

Princeton University  
Woodrow Wilson School  
WWS 562c  
Economic Analysis of Development (Advanced)  
Spring 2005

Professor Steve O'Connell  
Office location/phone/hours TBA

[steve\\_oconnell@swarthmore.edu](mailto:steve_oconnell@swarthmore.edu)

Overview: The aim of this course is to demonstrate how economic tools can be used to understand the process of economic development and to analyze policy in developing countries. WWS 511c is a prerequisite. The course requirements include class participation (10%), problem sets (10%), a midterm exam (25%), a group policy/case exercise (20%), and a final exam (35%).

Problem sets: <details to be added>

Group policy/case exercise: <details to be added>

Readings: A provisional detailed reading list is attached. Readings will be available via ereserve or on the listed web pages.

Exams: <details to be added>

Course Outline by week

Poverty and human resources

1. Measuring poverty
2. Poverty targeting and sustainability
3. Gender and intra-household allocation
4. Education
5. Health and nutrition

Economic growth

6. Accumulation, productivity, and institutions
7. Growth, inequality, and thresholds

Trade and technology

8. Technology development and diffusion in agriculture
9. Property rights and productivity
10. Industrial policy and export-led growth

Macroeconomic management

11. Commodity booms
12. Exchange rate regimes
13. Financial liberalization and capital flows

## Detailed Syllabus\*

### **Week 1. Measuring poverty**

Deaton, A. (1997), *The Analysis of Household Surveys*, Chapter 3 (up to page 169).

Deaton, A., "Measuring Poverty in a Growing World",

[http://www.wws.princeton.edu/%7Erpds/Downloads/deaton\\_measuring\\_poverty.pdf](http://www.wws.princeton.edu/%7Erpds/Downloads/deaton_measuring_poverty.pdf).

### **Week 2. Poverty targeting and sustainability**

Grosh, M. (1992), "The Jamaican Food Stamps Programme: A Case Study in Targeting," *Food Policy*, February.

Case, A. and A. Deaton (1998), "Large Cash Transfers to the Elderly in South Africa," *Economic Journal* 108(450): 1330-1361.

Schady, N. (1999), "Picking the Poor: Indicators for Geographical Targeting in Peru," World Bank Working Paper. [http://econ.worldbank.org/files/1287\\_wps2477.pdf](http://econ.worldbank.org/files/1287_wps2477.pdf).

### **Week 3. Gender and intra-household allocation**

Duflo, E. and C. Udry, "Intrahousehold Resource Allocation in Cote d'Ivoire: Social Norms, Separate Accounts, and Consumption Choices," <http://econ-www.mit.edu/faculty/eduflo/files/papers/ivoire6.pdf>.

Deaton, A. (1986), "Looking for Boy-Girl Discrimination in Household Expenditure Data," *World Bank Economic Review* 3(1): 1-15.

Garg, A. and Morduch, J. (1998), "Sibling Rivalry and the Gender Gap: Evidence from Child Health Outcomes in Ghana," *Journal of Population Economics* 11(4): 471-493.

### **Week 4. Education**

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

Hanushek, E. (1995), "Interpreting Recent Research on Schooling in Developing Countries," *World Bank Research Observer* 10(2): 227-46.

Kremer, M. (1995), "Research on Schooling: What We Know and What We Don't: A Comment," *World Bank Research Observer* 10(2).

Duflo, E. (1999), "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*. <http://web.mit.edu/eduflo/www/indpaper.pdf>.

Kremer, M. (2003), "Randomized Evaluations of Educational Programs in Developing Countries: Some Lessons," [http://post.economics.harvard.edu/faculty/kremer/webpapers/Randomized\\_Evaluatoin.pdf](http://post.economics.harvard.edu/faculty/kremer/webpapers/Randomized_Evaluatoin.pdf).

Pritchett, L. (date), "Where Has all the Education Gone?" [website]

### **Week 5. Health and nutrition**

Miguel, T. and M. Kremer, Worms paper.

Thomas, D. and J. Strauss, "Health, Nutrition and Economic Development," *Journal of Economic Literature*, June.

Strauss, J. (1986), "Does Better Nutrition Raise Farm Productivity?" *Journal of Public Economics* 94: 297-320.

---

\* Thanks to Dean Karlan, who taught 562c Spring 2004 and from whom I cribbed portions of this reading list.

### **Week 6. Accumulation, productivity, and institutions**

- Easterly, W. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, pages 1-99.
- Mankiw, N. G., D. Romer, and D. N. Weil (1992), "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*: 407-37.
- Collier, P. and J. W. Gunning (1999), "Why Has Africa Grown Slowly?" *Journal of Economic Perspectives* 13(3): 3-22.
- Acemoglu, D., S. Johnson, and J. A. Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, December.
- Bardhan, P. (1997), "Corruption and Development: A Review of Issues," *Journal of Economic Literature* 25.
- North, D. C. (1991), "Institutions," *Journal of Economic Perspectives* 5(1).
- Miguel, T. (2002), "Tribe or Nation? Nation-Building and Public Goods in Kenya versus Tanzania," [http://emlab.berkeley.edu/users/emiguel/miguel\\_nation.pdf](http://emlab.berkeley.edu/users/emiguel/miguel_nation.pdf).

### **Week 7. Growth, inequality, and thresholds**

- Shleifer, A. and R. Vishny (date), "Industrialization and the Big Push," *Quarterly Journal of Economics*.
- Sachs, J. et al (2004), "Africa's Poverty Trap," *Brookings Papers on Economic Activity* 1.
- Syrquin, M. and H. Chenery (1989), "Three Decades of Industrialization," *World Bank Economic Review*, May.
- Birdsall, N., D. Ross and R. Sabot (1995), "Inequality and Growth Reconsidered: Lessons from East Asia," *World Bank Economic Review* 9(3), September: 577-608.
- Anand, S. and S. M. R. Kanbur (1992), "The Kuznets Process and the Inequality-Development Relationship," *Journal of Development Economics* 40: 25-52.
- Persson, T. and G. Tabellini (1994), "Is Inequality Harmful for Growth?" *American Economic Review* 84: 600-621.

### **Week 8. Technology development and diffusion in agriculture**

- Evenson, R. on agricultural technology
- Eicher, C. on 50 years of aid to African agriculture
- Hayami and Ruttan on induced innovation.
- Green revolution in retrospect

### **Week 9. Property rights and productivity**

- Feder, G. and D. Feeny (1991), "Land Tenure and Property Rights," *World Bank Economic Review* 5(1): 135-154 (skip appendix).
- Besley, T. (1995), "Property Rights and Investment Incentives: Theory and Evidence from Ghana," *Journal of Political Economy* 103(5): 903-37.
- Field, E. (2002), "Entitled to Work: Urban Property Rights and Labor Supply in Peru," <http://www.princeton.edu/~emfield/Fieldjmp.pdf>.

### **Week 10. Industrial policy and export-led growth**

- Westphal, Larry (1990), "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience," *Journal of Economic Perspectives* 4(3), Summer: 41-59.
- Labor cost and comparative advantage with mobile capital.
- Technology policy in East Asia.

### **Week 11. Commodity booms**

- Sachs, J. and A. Warner (date), "The Natural Resource Curse."

Corden, W. Max (1989), "Macroeconomic Adjustment in Developing Countries," *World Bank Research Observer* 4(1), January: 51-62.

Bevan, David, Paul Collier, and Jan W. Gunning (1992), "Anatomy of a Temporary Trade Shock: The Kenyan Coffee Boom of 1976-79," *Journal of African Economies* 1(2), August: 271-305.

Deaton, A. (1999), *Journal of Economic Perspectives*.

### **Week 12. Exchange rate regimes**

Calvo and Reinhart, "Fear of floating," *Quarterly Journal of Economics*.

Papers on competitiveness vs. nominal anchor.

Dollarization.

### **Week 13. Financial liberalization and capital flows**

Diaz-Alejandro, Carlos (1988), "Good-Bye Financial Repression, Hello Financial Crash," in Andres Velasco, ed, *Trade, Development and the World Economy: Selected Essays of Carlos F. Diaz-Alejandro*. Oxford and New York, Blackwell: 264-86. [reprint of 1985 article].

Papers on the 1997-98 Asian financial crisis.