

Topics in Development Economics

Global Program on Economics and Finance (2021 Fall)

Course Title	Topics in Development Economics		
Credit	3	Credit Hours	48 credit hours
Course Objectives	The course aims to build up students' critical-thinking skill through reading the most recent empirical development economics literature and participating in class discussion.		
Course Description	<p>This course covers a comprehensive list of topics that are related to economic development. We begin with one of the key results from the development accounting literature: total factor productivity is the most important factor in explaining economic development. We then study a set of different institutions and examine their impacts on economic productivity. In particular, we will focus on state capacity, property right, contract institutions, corruption, state-owned enterprises, technology, and taxation. Lastly, we discuss the status quo of innovation, which is a key driver of TFP growth and the implication of economic development on economic inequality.</p> <p>In the meantime, the course will introduce students a variety of methodological approaches to address a number of empirical questions, such as what are the main driving force of aggregate productivity in China, are there resource misallocation in China, what is the value of political connection in Indonesia, and why some countries have more complicated government hierarchy whereas others do not. The course aims to build up students' critical-thinking skill through reading the most recent empirical development economics literature and participating in class discussion.</p>		
Course Requirements:			
Prerequisites: Microeconomics, statistics, and econometrics (or applied economics).			
Teaching Methods:			
Lecture, homework, debate, class discussion			
Course Schedule: (48 credit hours in total)			
<ol style="list-style-type: none"> 1. Development facts and accounting <ul style="list-style-type: none"> • Development facts and accounting • Market efficiency: the miracle of free markets. • Why markets may fail? 			

- Different approaches: Sachs versus Easterly
- Hall and Jones (1999) and Caselli (2005)

2 Agriculture productivity gap

- Gollin, Lagakos, Waugh (2014)
- Adamopoulos and Restuccia (2014)

3 Resource misallocation across and within countries

- Caselli and Feyrer (2007)
- Hsieh and Klenow (2009)
- Restuccia and Rogerson (2013)

4 Resource misallocation in China

- Adamopoulos et al (2017)
- Liu and Zhao (2021)

5 Contract Enforcement and property rights

- Greif (1993)
- Rauch and Trindade (1999)
- Hornbeck (2010)
- Acemoglu and Johnson (2005)

6 China's Institutional Reforms

- SOE reform in China.
- Reading: The Logic of Market (by Zhang Weiyang 张维迎)

7 Documentary watching

- Motivating video: Milton Friedman on Capitalism and Poverty
- Documentary 1: 走进大凉山
- Documentary 2: China's war on poverty
- Myrdal versus Hayek debate: group debates

8 Group debate: Does industry policy work?

9 State Capacity and Taxation

- Mayshar, Moav, Neeman, and Pascali (2015)
- Muralidharan and Sukhtankar (2016)
- Besley and Persson (2014)
- Liu (2018)
- Fisman and Wei (2004)

- Dina Pomeranz (2015)

10 Corruption

- Shleifer and Vishny (1993)
- Treisman (2000)
- Fisman (2001)
- Olken and Barron (2009)

11 Economic Inequality

- Karabarounis and Neiman (2013)
- Song, Price, Guvenen, Bloom, and Wachter (2019)
- Piketty, Li, and Zucman (2019)
- Reading: Piketty (2013)

12. Final exam

The design of class discussion or exercise, practice, experience and so on:

Class participation is highly recommended. Students are encouraged to share their thoughts or current works in class.

Grading & Evaluation:

Each student is evaluated based on three parts: class discussion, one problem set, one group debate, and a final exam.

Evaluation	% of Final Grade
1. Class discussion	10%
2. Problem set	15%
3. Group debate	15%
4. Final exam	60%

1. Class Discussion (10%):

Our TA will take attendance. Students are expected to actively participate in class discussion and share your perspective.

2. Homework (15%):

Follow the steps in Caselli and Feyrer (2007) and compute the marginal product of capital for countries around the world. We replicate Figure V of the paper. Students should submit a **report** that contains the main findings and conclusion (**less than 2 pages**).

3. Group debate (15%):

Can economic development be planned? (Shall government take the major role or shall we rely on free market for economic development?)

Evaluation is based on:

- a) resourcefulness: something novel (5 points);
- b) convincing: fully cover three points above (5 points);
- c) critical-thinking skill (5 points).

4. Final exam (60%):

7 true/false questions, 7 multiple-choice questions, and 3 essay questions based on the reading (based on 7 papers that I will announce).

Teaching Materials & References:

See in Course Schedule