam

The course evaluation is based on a final exam at the end of the semester.

5.2 Admission Requirements

- To be admitted to the final exam, students must **pass the essay take home** assigned during the semester.
- The essay take home is a 1000 words essay that must be completed at home independenly, and will be graded pass or fail

> 💡 **Study Recommendations**
>
> I strongly recommend that you spread your study time fairly evenly throughout the semester. It will save you time and effort if you study and practice constantly, not just right before the exam.

6 Detailed Course Content

6.1 Session 1: Foundations and Contested Definitions

6.1.1 Learning Objectives

- Understand multiple definitions of development and their evolution
- Critically examine the concept of "progress" in development discourse
- Introduce measurement challenges and indicator diversity

6.1.2 Content

- What is development? Historical evolution of definitions
- Economic growth vs. human development vs. sustainable development
- The measurement problem: GDP, HDI, GNH, and alternative indicators
- Zero-sum vs. mutual benefit paradigms: Marxist World System Theory vs. neoclassical trade theory
- Development as collaboration vs. development as competition
- Introduction to development as a contested concept

6.1.3 Mandatory Reading

- Snapshot of the Human Development Report (2024)
- Chang (2011)
- Chapter 1 in Escobar (1995)

6.1.4 Further readings

- TBD

6.1.5 Coursework (optional)

- Write a short essay, not more than 500 words, in which you compare the definition and assessment of 'development' used in two of the three readings of your choice
- Choose one contemporary development issue (e.g., China's Belt and Road Initiative, fair trade, or resource extraction in Africa). Write a 300-word comparison of how zero-sum and mutual benefit approaches would interpret this issue differently.

6.2 Session 2: Data and Measurement in Development

6.2.1 Learning Objectives

- Understand different development indicators and their construction
- Learn to access and work with development databases
- Develop critical evaluation skills for development data

6.2.2 Content

- Key development indicators: GDP, HDI, Gini, poverty measures
- Major data sources: World Bank, UN, OECD databases
- Data quality issues and measurement challenges
- Constructing and interpreting development indicators
- Cross-country comparisons and their limitations

6.2.3 Mandatory Reading

- Jerven, M. (2013). Poor Numbers, Chapters 1-2
- Deaton, A. (2010). Understanding the Mechanisms of Economic Development, pp. 1-15

6.2.4 Further readings

- Alkire, S. & Foster, J. (2011). Counting and Multidimensional Poverty Measurement
- Ravallion, M. (2012). Troubling Tradeoffs in the Human Development Index

6.2.5 Coursework (optional)

Download data for 5 development indicators for 10 countries. Create a ranking table and write 200 words explaining what the rankings reveal and what they might hide.

6.3 Session 3: Human Development and Capabilities Approach

6.3.1 Learning Objectives

- Understand the capabilities approach to development
- Analyze UNDP's Human Development Index and related measures
- Explore well-being and quality of life indicators

6.3.2 Content

- Sen's capabilities approach: functionings and capabilities
- UNDP Human Development Reports and HDI construction
- Multidimensional Poverty Index (MPI) and other UNDP indicators
- Nussbaum's central capabilities
- Gender Development Index and Gender Inequality Index
- Happiness economics and subjective well-being measures

6.3.3 Mandatory Reading

- Sen, A. (1999). Development as Freedom, Chapters 3-4
- Alkire, S. (2010). Human Development: Definitions, Critiques, and Related Concepts

6.3.4 Further readings

- Nussbaum, M. (2000). Women and Human Development, Chapters 1-2
- Stiglitz, J., Sen, A. & Fitoussi, J.P. (2010). Mismeasuring Our Lives: Why GDP Doesn't Add Up

6.3.5 Coursework (optional)

Compare HDI rankings with GDP per capita rankings for 15 countries. Identify the biggest discrepancies and explain them using capabilities theory (300 words).

6.4 Session 4: Classical and Neoclassical Growth Models

6.4.1 Learning Objectives

- Analyze classical theories of economic growth and development
- Understand neoclassical growth models and their assumptions
- Evaluate growth-development relationships empirically

6.4.2 Content

- Classical growth theory: Smith, Ricardo, Marx on accumulation
- Neoclassical growth models: Solow and endogenous growth theory
- Growth vs. development: when does growth promote development?
- Convergence theory and empirical evidence
- Growth accounting and productivity

6.4.3 Mandatory Reading

- Solow, R. (1956). A Contribution to the Theory of Economic Growth
- Easterly, W. (2001). The Elusive Quest for Growth, Chapters 1-2

6.4.4 Further readings

- Romer, P. (1986). Increasing Returns and Long-Run Growth
- Jones, C. (2016). The Facts of Economic Growth, Chapter 1

6.4.5 Coursework (optional)

Calculate and compare annual growth rates for 3 countries over the past 20 years. Identify which factors (investment, education, technology) might explain differences.

6.5 Session 5: Institutional Economics and Development

6.5.1 Learning Objectives

- Analyze the role of institutions in development processes
- Understand new institutional economics approaches
- Evaluate governance and development linkages using World Bank governance indicators

6.5.2 Content

- Old vs. new institutional economics
- Property rights, transaction costs, and development
- World Bank governance indicators and their critiques
- Institutions vs. geography vs. integration debates
- Inclusive vs. extractive institutions (Acemoglu & Robinson)

6.5.3 Mandatory Reading

- North, D. (1990). Institutions, Institutional Change and Economic Performance, Chapters 1-2
- Acemoglu, D. & Robinson, J. (2012). Why Nations Fail, Chapters 1-2

6.5.4 Further readings

- Rodrik, D. (2007). One Economics, Many Recipes, Chapters 1-2
- Easterly, W. & Levine, R. (2003). Tropics, Germs, and Crops: How Endowments Influence Economic Development

6.5.5 Coursework (optional)

Select two countries with similar initial conditions but different development outcomes. Use institutional theory to explain the divergence (400 words).

6.6 Session 6: Structuralist and Dependency Theories

6.6.1 Learning Objectives

- Examine structuralist critiques of mainstream development theory
- Understand dependency theory and world-systems analysis
- Analyze center-periphery dynamics using empirical evidence

6.6.2 Content

- Marxist foundations: historical materialism, class struggle, and uneven development
- Latin American structuralism: Prebisch-Singer hypothesis and ECLAC frameworks
- Neo-Marxist dependency theory: Frank's "development of underdevelopment"
- Marxist world-systems analysis: Wallerstein's core-periphery-semi-periphery
- Contemporary neo-Marxist approaches: Harvey's spatial fix, uneven geographical development
- Critique of modernization theory from Marxist perspectives

6.6.3 Mandatory Reading

- Marx, K. & Engels, F. (1848). The Communist Manifesto, Section I
- Prebisch, R. (1950). The Economic Development of Latin America and its Principal Problems
- Frank, A.G. (1967). Capitalism and Underdevelopment in Latin America, Chapters 1-2

6.6.4 Further readings

- Wallerstein, I. (1979). The Capitalist World-Economy, Chapters 1-2
- Harvey, D. (2006). Spaces of Global Capitalism, Chapter 1
- Cardoso, F.H. & Faletto, E. (1979). Dependency and Development in Latin America, Chapters 1-2

6.6.5 Coursework (optional)

Select a specific industry or commodity chain (e.g., coffee, textiles, smartphones). Write 400 words analyzing how Marxist and structuralist theories would explain the global organization of this industry and its development implications for different countries.

6.7 Session 7: Technology, Innovation, and Trade-Led Development

6.7.1 Learning Objectives

- Understand technology's role in development processes
- Analyze product space theory and economic complexity
- Examine trade-development linkages and industrial policy

6.7.2 Content

- Innovation systems and technological capabilities
- Product space and economic complexity (Hidalgo & Hausmann)
- Export sophistication and structural transformation
- Industrial policy debates: East Asian model vs. Washington Consensus
- Technology transfer, leapfrogging, and appropriate technology

6.7.3 Mandatory Reading

- Hidalgo, C. & Hausmann, R. (2009). The Building Blocks of Economic Complexity
- Rodrik, D. (2004). Industrial Policy for the Twenty-First Century

6.7.4 Further readings

- Lall, S. (2000). The Technological Structure and Performance of Developing Country Manufactured Exports
- Lee, K. (2013). Schumpeterian Analysis of Economic Catch-up, Chapters 1-2

6.7.5 Coursework (optional)

Use the Atlas of Economic Complexity to analyze one country's export evolution over 20 years. Identify patterns and suggest future diversification opportunities (350 words).

6.8 Session 8: Sustainable Development, Environmental Limits, and Degrowth

6.8.1 Learning Objectives

- Examine environmental dimensions of development
- Understand UN Sustainable Development Goals framework
- Analyze degrowth and post-growth alternatives

6.8.2 Content

- Limits to growth debate and planetary boundaries
- UN Sustainable Development Goals (SDGs): framework and critiques
- Environmental Kuznets curve: evidence and critique
- Degrowth movement: Latouche, Jackson, and ecological limits
- Post-growth alternatives and well-being within planetary boundaries
- Climate change, development justice, and green transitions

6.8.3 Mandatory Reading

- Jackson, T. (2009). Prosperity without Growth, Chapters 1-2
- Hickel, J. (2020). Less is More: How Degrowth Will Save the World, Chapters 1-2

6.8.4 Further readings

- Meadows, D. et al. (1972). The Limits to Growth, Chapters 1-2
- Raworth, K. (2017). Doughnut Economics, Chapters 1-2

6.8.5 Coursework (optional)

Analyze one country's progress on 5 SDGs over the past decade. Identify synergies and trade-offs between different goals (400 words).

6.9 Session 9: Advanced Methodological Approaches

6.9.1 Learning Objectives

- Understand different methodological approaches in development research
- Critically evaluate experimental and observational methods
- Develop skills for research design and evaluation

6.9.2 Content

- Quantitative vs. qualitative methods in development research
- RCTs and experimental methods: Banerjee & Duflo vs. Deaton debate
- Natural experiments and quasi-experimental methods
- Participatory research methods and community-based approaches
- Mixed methods approaches and triangulation
- Research ethics in development studies

6.9.3   Mandatory Reading

- Banerjee, A. & Duflo, E. (2011). Poor Economics, Chapter 1
- Deaton, A. (2010). Instruments, Randomization, and Learning about Development

6.9.4   Further readings

- Chambers, R. (1997). Whose Reality Counts? Chapters 1-2
- Ravallion, M. (2012). Fighting Poverty One Experiment at a Time

6.9.5   Coursework (optional)

Design a research study to evaluate the impact of a development intervention of your choice. Justify your methodological approach and discuss potential limitations (500 words).

6.10 Session 10: Summary and Open Questions

6.10.1   Learning Objectives

- Synthesize key insights from different theoretical perspectives
- Identify ongoing debates and future research directions
- Reflect on the evolution of development thinking

6.10.2   Content

- Comparative assessment of different development paradigms
- Emerging challenges: digitalization, artificial intelligence, and development
- Future of development economics: new data sources and methods
- Policy implications and remaining puzzles
- Student presentations of final projects or case studies

> 💡 Contact Information
>
> For questions regarding the course content or logistics, please use the Moodle discussion forums or attend office hours.

This syllabus is version 1.0 dated August 20, 2025. The most recent version can be found on the course website.

Chang, H.-J. (2011) 'Hamlet without the Prince of Denmark: How development has disappeared from today's "development" discourse', in J. Christiansen and S. R. Khan (eds). *Towards new developmentalism: Market as means rather than master.* London: Routledge, pp. 47–58.

Escobar, A. (1995) *Encountering development: The making and unmaking of the Third World*, Princeton, NJ: Princeton Univ. Press.

UNDP (ed.) (2024) *Breaking the gridlock: Reimagining cooperation in a polarized world*, New York: United Nations Development Programme (UNDP).