

York University, Department of Economics
AP/ECON 3560 Economic Policy in Developing Countries
Summer 2015

Instructor: Andrea Podhorsky
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Office Hours: Tuesday, 4:00 – 5:00 pm
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Class Time and Location: Tuesday and Thursday, 6:00 – 9:00 pm, Rm SLH B

Course Description:

This is a second course in development economics that builds on our knowledge of development problems facing less developed countries, to understand how policies are formulated and how effective they are in putting less developed countries on the path of development. We will discuss the role of state in development policy and some factors that may act as stumbling blocks for the formulation of right policies and their implementation. In particular, we will study the role of institutions as deep structural determinants of development and development policies. Additional topics include globalization, colonialism, microfinance, child labour, fertility, education and inequality.

Prerequisites: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents. Course credit exclusions: AP/ECON 3569 3.00, AP/PPAS 3569 3.00. PRIOR TO FALL 2009: Course credit exclusions: AK/ECON 3560 3.00, AS/ECON 3320 3.00, AK/PPAS 3560 3.00.

Required Course Materials:

Text: Development Economics, by Debraj Ray¹

Evaluation:

Attendance and Class Participation	10%	
Midterm	40%	August 4, 2015
Presentation *	25%	TBA
Paper *	25%	

*Students are required to present and summarize scholarly articles listed on the course syllabus. The written component will require a critical analysis that assesses the contribution of the paper to the literature. Each paper will be due 2 weeks after the scheduled presentation.

Important Dates:

Last date to enroll without permission of course instructor	July 10, 2015
Last date to enroll with permission of course instructor	July 20, 2015
Last date to drop courses without receiving a grade	August 10, 2015

Policy on Make-up/Deferred Exams and Assignments:

No permission will be given to a student to write an exam prior to the dates given above. No make-up exam will be given for the midterm exam. The deferred exam for the final exam will be granted **only for medical reasons**. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the economics department to my attention. The date and time of the deferred exam will be set at a

¹ See <http://www.econ.nyu.edu/user/debraj>

later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

Important Course Information:

Final course grades given by the instructor will use the standard York grading scale and may be adjusted to conform to Program or Faculty grades distribution profiles. All students are expected to familiarize themselves with the following information, available from the York University website:

- York's Academic Honesty Policy and Procedures (Academic Integrity Website)
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards and Grading/Feedback Policy
- Religious Observance Accommodation

Topics:

July 7	Agriculture, Land and Labor (Ch 11, 12, 13)
July 9	Credit (Ch 14)
July 14	Insurance (Ch 15)
July 16	International Trade (Ch 16, 17)
July 21	Summer break
July 23	Summer break
July 28	Trade Policy (Ch 18)
July 30	Review
August 4	Midterm
August 6	Presentations
August 11	Presentations
August 13	Presentations
August 18	Presentations
August 20	Presentations

Related Articles:

Agriculture

Eswaran, Mukesh and Ashok Kotwal. "A Theory of Real Wage Growth in LDC's." *Journal of Development Economics* 42 (1993): 243-269.

Kotwal, Ashok and Bharat Ramswami. "Economic Reforms of Agriculture and Rural Growth." *Policy Reform* 2 (1998): 369-402.

Dutt, Gaurav and Martin Ravallion. "Why Have Some Indian States Done Better Than Others at Reducing Rural Poverty?" *Economica* 65 (257) (1998): 17-38.

Rawski, Thomas and Robert Mead. "On the Trail of China's Phantom Farmers." *World Development* 26(5) (May 1998): 767-781.

Microfinance

Robert Cull, Demirgüç-Kunt, Asli and Jonathan Morduch. "Microfinance Meets the Market." *Journal of Economic Perspectives* 23(1) (2009): 167-192.

Ogden, Timothy and Jonathan Morduch. "Beyond Business: Rethinking Microfinance." *Foreign Policy* 4 (2013).

<http://foreignpolicy.com/2013/03/28/beyond-business-rethinking-microfinance/>

Morduch, Jonathan. "The Microfinance Promise." *Journal of Economic Literature* 37(4) (1999b): 1569-1614.

Besley, Timothy. "Non-Market Institutions for Credit and Risk-Sharing in Low-Income Countries." *Journal of Economic Perspectives* 9 (1995a): 115-127.

Globalization

Feenstra, Robert and Gordon Hansen. "Foreign Direct Investment and Relative Wages: Evidence from Mexico's Maquiladoras." *Journal of International Economics* 42 (1997): 371-394.

Winters, Alan L., McCulloch, Neil and Andrew McKay. "Trade Liberalization and Poverty: The Evidence So Far." *Journal of Economic Literature* 42(1) (2004): 72-115.

Alston, Julian, Sumner, Daniel and Henrich Brunke. "Impacts of Reductions in US Cotton Subsidies on West African Cotton Producers." Oxfam.

http://omiusajpic.org/wp-content/uploads/2008/02/paying_the_price.pdf

Aitken, Brian, Harrison, Ann and Robert Lipsey. "Wages and Foreign Ownership: A Comparative Study of Mexico, Venezuela, and the United States." *Journal of International Economics* 40 (3/4) (1996): 345-371.

Child labour

Basu, Kaushik. "Child Labor: Cause, Consequence and Cure, with Remarks on International Labor Standards." *Journal of Economic Literature* 37 (1999): 1083-1119.

Edmonds, Eric and Nina Pavcnik. "Does Globalization Increase Child Labor? Evidence from Vietnam." NBER Working Paper No. 8760.

<http://www.nber.org/papers/w8760.pdf>

Fallon, Peter and Zafiris Tzannatos. "Child Labor: Issues and Directions for the World Bank." Mimeo, World Bank, 1998.

http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/1998/02/01/000009265_3980319100151/Rendered/PDF/multi_page.pdf

Beegle, Kathleen, Dehejia, Rajeev and Roberta Gatti. "Do Households Resort to Child Labor to Cope with Income Shocks?" Working paper, World Bank, 2002.

Colonialism and History

Acemoglu, Daron, Johnston, Simon and James A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91 (Dec. 2001): 1369-1401.

Acemoglu, Daron, Johnson, Simon and James A. Robinson. "Disease and Development in Historical Perspective." *Journal of the European Economic Association* 1(2003): 397-405.

Nunn, Nathan. "The Importance of History for Economic Development." *Annual Review of Economics* 1(1) (2009): 65-92.

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

Fertility

Rosenzweig, Mark and Paul Schultz. "The Demand and Supply of Birth: Fertility and Its Lifecycle Consequences." *American Economic Review* 75(5) (1985): 992-1015.

Schultz, Paul. "The Demand for Children in Low-Income Countries." In *Handbook of Population and Family Economics*, edited by M. R. Rosenzweig and O. Stark. Amsterdam: North-Holland, 1997.

<http://www.ssc.wisc.edu/~walker/wp/wp-content/uploads/2012/02/schultz97.pdf>

Qian, Nancy. "Missing Women and the Price of Tea in China: The Effect of Sex-specific Income on Sex Imbalance." *Quarterly Journal of Economics* 123(3) (2008): 1251-1285.

Eastwood, Robert and Michael Lipton. "The Impact of Changes in Human Fertility on Poverty." *Journal of Development Studies* 36 (1999):1-30.

Kelley, Allen and Robert Schmidt. "Population and Income Change: Recent Evidence." World Bank discussion paper 249, Washington, D.C., 1994.

Intellectual property and health

Pecoul, Bernard, Chirac, Pierre, Trouiller, Patrice and Jacques Pinel. "Access to Essential Drugs in Poor Countries: A Lost Battle?" *Journal of the American Medical Association* 281(4) (1999): 361-367.

Kremer, M. "Pharmaceuticals and the Developing World." *Journal of Economic Perspectives* 16(4) (2002): 67-90.

Kremer, Michael and Christopher Snyder. "Why is There No AIDS Vaccine?" NBER Working Paper #9833, July 2003.

Canning, David. "The Economics of HIV/AIDS in Low-Income Countries: the Case for Prevention." *Journal of Economic Perspectives*, Vol 20(3) (Summer 2006): 121-142.

Education

Case, Anne and Angus Deaton. "School Inputs and Educational Outcomes in South Africa." *Quarterly Journal of Economics* 114 (1999): 1047-1084.

Duflo, Esther. "The Medium Run Effects of Educational Expansion: Evidence from a Large School Construction Program in Indonesia." *Journal of Development Economics* 74 (2004): 163-197.

Hanushek, Eric A. "Interpreting Recent Research on Schooling in Developing Countries." *World Bank Research Observer* 10 (1995): 227-246.

Kremer, Michael. "Lessons from Randomized Evaluations of Educational Programs in Developing Countries." *American Economic Review, Papers and Proceedings* 93 (2003): 102-106.

Inequality

Acemoglu, Daron. "Cross-Country Inequality Trends." NBER Working Paper 8832, 2002.

<http://www.nber.org/papers/w8832.pdf>

Banerjee, Abhijit, and Esther Duflo. "Inequality and Growth: What Can the Data Say?" Cambridge, Mass.: MIT, 2001. Mimeo.

<http://economics.mit.edu/files/753>

Kanbur, Ravi. "Income Distribution and Development." In *Handbook of Income Distribution*, 791-841. Edited by A. B. Atkinson and F. Bourguignon. New York: Elsevier, 2000.

<http://kanbur.aem.cornell.edu/papers/Income1.pdf>

Saez, Emmanuel and Michael Veall. "The Evolution of High Incomes in Canada, 1920-2000." Berkeley: University of California, and Hamilton, Ont.: McMaster University, 2004. Mimeo.

<http://socserv.mcmaster.ca/qsep/p/qsep382.pdf>