ECG 740
ECONOMIC DEVELOPMENT

Course Overview:
This is a Ph.D field course on economic development in Third World countries. We will cover
the core microeconomic issues that have traditionally dominated the field of development
economics, particularly as approached by agricultural economists – models of agricultural
households; technology adoption and the distributional effects of technical change; land tenure
and tenancy arrangements; the role of agrarian institutions in the development process; and
poverty, inequality and economic growth in developing countries. Students are expected to have
successfully completed the Ph.D sequences in microeconomics and econometrics.

The emphasis in the course will break down about evenly between theory and empirical
evidence. There will be no required textbook. The readings will consist of a variety of journal
articles and selected chapters from a few textbooks – notably, Kaushik Basu, Analytical
Development Economics, MIT Press, 1997; Elisabeth Sadoulet and Alain de Janvry, Quantitative
Development Policy Analysis, Baltimore, MD: The Johns Hopkins University Press, 1995; and
Inderjit Singh, Lyn Squire and John Strauss (eds.), Agricultural Household Models, Baltimore,
MD: The Johns Hopkins University Press, 1986. Some of the journal articles are found in a
compendium edited by Pranab Bardhan and Christopher Udry (Readings in Development
Microeconomics: Empirical Microeconomics, MIT Press, 2000), which is on the reserve shelves
(along with the other textbooks noted above). All journal articles are on electronic reserve.

My goal is to run this course as a true seminar. This requires significant contributions by all
participants. We will cover a fairly wide range of topics – inevitable, given the breadth of the
field. For each topic, I will give a lecture or two reviewing key conceptual issues and surveying
the relevant literature. I expect students to come to class having read assigned articles, and being
prepared to discuss those articles. Each segment of the course will focus intensively on one or
more “keystone” articles, along with other supporting papers. Over the course of the semester,
each student will present two of these keystone articles to the class. In their presentations,
students should summarize the assigned article, place it in the context of other related work on
that subject, and be prepared to lead a discussion of the strengths and weaknesses of the article.
For each of the keystone articles, all students will be required to write up reviews in the style of
a journal article review.

A research paper is due on the last day of class. I will provide a list of possible topics during the
first week of class. Students are free to choose a topic not on the list, and I’m happy to discuss
potential topics during office hours or after class. I have a strong preference for students
orienting their efforts around developing an analytical model of an interesting issue in
development economics. I’m willing to discuss alternatives, such as empirical papers that test an
existing model, or review papers that survey efforts to address a major issue in the development
economics literature. However, in my experience the latter types of papers tend to be too light
on theoretical rigor, while the former too often degenerate into data-mining exercises. The final two or three sessions of the course will be devoted to student presentations of their research.

No exams will be given. Instead, grades in the class will be based on the article reviews, the research paper, and student participation in the classroom discussions. I expect all students to attend all classes. Please let me know if you will be absent.

Course Outline and Reading List:
Items marked with an asterisk denote papers which will be presented by a student (these are subject to revision based on class size and the whim of the instructor). Lecture notes from a master’s level development course that I teach (ECG 540) are available on the following website: <http://www.ag-econ.ncsu.edu/faculty/renkow/syllab2.htm>.

The following abbreviations are used: B&U (Bardhan and Udry); HDE (Handbook of Development Economics); AJAE (American Journal of Agricultural Economics); EDCC (Economic Development and Cultural Change); AER (American Economic Review), JDE (Journal of Development Economics); and JDS (Journal of Development Studies).

I. AGRICULTURE


Agricultural Household Models

Sadoulet and de Janvry, Quantitative Development Policy Analysis, Chapter 6.


Crop Production, Marketed Surplus and Risk


Sadoulet and de Janvry, Quantitative Development Policy Analysis, Chapter 5.

Technology Adoption and Diffusion


Welfare Effects of Technological Change in Agriculture

Sadoulet and de Janvry, Quantitative Development Policy Analysis, Chapter 11.


II. AGRARIAN INSTITUTIONS AND POLICY


Sharecropping
Basu, Chapter 12.


Consumption and income smoothing


**Village and inter-household institution**

Basu, Chapters 13-14.


**III. POVERTY, INEQUALITY AND ECONOMIC GROWTH**

**The Rural Nonfarm Economy**


**Poverty Policy**

Lipton, Michael and Martin Ravallion, “Poverty and Policy,” HDE, Chapter 41, pp. 2551-2657.


**Income Inequality and Economic Growth**


