

# Development Economics

University of Maryland  
Professor: Sebastian Galiani  
Spring, 2016

Office Hours:

Tuesday: 10 – 11 am.

This course examines the causes and consequences of economic underdevelopment. The approach is both historical and scientific. We present theoretical models and applied work that test alternative hypothesis.

**2 Lectures will be given by Marison Rodriguez Chatru**

**Course Evaluation:** The requirements for the course are conscientious reading and thinking, and some work:

1. First exam: accounts for 40 percent of the final grade (03-28).
2. Second exam: accounts for 40 percent of final grade (05-09).
3. Class Presentation in Groups: accounts for 20 percent of the final grade.

**Reading List:**

## 1. Development Economics: A long run perspective

Angus Maddison (2001): The World Economy: A Millennial Perspective, OECD.

Richard Easterlin (2001): Growth Triumphant: The Twenty-First Century in Historical Perspective, The University of Michigan Press.

Lant Pritchett (1997): "Divergence, Big Time", *Journal of Economic Perspectives*, 11, 3-17.

Robert Fogel (2004): The Escape from Hunger and Premature Death, 1700-2100, Cambridge University Press.

Angus Deaton (2013): The Great Scape: Health, Wealth and the Origin of Inequality, Princeton University Press.

Francois Bourguignon and Christian Morrison (2002): "Inequality among world citizens: 1820-1992", *American Economic Review*, 92, 727-44.

Xavier Sala-i-Martin (2006), "The World Distribution of Income: Falling Poverty... and Convergence, Period", *Quarterly Journal of Economics*, Vol. 121, No. 2, 351-397.

## 2. Economic Growth

Charles Jones and Dietrich Vollrath (2013): Introduction to Economic Growth, Norton.

David Weil (2009): Economic Growth, Addison Wesley.

Elhanan Helpman (2004): The Mystery of Economic Growth, Harvard University Press.

Joel Mokyr (1990): The Level of Riches: Technological Creativity and Economic Progress, Oxford University Press.

Massimo Livi-Bacci (2007): A Concise History of World Population, Blackwell Publishing.

## 3. Mastering Econometrics

Joshua Angrist and Jorn-Steffen Pischke (2014): Mastering Metrics, Princeton University Press.

## 4. The Rise of Europe

Douglass North and Robert Thomas (1973): The Rise of the Western World: A New Economic History, Cambridge University Press.

Nathan Rosenberg and L.E. Birdzell, Jr. (1986): How the West Grew Rich: The Economic Transformation of the Industrial World, Basic Books.

Daron Acemoglu, Simon Johnson and James Robinson (2005): “Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth”, *American Economic Review*, 95 (3), 546-579.

Douglass North and Barry Weingast (1989): “Constitutions and Commitment: Evolution of the Institutions Governing Public Choice in Seventeenth Century England”, *Journal of Economic History*, 49, 803-832.

Steven Pincus and James Robinson (2014): “What Really Happened during the Glorious Revolution?”, in S. Galiani and I. Sened (eds), Institutions, Property Rights, and Economic Growth: The Legacy of Douglass North, Cambridge University Press.

Eric Jones (2003): The European Miracle: Environments, Economics and Geopolitics in the History of Europe and Asia, Cambridge University Press.

Jack Goldstone (2008): Why Europe? The Rise of the West in World History, 1500-1850, McGraw-Hill.

## 5. Institutions

Douglass C. North (1990): Institutions, institutional change and economic performance, Cambridge University Press.

Daron Acemoglu, Simon Johnson and James Robinson (2005): “Institutions as a Fundamental Cause of Long-Run Growth”, in P. Aghion and S. Durlauf (eds.), Handbook of Economic Growth, North-Holland.

Daron Acemoglu, Simon Johnson and James Robinson (2001): “The Colonial Origins of Comparative Development: An Empirical Investigation”, *American Economic Review*, 91, 1369–401.

Daron Acemoglu and Simon Johnson and James Robinson (2002): “Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution”, *Quarterly Journal of Economics*, 118, 1231-94.

Douglass North (1993): “Institutions and Credible Commitment”, *Journal of Institutional and Theoretical Economics*, 149, 11-23.

Sebastian Galiani, Gustavo Torrens and Lucia Yanguas (2014): “The political Coase theorem: Experimental evidence”, *Journal of Economic Behavior and Organization*, 2014, Volume 103, pages 17-38.

Avner Greif (1994): “Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individual Societies”, *Journal of Political Economy*, 112, 912-950.

Avner Greif, Paul Milgrom and Barry Weingast (1994): “Coordination, Commitment, and Enforcement: The case of the Merchant Guild”, *Journal of Political Economy*, 102, 745-776.

Avner Greif (1992): “Institutions and Trade: Lessons from the Commercial Revolution”, *American Economic Review*, 82, 128-133.

Avner Greif (1993): “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Trader’s Coalition”, *American Economic Review*, 83, 525-548.

Oliver Williamson (1998): The Economic Institutions of Capitalism, Free Press.

## 6. The State

Joseph Strayer (1973): On the Medieval Origins of the Modern State, Princeton University Press.

Douglass North, John Wallis and Barry Weingast (2009): Violence and Social Orders, Cambridge University Press.

Robert Bates (2001): Prosperity and Violence: The Political Economy of Development, Norton.

## 7. Economic Policy

Avinash Dixit (1998): The Making of Economic Policy: A Transaction-Cost Politics Perspective, MIT Press.

## 8. Africa

Nicolas van de Walle (2001): African Economies and the Politics of Permanent Crisis, Cambridge University Press.

Emmanuel Akyeampong, Robert Bates, Nathan Nunn and James Robinson (eds.) (2014): Africa’s Development in Historical Perspective, Cambridge University Press.

Robert Bates (2005): Markets and States in Tropical Africa, University of California Press.

Robert Bates (2008): When Things Fell Apart: State Failure in Late-Century Africa, Cambridge University Press.

Daron Acemoglu, Simon Johnson and James Robinson (2003): “An African Success Story: Botswana”, in Dani Rodrik (ed.), In Search of Prosperity, Princeton University Press.

Steven Radelet (2011): Emerging Africa: How 17 States are leading the Way, Center for Global Development.

## 9. China

- Yingyi Qian (2003): “How Reform Worked in China”, in Dani Rodrik (ed.), In Search of Prosperity, Princeton University Press.
- Yasheng Huang (2008): Capitalism with Chinese Characteristics: Entrepreneurship and the State, Cambridge University Press.
- Barry Naughton (2007): The Chinese Economy: Transitions and Growth, MIT Press.

## 10. Democracy

- Daron Acemoglu and James Robinson (2006): Economic Origins of Dictatorship and Democracy, Cambridge University Press.

## 11. International Trade

- Debraj Ray (1998): Development Economics, Princeton University Press. Chapters 16, 17 and 18.
- K. O'Rourke and J. Williamson (2000): Globalization and History: The Evolution of a 19<sup>th</sup> Century Atlantic Economy, MIT Press.
- Paul Krugman (1997): Geography, Development and Economic Theory, MIT Press.
- Ann Harrison and Andres Rodriguez-Clare (2009): “Trade, Foreign Investment, and Industrial Policy for Developing Countries”, in Dani Rodrik and Mark Rosenzweig (eds.), Handbook of Development Economics, Volume 5, North-Holland.

## 12. Comparative Advantage and Development

- Kenneth Sokoloff and Stanley Engerman (2003): “Institutions, Factor Endowments and Paths of Development in the New World”, *Journal of Economic Perspectives*, 14, 217-232.
- Sebastian Galiani, Daniel Heymann, Carlos Dabus and Fernando Thome (2008): “On the emergence of public education in Land rich economies”, *Journal of Development Economics*, 86, 434-446.
- Sebastian Galiani, Norman Schofield and Gustavo Torrens (2010): “Factor endowments, democracy and trade policy divergence”, *Journal of Public Economic Theory*, Volume 16, pages 119-156.
- Sebastian Galiani and Gustavo Torrens (2011): “Autocracy, Democracy and Trade Policy”, *Journal of International Economics*, Volume 93, pages 173-193.

## 13. Coordination Failures

- Debraj Ray (1998): Development Economics, Princeton University Press. Chapter 5.
- Albert Hirschman (1958): The Strategy of Economic Development, Yale University Press.

## 14. Argentina

- Carlos Diaz Alejandro (1970): Essays on the economic history of the Argentine Republic, Yale University Press.
- Richard Mallon and Juan Sourrouille (1975): Economic Policymaking in a Conflict Society: The Argentine Case, Harvard University Press.

Sebastian Galiani and Paulo Somaini (2009): “The Labyrinth of Solitude: Import Substitution and Path Dependence”, Mimeo.  
Irene Brambilla, Sebastian Galiani and Guido Porto (2009): “50 Years of Solitude: Argentina Trade Policies in the XX Century”, Mimeo.

## 15. Macroeconomics in Emerging Markets

Peter Montiel (2011): Macroeconomics in Emerging Markets, Cambridge University Press.

## 16. Economic Inequality and Poverty

Debraj Ray (1998): Development Economics, Princeton University Press. Chapters 6, 7 and 8.  
Abhijit Banerjee, Roland Benabou and Dilip Mookerjee (2006): Understanding Poverty, Oxford University Press.  
Banerjee, A. and E. Duflo (2007): “The Economic Lives of the Poor”, *Journal of Economic Perspectives*, 21, 141-167.  
Abihijit Banerjee and Esther Duflo (2011): Poor Economics: A Radical Rethinking of the way to fight Global Poverty, Public Affairs.

## 17. Corruption

Raymond Fisman (2001): “Estimating the Value of Political Connections”, *American Economic Review*, 91, 1095-1102.  
J. McMillan and P. Zoido (2004): “How to Subvert Democracy: Montesinos in Peru”, *Journal of Economic Perspectives*.  
Marianne Bertrand, Simeon Djankov, Rema Hanna and Sendhil Mullainathan (2007): “Obtaining a Driver’s License in India: An Experimental Approach to Study Corruption”, *Quarterly Journal of Economics*.  
Finan, F. y C. Ferraz (2008): “Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes”, *Quarterly Journal of Economics*.  
Ben Olken (2007): “Monitoring Corruption: Evidence from a Field Experiment in Indonesia”, *Journal of Political Economy*, 115, 200-249.  
Di Tella, R. y E. Schargrodsky (2003): “The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires”, *Journal of Law and Economics*.

## 18. Credit and Insurance Markets

Debraj Ray (1998): Development Economics, Princeton University Press. Chapters 14 and 15.  
World Development Report (2006): Equity and Development. Chapter 5.  
Abhijit Banerjee and Esther Duflo (2005): “Growth Theory through the Lens of Development Economics”, in P. Aghion and S. Durlauf (eds.), Handbook of Economic Growth, North-Holland.  
Dean Karlan and Jonathan Morduch (2009): “Access to Finance”, in Dani Rodrik and Mark Rosenzweig (eds.), Handbook of Development Economics, Volume 5, North-Holland.  
Jonathan Morduch (1999): “The Microfinance Promise”, *Journal of Economic Literature*, 37, 1569-1614.

Abhijit Banerjee, Esther Duflo, Rachel Glennerster and Cynthia Kinnan (2009): “The Miracle of Microfinance? Evidence from a Randomized Evaluation”, Mimeo.  
Paul Gertler and Jonathan Gruber (2001): “Insuring Consumption against Illness”, *American Economic Review*, 92, 51-70.

## 19. Land

Debraj Ray (1998): Development Economics, Princeton University Press. Chapters 11 and 12.

Abhijit Banerjee, Paul Gertler and Maitresh Ghatak (2002), “Empowerment and Efficiency: Tenancy Reform in West Bengal”, *Journal of Political Economy*, 110 (2), 239-280

Sebastian Galiani and Ernesto Scharfrodsky (201): “Property Rights for the Poor: Effects of land titling”, *Journal of Public Economics*.

## 20. Human Capital

Abihijit Banerjee and Esther Duflo (2011): Poor Economics: A Radical Rethinking of the way to fight Global Poverty, Public Affairs.

Engle, P., M.M. Black, J.R. Behrman, M.C. de Mello, P.J. Gertler, L. Kapiriri, R. Martorell, M.E (2007): “Young and the International Child Development Steering Committee: Strategies to avoid the loss of developmental potential in more than 200 million children in the development world”, *Lancet*, 369, 229-42.

Jere Behrman (1993): “The Economic Rationale for Investing in Nutrition in Developing Countries”, *World Development*, 21, 1749-72.

John Strauss and Duncan Thomas (1998): “Health, Nutrition, and Economic Development”, *Journal of Economic Literature*, 36, pp. 766-817.

Jere Behrman (2009): “Investment in Education: Inputs and Incentives”, in Dani Rodrik and Mark Rosenzweig (eds.), Handbook of Development Economics, Volume 5, North-Holland.

Paul Glewwe (2002): “Schools and Skills in Developing Countries: Education Policies and Socioeconomic Outcomes”, *Journal of Economic Literature*, pp. 436-482.

Paul Schultz (1999): “Health and Schooling Investments in Africa”, *Journal of Economic Perspectives*, 13, pp. 67-88.

Esther Duflo (2001): “Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment”, *American Economic Review*, 91, 795-813.

Samuel Berlinski, Sebastian Galiani and Marco Mancorda (2008): “Giving children a better start: Preschool attendance and school-age profiles”, *Journal of Public Economics*, 92, 1416-1440.

Samuel Berlinski, Sebastian Galiani and Sebastian Galiani (2009): “The effect of pre-primary education on primary school performance”, *Journal of Public Economics*.