ECONOMIC DEVELOPMENT
E337 (3 CR) FALL 2010, TTH 3:00-4:15PM

CA 239

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Course Description
This course provides students with an in-depth exposure to the microeconomic issues facing developing countries. The emphasis here is on understanding the determinants of economic growth and development, as well as the economic institutions that shape economic behavior in developing countries. Topics covered in detail in this course include theories of economic development, economic growth, population and migration, credit markets, education, and the role of institutions. Some of the questions we will investigate include why are some countries poor and how can living standards be improved in the developing world.

Requirements for Undergraduate Students
A. Class Attendance and Participation in class discussions (5%)
B. Two in-class exams (midterm (20%) and final exam (35%)
C. 3 Problem Sets (15%)
D. Term paper (25%)

Course Readings: All required readings for the course are available at the bookstore.

- Todaro and Smith
- Easterly, William The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics 2001
- Collier, Paul The Bottom Billion, Why the Poorest Countries are Failing and What Can Be Done About It Oxford University Press. 2007

Additional Readings
The reading list also includes academic papers and working papers. Electronic copies will be available on the course website. Additional readings from the following texts will be available on reserve

Weil, David Economic Growth Pearson/Addison Wesley 2004
Sen, Amartya Poverty and Famines Oxford University Press 1988

Course Policies:
Problem Sets are due on the dates listed in the course syllabus. No late problem sets will be accepted.

Make-Up Examinations: No make-up examinations will be scheduled except under highly unusual circumstances. Please let me if you know in advance that you have an unavoidable conflict.
1. THE MEANING OF ECONOMIC DEVELOPMENT

August 24: Overview of the Course
Todaro Smith, Development Economics, Chapters 1 and 2
Collier, The Bottom Billion Chapter 1

August 26: Introduction to Economic Development and Growth
Todaro Smith, Development Economics, Chapters 1 and 2
Weil, Economic Growth Chapter 2
Easterly, Chapter 1

2. THEORIES OF ECONOMIC GROWTH

August 31: Growth Theories I: The Harrod-Domar Model and The Solow Growth Model
Todaro, Development Economics, Chapters 3 and 4
Weil, Economic Growth Chapter 3
Easterly, Chapters 2, 3 and 8

September 2: The New Growth Theories:
Todaro, Development Economics, Chapters 3 and 4
Weil, Economic Growth Chapter 3
Easterly, Chapters 8 and 9

2. POVERTY AND INEQUALITY

Problem set 1 due Sept 7th

7: Measuring Poverty, Deprivation, and Human Development
Todaro, Development Economics, Chapter 5
Sen, Amartya Poverty and Famine Chapters 1-3
Dreze and Sen, Hunger and Public Action Chapter 13

9: Measuring Inequality
Todaro, Development Economics, Chapter 5
Additional Readings will be assigned
The Economist, More or Less Equal, March 11th, 2004
Ravaillon’s Response to the Economist, April 7th, 2004

4. AGRICULTURE IN DEVELOPING COUNTRIES

September 14: Agricultural Household Models
Todaro, Chapter 9
Singh, Inderjit, Lyn Squire and John Strauss. 1986. Agricultural Household Models, Chapters 1 and 2 (on reserve)
September 16:  Land Markets: Theories of Sharecropping and Tenancy  
Todaro, Chapter 9

September 21:  Land Markets: Theories of Sharecropping and Tenancy  
Todaro, Chapter 9

September 23:  Risk and Insurance  
Ray, Development Economics, Chapter 15  

5. POPULATION GROWTH AND MIGRATION

September 28:  Population Growth and Economic Development  
Todaro, Development Economics. Chapters 6&7  
Easterly, Chapter 5  
Assignment 2 due

September 30:  Rural and Urban Linkages, Models of Migration  
Todaro, Development Economics. Chapters 6&7  
Lewis W.A. Economic Development with Unlimited Supplies of Labor  
Manchester School of Economic and Social Studies  

October 5:  Remittances from Migration  
SSRC Anthology  
http://essays.ssrc.org/remittances_anthology/?page_id=3

October 7:  Fertility  
Debraj Ray, Chapters 9 and 10

OCTOBER 12: MID TERM EXAM

5. CREDIT MARKETS

October 14: An Overview of Rural Credit Markets  
Debraj Ray, Development Economics Chapters 14  

19: Credit Market Imperfections  
Debraj Ray, Development Economics Ch. 14
OCTOBER 18-19: IUPUI FALL BREAK

October 21: Alternative Credit Policies: Microfinance
Morduch, Jonathan The Microfinance Promise**www.jstor.org
(Journal of Economic Literature Volume 37 December, 1999 pp. 1569-1614)

8. HUMAN CAPITAL AND DEVELOPMENT POLICY

October 26: The Role of Education in Development
Todaro, Chapter 8
Weil, Ch. 6

28: Education and Growth: Additional Issues
William Easterly, Chapter 4

PROBLEM SET 3 DUE NOV 2nd

November 2: Health, Nutrition, and Economic Development
Weil, Ch. 6

November 4: The Role of Gender
Ray, pp 279-288

9. THE ROLE OF INSTITUTIONS AND POLICY

November 9: Institutions, History and Geography
Easterly, Il
Collier, Chapter 5

November 11: Understanding Development Traps: Resource Traps and Conflict Traps
Collier, Chapters 2 and 3
Easterly, Chapters 11 and 12

November 16: IN-CLASS PRESENTATIONS

November 18: IN-CLASS PRESENTATIONS

November 23: IN-CLASS PRESENTATIONS

THANKSGIVING BREAK

November 30: IN-CLASS PRESENTATIONS

DECEMBER 3: CLASS PAPERS DUE

December 2: The Role of Institutions
Collier, Chapters 5 and 11

December 7: Development Policy: Debates and New Directions
Easterly: Can the West Save Africa? Journal of Economic Literature
Collier, Chapters 5 and 11
Sachs, The End of Poverty

December 9: IN-CLASS FINAL EXAMINATION