

University College London
Department of Economics
ECON0054: Economics of Development
2018 / 2019 – Term 1
Tuesdays 11– 1
Venue: Anatomy J Z Young LT

Lecturer:

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Objective and Overview

This course will address important questions in the field of development economics: why are some countries so rich in comparison with the vast majority that are so poor? To what extent are education and health important for economic development? Can anti-poverty campaigns complement efforts to reduce poverty via addressing human capital accumulation directly? Is high population growth detrimental to economic prosperity? Can the relaxation of credit and saving constraints help to alleviate poverty and empower women? What is the role of geography and institutions in economic development? Is foreign aid effective? While addressing these and other concerns in countries where a large number of poor households live, we will emphasize the most popular and latest views, debates and policy implications from theoretical and empirical analyses in the economic development. We will study the latest empirical discoveries from field studies, and potential replication in other contexts where poverty and inequality is prevalent and acute. A consistent effort will be made throughout the entire course to deliver real world examples, and establish a connection between stylized facts, theory, and latest empirical contributions.

Textbooks and Other Material

There is not a set text for this course. Some chapters from Economics of Development 7th Edition (2013) by Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block (henceforth: PRLB), New York – London: W.W. Norton and Co. will be used. Complementary graphs, figures and theory from various sources including Economic Growth, 2d Edition (2009) by David Weil (henceforth: DW), New York: Addison Wesley, might be prove to be useful for students unfamiliar with recent growth trends and theory. Selected chapters from other books are essential. These include chapters from The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics (2001) by William Easterly (henceforth: WE), Cambridge, MA: MIT Press; Poor Economics by Abhijit Banerjee and Esther Duflo (2011), New York: Public Affairs; The Great Escape: health, wealth, and the origins of inequality by Angus Deaton, New Jersey: Princeton University Press; The Economics of Contemporary Latin America (2017) by Beatriz Armendáriz and Felipe Larraín, Cambridge, MA: MIT Press; The Economics of Microfinance 2d Edition (2010) by Beatriz Armendáriz and Jonathan Morduch, Cambridge, MA: MIT Press; The Handbook of Microfinance (2011) by Beatriz Armendáriz and Marc Labie, UK- Singapore: Wordscientific publishing. 2013. In addition, a series of published and unpublished articles will be used. All compulsory readings will be posted on

Moodle. Published articles from selected journals can be easily downloaded electronically. Complementary non-compulsory chapters from books can be found in the library. Starred readings are compulsory. Other readings are essential references or contain further material that should be of general interest to all students taking this course.

Please consult the Moodle page for potential amendments to reading material. Relevant reading material will be posted on Moodle and/or made available in the library

Course Prerequisites

Eagerness to read and understand in detail some chapters from above-mentioned books is essential. ECON1004: Introduction to Math for Economics or MATH6401 & 6402. Familiarity with Applied Econometrics and, in particular, with OLS, Diff-in-Diff, and IV empirical tools can be useful

Evaluation

Attendance to four tutorials and completion of four problem sets is compulsory. These, alongside lecture material and compulsory readings posted on Moodle should suffice for students to be well prepared for a 2-hour examination in term 3, on the basis of which students will be awarded a final mark. The *format* of the final examination will be exactly the same as the one posted on Moodle for the academic year 2016 - 2017.

Lecture Program

- **Introduction to Economic Development**

How does one define and measure economic growth and development?

- **The Importance of Health**

Human Capital in the form of Health. Do poor households neglect preventive health care?

- **The Importance of Education**

Human Capital in the form of Education. Can higher educational attainment pull households out of poverty?

- **Population Growth**

Is high population growth negatively affecting economic growth and prosperity? What determines high fertility in poor countries?

- **Geography and Institutions**

Adverse geography might be affecting productivity. What is the role of geography when compared to that of institutions in the development process?

- **Microfinance**

Why is microfinance an important innovation for removing the poor's credit constraints? What is the rationale behind group lending with joint responsibility? Why do poor households face savings constraints?

- **Foreign Aid**

Does it really work?

Reading Material

- **ALL READING MATERIAL FOR EACH TOPIC WILL BE POSTED ON MOODLE AT LEAST A WEEK BEFORE EACH LECTURE.**
- **ONLY STARRED READING * IS COMPULSORY. PLEASE COME TO THE LECTURES PREPARED (I.E., HAVING READ THE COMPULSORY READINGS FROM THE MOODLE PAGE OF THIS MODULE).**
- **ATTENDANCE AND CAREFUL ATTENTION TO DISCUSSION AND Q&A ON THE READING MATERIAL DURING OUR WEEKLY LECTURES ARE CRUCIAL TO OBTAIN A GOOD MARK IN THIS MODULE**

Tutorials

- **THERE WILL BE FOUR TUTORIALS.**
- **PROBLEM SETS FOR THESE WILL BE POSTED ON MOODLE ABOUT TWO WEEKS BEFORE YOUR TUTORIAL WEEK**
- **ALL ANSWERS TO PROBLEM SET QUESTIONS MUST BE PUBLISHED ELECTRONICALLY ON A PARTICULAR DATE AND TIME SHOWN ON EACH PROBLEM SET**
- **LATE PROBLEM SETS WILL NOT BE ACCEPTED**
- **TUTORIAL ATTENDANCE IS COMPULSORY**
- **YOUR HARD-WORK AND EFFORT IN DELIVERING ACCURATE ANSWERS TO COMPULSORY PROBLEM WILL PAY OFF AT THE FINAL EXAMINATION BUT PROBLEM SET MARKS DO NOT COUNT TOWARDS THIS MODULE'S YOUR FINAL MARK.**