

**ECON 84100, Economic Development I**  
**To be offered in Spring 2019**  
**The Graduate Center of the City University of New York**  
**Peter Chow**

E-mail address: [pchow@gc.cuny.edu](mailto:pchow@gc.cuny.edu)

Office Room 5308

Office hours : 2:00PM -4:00PM on Wednesday and by appointment

*Having pointed that “The poorest countries tend to have the lowest growth; the wealthiest next; the ‘middle-income’ countries highest “, Lucas said, “Once one starts to think about them, it is hard to think about anything else”. (Robert Lucas, 1988, Journal of Monetary Economics 22.).*

### **Course Description**

This course is on the macro aspects of economic development. It deals with theories and policies of economic growth and structural transformation in less developed countries; theoretical and empirical studies in both the real and financial sectors, as well as the domestic and foreign sectors in the less developed countries. Economic liberalization, stabilization and globalization in developmental process are also addressed.

### **Course requirement**

Students are expected to have macroeconomics background at the graduate level with at least one course in econometrics to understand some empirical studies in journal articles. Students without any course work in economic development are also expected to do extra readings in any textbooks in development.

### **Learning Objectives**

1. Understand some most important theories and models in economic development from classical schools to contemporary.
2. Learn how to assess economic development by multiple criteria.
3. Apply development theories to policies undertaken in some developing countries
4. Develop the necessary research capability to write technical and policy papers for government and international organizations.

### **Assessment**

There will be one term paper which counts for one-third and one final exam which counts for two-thirds of the final grade.

The exam covers all of the material covered in the lectures during this semester and addresses learning objective 1, 2, and 3.

The topic of the term paper must be approved in advance by the professor by the end of the fifth week. The term paper addresses learning objectives 1, 2,3 and 4. The topic of term paper can possibly be developed to dissertation proposal.

Students who are volunteers to make class presentation will be rewarded with extra credits in the final grade. This addresses learning objective 4.

### **Source Books and Readings for further research:**

1. Hollis Chenery and T.N. Srinivasan (eds) Handbook of Development Economics, Volume I. and II New York: North Holland 1988.  
(Hereafter Handbook I, II).
2. Jere Behrman and T.N. Srinivasan (eds) Handbook of Development Economics, Volume IIIA and IIIB. New York: North Holland 1995.  
(Hereafter Handbook III A, III B).
3. Dani Rodrik and Mark Rosenzweig ( eds). Handbook of Development Economics, Vol.5.  
( Hereafter Handbook Vol.5.)
4. Gerald M. Meier and Joseph E. Stiglitz, (eds) 2001” Frontiers of Development Economics”  
New York: Oxford University Press.

### **Course Outline**

#### **I. Economics of Development and Development Economics**

- 1. P.K. Bardham, 1993, “Economics of Development and the Development of Economics”, The Journal of Economic Perspective, spring, pp. 129-142.**
- 2. Charles R. Hutten and Anders Isakasson 2007 “Why Development Levels Differ: The Sources of Differential Economic Growths in A Panel of Low and High Income Countries”. UN Industrial Development Organization.**

\*Amartya Sen. “Concepts and Measurements of Development”, Handbook, Chap.1.

\* Amartya Sen, “What Is Development About?” in Gerald M. Meier and Joseph E. Stiglitz, (eds). pp.506-513.

#### **II.Development Economics: From Classical to contemporary theories**

- 1. Arthur Lewis, “ The Roots of Development Theory”, Handbook I, Chap. 2.**
- 2. P.K. Bardhan,” Alternative Approaches to Development Economics” Handbook I. Chap.3**
- 3. P.K. Bardhan,” The Contributions of Endogenous Growth Theory to the Analysis of Development Problems: An Assessment” Handbook Vol. 3B. Chap. 46**

\*Nicholas Stern,” The Economics of Development: A Survey” The Economic Journal Vol.99, September.1989, pp.597-685

### III. Economics of Dualism and Structural Transformation : sectoral shift, industrialization and urbanization

1. Gustav Ranis,” Analytics of Development: Dualism” Handbook I, Chap.4.

2. Moshe Syrquin, “Patterns of Structural Change”, Handbook I, Chap.7.

**\* On “ theoretical justification for industrial policy”, read Harrison Ann and Andre Rodriguez-Clare “Trade, Foreign Investment and Industrial Policy for Developing Countries.” In Handbook Vol.5. chap. 63. Section 3, pp. 4043-4062.**

3. Murphy, Kevin M.; Andrei Shleifer and Robert W. Vishny, 1989.” Industrialization and Big Push” Journal of Political Economy. Vol. 97. No.5. pp. 1003-1026.

4. Peter Timmer, “The Agricultural Transformation” Handbook I, Chap. 8.

5. Kiminori Matsuyama, 1992, “Agricultural Productivity, Comparative Advantage, and Economic Growth”, Journal of Economic Theory, (58), pp. 317-334.

6. Jeffrey Williamson, “Migration and Urbanization”, Handbook I, Chap.11.

### IV. Trade and Development

#### A. Trade Theories for Developing Countries

1. Gershon Feder, 1983, “On Exports and Economic Growth”, Journal of Development Economics. (12) pp. 59-73.

2. Jose A. Ocampo, “ New Developments in Trade Theory and LDCs”, Journal of Development Economics. 1986 Pp. 129-170.

#### For Empirical studies on trade and development

\*Abdon, Arnelyn et al., 2019” Product Complexity and Economic Development” Levy Economics Institute, WP 616.

\* Peter Chow, 2012.” Trade and Industrial Development in East Asia: Catching Up or Falling Behind” Cheltenham , UK and Northampton, MA : Edward Elgar. Chapters 4-6.

\*Sebastian Edwards 1993, “Openness, Trade Liberalization and Growth in Developing Countries”, Journal of Economic Literature, Vol. 31, no.3. pp. 1358-1393.

**\* Cadot, Olivier; Céline Carrère, and Vanessa Strauss-Kahn, 2011.” Export Diversification: What’s behind the Hump?” The Review of Economics and Statistics, 93 (2).pp.590-605.**

\* Ann Harrison and Andre Rodriguez-Clare “Trade, Foreign Investment and Industrial Policy for Developing Countries”. In Handbook Vol.5. chap. 63. Section 4 on “ trade and development pp. 4071-4102.

\* R. Hausmann R. J. Hwang and D. Rodrik, 2007” What you Export Matter” Journal of Economic Growth. 12 .pp. 1-25

## B. Trade Strategies and Policies

1. Christopher Bliss, “ Trade and Development”, Handbook. Vol.II. Chap 23.
2. David Evans, “Alternative Perspectives on Trade and Development”, Handbook. Vol.II. Chap, 24.
3. Henry Bruton, “Import Substitution” Handbook Vol.II. Chap. 30.
4. Bela Balassa, “Export promotion”, Handbook. Vol.II. Chap. 31.

## V. Financial Sector and Economic Development

### A. Financial Development and Economic Growth

1. Levin, Ross. 1997” Financial Development and Economic Growth: Views and Agenda” Journal of Economic Literature, Vol. XXXV. Pp. 688-726
2. Jose De Gregorio and Pabloe E. Guidotti, 1995, “ Financial Development and Economic Growth”, World Development, vol.23, no.3, pp. 433-448.
3. Felix Rioja and Neven Valev, 2004, “Does One Size Fit All? A Reexamination of the Finance and Growth Relationship” Journal of Development Economics, (74). Pp. 429-447.
4. Nouriel Roubini and Xavier Sala-I-Martin, 1992,” Financial Repression and Economic Growth”, Journal of Development Economics (39), pp 5-30.

### B. Financial Liberalization and Globalization

1. Bekaert, G., C.R. Harvey, and C. Lundblad, 2005, “Does Financial Liberalization Spur Growth?” Journal of Financial Economics 77:1, pp.3-55
2. Abiad, Abdul, Nienke Oomes, and Kenichi Ueda, 2008, “The quality effect: Does Financial Liberalization improves the allocation of capital?” Journal of Development Economics 87:2, pp.270-282.
3. Kose, A. Ayhan et al., “Financial Globalization and Economic Policies”. Handbook. Vol.5. Chapter 65.

**4. Samargandi Nahia et al., 2014, “Is the Relationship Between Financial Development and Economic Growth Monotonic? Evidence from a Sample of Middle-Income Countries.” *World Development*, Vol. 69. pp.66-81.**

**5. Matsuyama, K. (2004). Financial market globalization, symmetry-breaking and endogenous inequality of nations. *Econometrica* 72 (3), 853–884.**

\*Carlos Diaz Alejandro,” Good-Bye Financial Repression, Hello Financial Crash”, *Journal of Development Economics*. 1985. pp.1-24.

\*V. Corbo, J. De Melo and J. Tybout,” What Went Wrong with the Recent Reforms in the Southern Cone”, *Economic Development and Cultural Change* .1986.pp.607- 640.

\*.V. Corbo and J. De Melo,” Lessons from the Southern Cone Policy Reform”, *The World Bank Research Observer*, 1987. pp. 111-142.

\*.Chow, Peter “What Have We Learned from the Asian Financial Crisis?” Chapter 7 in Chow and Gill (eds).

## **VI. Policy Reforms, Structural Adjustment and Political Economy of Development**

**1. Anne Krueger “Policy Lessons from Development Experiences since the Second World War” *Handbook Vol. IIB Chap 40*.**

**2.V. Corbo and S. Fischer, “ Structural Adjustment, Stabilization and Policy Reform” *Handbook Vol. IIB. Chap.44*.**

**3. Dani Rodrik, “Trade and Industrial Policy Reform”, *Handbook Vol. IIB. Chap. 45*.**

## **VII. Political Economy of Development**

**1. Baland Jean-Marie et al, “Governance and Development”. *Handbook vol.5. Chapter 69*.**

**2. Alesina, A. and D. Rodrik (1994). Distributive politics and economic growth. *The Quarterly Journal of Economics* 109 (2), 465–90.**

**\*Highlighted /summarized in lecture, assigned readings and presented by student. They are highly recommended for self-reading and developing to term paper or dissertation.**

