

Department of Economics
Delhi School of economics
Syllabus for 2011-12

Course No. 09 : Development Theory and Experience

Part I: Growth and Development

Development and underdevelopment (size of the market; characteristics and measures of development); Historical experience of development (stages of growth; late industrialization; structural analysis).

Poverty and inequality (conceptual issues and measurement; capabilities and entitlements; policies for poverty reduction)

State and the market (market failure; government failure; conflict versus complementarity)

Project Appraisal and Social Cost Benefit Analysis

Part II: Resources

Capital and technical progress (role of capital; capital output ratio; resource allocation; level and pattern of capital formation; patterns of technical progress; technology and unemployment; obsolescence; choice of techniques)

Labour and employment issues (population growth; demographic transition; human resource development; surplus labour; open and disguised unemployment; informal sector; rural-urban migration)

Land and the rural economy (overview of farm and non-farm sector; credit and micro-credit; interlocked markets; natural resources; environment and sustainable development)

The Environment and Sustainable Development, Non Renewable resources.

Part III: Globalisation and Development

Trade policy debate (export promotion and import substitution, WTO – structure and functions; WTO and LDCs)

Foreign capital (role and limitations; MNCs; Third World debt crisis; private foreign investment; IMF and World Bank)

Part IV: Overview and Contemporary Issues

Books

- 1) Debraj Ray, Development Economics, (DE) Princeton University Press, 1998.
- 2) Partha Dasgupta, Economics: A Very Short Introduction, (AVSI), Oxford University Press, 2007.
- 3) Abhijit Banerjee, Roland Benabou and Dilip Mookerjee ed. Understanding Poverty (UP), OUP, 2006.

Readings by Topic

I. Growth and Development

Development and Underdevelopment

- i) AVSI, pages 1-29: Characteristics of Development
- ii) DE, chapter 2: Some historical explanations for differences in development indicators.
- iii) *Human Development Report, 2007-2008*: Country Rankings (Tables 1,5, 8, 9, 14, 15 and 21), Calculating the Human Development Index and definitions of statistical terms should both be covered from the back of the report.
- iv) Dani Rodrik, Fifty Years of Growth (and lack thereof): An Interpretation , Chapter 1 of *One Economics, Many Recipes: Globalization, Institutions and Economic Growth*

Poverty and Inequality

- i) DE, chapter 6 on inequality measurement, chapter 8 on poverty measures and correlates (8.1, 8.2, 8.3 and appendix for FGT measures)
- ii) Angus Deaton, `` Measuring Poverty'', chapter 1 in UP (on defining poverty lines)
- iii) Amartya Sen, ``Poverty as Capability Deprivation,’’ chapter 4 in *Development as Freedom*, OUP, 2000.
- iv) Thomas Piketty, ``The Kuznet's Curve, Yesterday and Tomorrow ‘’, UP, chapter 4.

State and the Market

- i) AVSI, Chapters 2 (Trust), 3 (Communities) and 4 (Markets) (pages 30-89)
- ii) Thomas C. Schelling, *Micromotives and Macrobehavior*, chapter 1,
- iii) Mancur Olson, Jr. `` Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor ‘’, *Journal of Economic Perspectives*, volume 10, number 2, pages 3-24, 1996.
- iv) Albert O. Hirschman, *Rival Views of Market Society and Other Essays*, chapter 1 : ``A Dissenter's Confession: The Strategy of Economic Development Revisited ‘’and chapter 3: ``Linkages in Economic Development’’
- v) Jean Jacques Laffont, ``Corruption and Development ‘’, chapter 11 in UP

II. Resources

Capital and Technical Progress

- i) DE, chapter 3 (growth models)

Labor and Employment Issues

- i) Population Growth and Economic Development: DE Ch 9
- ii) Christopher Udry, `` Child Labor'', chapter 16 in UP
- iii) DE Ch 10, the Lewis Model and the Harris-Todaro model (only sections 10.2 and 10.3 and excluding 10.3.5)
- iv) Robert Bates (2000), ``Ethnicity and Development in Africa: A Reappraisal ‘’, *American Economic Review*, Papers and Proceedings, 90(2), pages 131-134.

Land and the Rural Economy

- i) Overview of Rural Markets DE, chapter 11. (markets in agriculture),
- ii) Land Markets: DE, chapter 12 (12.1, 12.2 and 12.3).
- iii) Labor Markets: DE, (excluding 13.5)
- iv) Credit Markets: DE, chapter 14
- v) Mihir Shah, Rangu Rao and P.S. Vijay Shankar, "Rural Credit in 20th Century India: Overview and Historical Perspectives", *EPW*, April 14, 2007

The Environment and Sustainable Development

- i) AVSI, Chapter 7: Sustainable Economic Development
- ii) Khaiwal Ravindra, Eric Wauters, Sushil Tyagi, Suman Mor and Rene Van Grieken, "Assessment of Air Quality After the Implementation of Compressed Natural Gas as Fuel in Public Transport in Delhi, India" *Environmental Monitoring and Assessment*, volume 115, p 405-417 (2006)
- iii) N.S. Jodha, "Common Property Resources and Rural Poor in Dry Regions of India", *EPW*, 27:1169.
- iv) An Inconvenient Truth directed by Davis Guggenheim (available on DVD).

III. Globalization and Development

- i) Paul Krugman (2008) The Return of Depression Economics and the Crisis of 2008, Chapters 4, 8 and 9.
- ii) Stanley Fischer (2003), "Globalization and Its Challenges", "American Economic Review, Papers and Proceedings, 93(2), pp 1-30.
- iii) Pranab Bardhan, "The Global Economy and the Poor", chapter 7 in UP

The Trade Policy Debate

- i) DE, chapter 16 (sections 16.2 and 16.3 on comparative advantage)
- ii) Sukhamoy Chakravarty, "Trade and Development: Some Basic Issues", chapter 4 in Selected Economic Writings of Sukhamoy Chakravarty, Oxford, 1993.