

LECO 3830 A: Development Economics

Spring 2020

Lang College, The New School

M, W. 2 p.m. - 340 p.m.

**Instructor:** Prof. Sanjay Reddy

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Please use the subject heading “Development Economics” to ensure attention.

**Course Description:**

This course seeks to foster understanding of main debates and approaches within the field of development economics – addressing topics such as the concept of development, the theory and empirics of growth and structural transformation, income distribution and poverty, the impact of historical and contemporary international economic relations, the role and nature of government, population, health, social protection, gender and the environment. The course also aims to further the awareness that development theory and practice are contentious domains. Although the course includes a technical component, it emphasizes a critical and historical understanding of contemporary development debates, the role of political economy, and the connections between development economics and the broader field of development studies. No special topical knowledge is assumed. Prerequisites are Introduction to Political Economy and either intermediate microeconomics or intermediate macroeconomics.

**Course Requirements:**

The requirements for the course include a midterm examination and a final examination. The midterm examination will be held in class on 30 March and the cumulative final examination will be held in class on 11 May. In addition, in lieu of class sessions toward the end of the course there will be mandatory attendance at two public events at the New School (or more broadly in the New York city area, for instance at a venue such as a major foundation, another university or the United Nations) related to development issues. The public events attended can be identified by the student or can be chosen from events of which the instructor will occasionally notify the students. The aim of this exercise is to provide students with an understanding of development as a field encompassing pressing contemporary debates, while taking advantage of our position in New York City and increasing the role of civic engagement in the curriculum. The student must write a brief (150-200 words) response paper summarizing and critically evaluating the arguments presented by the speaker(s) at the event attended and should be submitted online (uploaded to Canvas) within two weeks of it. The responses will not be graded. Students are advised to retain copies of work submitted.

No makeup examinations will be held. The midterm examination will receive a twenty five percent weight and the final exam a thirty five percent weight in the calculation of the course grade. The two brief response papers will each receive a ten percent weight. Class participation, (including attendance and informed discussion) will compose twenty percent of the course grade. If a student does very much better on the final exam than on the midterm (one full letter grade or higher), the final exam will receive even greater weight, at the discretion of the instructor (in order to reward cumulative learning); this procedure can only benefit the student.

Lectures by the instructor may be supplemented or

supplanted by guest speakers or by online materials. It is possible that there may be modifications to the syllabus in terms of topics or readings. These will be announced in advance to the extent possible.

### **Learning Outcomes (mandated to be placed in syllabus):**

It is required by the New School that we identify 'learning outcomes' for this course in the syllabus. Accordingly -

It is hoped that the course will achieve the following learning outcomes:

1. Familiarity with prominent themes and concepts in the discipline of development economics, reflected in the ability to identify what these are.
2. Ability to draw upon themes and concepts introduced in the course to express views and to form coherent and credible verbal and written arguments on contemporary development issues.
3. Understanding of the relationship between development economics and other fields of economics as well as of the human and natural sciences.

### **Reading:**

The main readings for the course are available on the course website (via Canvas) or if explicitly mentioned elsewhere online.

The textbook for the course is Development Economics (Princeton University Press, 1998), by Debraj Ray). It can easily be purchased online. We will refer to it only occasionally but it provides a useful background resource. Other textbooks may also be suggested as alternatives. Students may wish to do without the textbook and rely on other readings as it is only occasionally employed.

### **Institutional Resources (mandated to be placed in syllabus):**

“The university provides many resources to help students achieve academic and artistic excellence. These resources include:

- University Libraries: <http://library.newschool.edu>
- University Learning Center: <http://www.newschool.edu/learning-center>
- University Disabilities Service: [newschool.edu/student-disability-services/](http://newschool.edu/student-disability-services/)

In keeping with the university’s policy of providing equal access for students with disabilities, any student with a disability who needs academic accommodations is welcome to meet with me privately. Students requesting any accommodations will also need to contact Student Disability Service (SDS). SDS will conduct an ‘intake’ and, if appropriate, the Director will provide an academic accommodation notification letter for you to bring to me. At that point, I will review the letter with you and discuss the proposed accommodations in relation to this course.”

### **Institutional Policies (mandated to be placed in syllabus):**

#### *“Academic Honesty and Integrity*

Compromising your academic integrity may lead to serious consequences, including (but not limited to) one or more of the following: failure of the assignment, failure of the course, academic warning, disciplinary probation, suspension from the university, or dismissal from the university.

Students are responsible for understanding the University’s policy on academic honesty and integrity and must make use of proper citations of sources for writing papers, creating, presenting, and performing their work, taking examinations, and doing research. It is the responsibility of students to learn the procedures specific to their discipline for correctly and appropriately differentiating their own work from that of others. The full text of the policy, including adjudication procedures, is found at <http://www.newschool.edu/policies/>

Resources regarding what plagiarism is and how to avoid it can be found on the Learning Center’s website: <http://www.newschool.edu/university-learning-center/student-resources/>. [Students should also familiarize themselves with Lang College’s own policies in this regard.]

*Intellectual Property Rights:* <http://www.newschool.edu/provost/accreditation-policies/>.  
Grade Policies: <http://www.newschool.edu/registrar/academic-policies/>.

3. Lang College's attendance and Lateness Policy: "Absences may justify some grade reduction and a total of four absences mandate a reduction of one letter grade for the course. More than four absences mandate a failing grade for the course, unless there are extenuating circumstances, such as the following: an extended illness requiring hospitalization or visit to a physician (with documentation); a family emergency, e.g. serious illness (with written explanation); observance of a religious holiday. The attendance and lateness policies are enforced as of the first day of classes for all registered students. If registered during the first week of the add/drop period, the student is responsible for any missed assignments and coursework. For significant lateness, the instructor may consider the tardiness as an absence for the day. Students failing a course due to attendance should consult with an academic advisor to discuss options. Divisional and/or departmental/program policies serve as minimal guidelines, but policies may contain additional elements determined by the faculty member."

## **Course Structure:**

### **Introduction to the Course (29th January)**

#### **(I) A World to Win? (3<sup>rd</sup> February)**

Key quantitative indicators of human well-being, their distribution, and how these have changed over time. How should we measure what?

Basic Statistics, Human Development Report, (United Nations Development Programme), see: <http://hdr.undp.org/en/statistics/>

Global Consumption and Income Project website: [www.gcip.info](http://www.gcip.info)

Ray, Chapters 1 and 2.

The Economist, Guide to Economic Indicators, Chapter 3, 'Measuring Economic Activity', on course website.

Report of the Commission on the Measurement of Economic Progress, 2009 (Joseph Stiglitz, Amartya Sen, Jean-Paul Fitoussi), available on [www.stiglitz-sen-fitoussi.fr/documents/rapport\\_anglais.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf) .

Kenny, C. (2011), "Getting Better: Why Development is Succeeding – and how we can improve the world even more", Basic Books, (Ch 4-6), on course website .

Excel File (Growth), on course website.

**(II) Development: Democratic ideal or technocratic idea? Taking charge or losing control? (5 February)**

McCarthy, T. (2009), "Race, Empire and the Idea of Development", Cambridge University Press. Part One: On course website.

Sachs, Wolfgang ed. (1992), "The Development Dictionary: A Guide

to Knowledge as Power,” on course website.

Scott, James. C. (1998), *Seeing Like a State*, selection on course website.

Sen, Amartya (2000), *Development as Freedom*, chapters 1 and 2, selection on course website.

**(III) Development as Social and Structural Transformation  
From ‘traditional’ to ‘modern’ (10 February and 12 February):**

Lewis, Arthur (1954), “Economic Development with Unlimited Supplies of Labor”, selection on course website.

Polanyi, Karl (1944), *The Great Transformation*, selection on course website.

Schultz, T. W. (1964), *Transforming Traditional Agriculture*, selection on course website.

E.P. Thompson, "Time, Work-Discipline and Industrial Capitalism", Past and Present, 38 Dec. 1967, selection on course website.

Varshney, Ashutosh (1995), "Town-Country Struggles in Development: A Brief Overview of Existing Theories", Chapter 1 of

Democracy, Development and the Countryside (on course website).

**(IV) The Legacies of History (19 February; President's Day holiday on 17 February):**

Bagchi, A.K. (1982), *The Political Economy of Underdevelopment*, selection on course website.

Baran, P. (1957), "On the Roots of Backwardness", selection on course website.

Frank, A.G. (1966), "The Development of Underdevelopment", selection on course website.

Williams, E. (1944), *Capitalism and Slavery*, selection on course website.

Ray, ch. 5.

**(V) The Strategy of Planned Industrialization (24 February):**

Gerschenkron, A. (1962), *Economic Backwardness in Historical Perspective*, selection on course website.

Hirschman, A. (1958), *The Strategy of Economic Development*,



selection on course website.

Rosenstein-Rodan, P. (1943), “Notes on the Theory of the Big Push”,  
on course website.

**(VI) Development as Growth: Neoclassical, New and Alternative Growth Theories (26 February):**

Ray, chapters 3 and 4.

Sachs, J. et al, “Ending Africa’s Poverty Trap”, available on  
<http://www.brookings.edu/about/projects/bpea/papers/2004/africa-poverty-trap-sachs>

Weitzman, M. (1998), “Recombinant Growth”, on course website.

**(VII) State-Led Development: Achievement and Crisis (2 March and 4 March):**

Bates, R. (1984), *Markets and States in Tropical Africa*, selection on course website.

Bauer, P. (1971), *Dissent on Development*, selection on course website.

Krueger, A. (1974), “The Political Economy of the Rent Seeking Society”, *American Economic Review*.

Lal, D., (1983), *The Poverty of Development Economics*, selection on course website.

Ray, chapter 17.

Case Study on East Asia:

Amsden, A. (1994) “Why isn’t the Whole World Experimenting with the East Asian Model to Develop? Review of the ‘East Asian Miracle’,” *World Development* vol. 22, on course website.

World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, selection on course website.

Wade, R. (1992), *Governing the Market*, selection on course website.

**(VIII) The Debt Crisis, Structural Adjustment, ‘Washington Consensus’ and ‘Post-Washington Consensus’ (23 March and 25 March: Spring Break week of March 16<sup>th</sup>; No classes week of March 9<sup>th</sup> - instead two development related events at time of choosing)**

Demery, L. “Structural Adjustment: Its Origins, Rationale and Achievements” in *From Adjustment to Development in Africa*, ed. Giovanni Andrea Cornia and Gerald K. Helleiner, on course website.

James, H. (1996), *International Monetary Cooperation Since Bretton Woods*, selection on course website (chapter 12, “The Debt Crisis”).

Kanbur, R. (2001), “Economic Policy, Distribution and Poverty: The Nature of Disagreements”, on course website.

Sachs, J. (1989), “Conditionality, Debt Relief and the Developing Country Debt Crisis”, on course website.

Stiglitz, J. “Whither Reform? Ten Years of the Transition”, on course website.

Williamson, J. (1990), "What Washington Means by Policy Reform", in  
1. Williamson, ed., *Latin American Adjustment: How Much Has Happened?* (Washington: Institute for International Economics), on course website.

Williamson, J. (2003), “The Washington Consensus and Beyond”, *Economic and Political Weekly*, on course website.

Ray, Chapter 17

Video of Sanjay Reddy speaking at the UN, “After the Washington Consensus”, on [After The](#)



[Washington Consensus](#)

## MIDTERM EXAMINATION – 30 MARCH

### (IX) The New International Trading System (1 April):

Bhagwati, Jagdish and T.N. Srinivasan (2003), "Trade and Poverty in the Poor Countries", available on [http://www.econ.yale.edu/~srinivas/trade\\_poverty.pdf](http://www.econ.yale.edu/~srinivas/trade_poverty.pdf)

Malhotra, Kamal et al (2003), *Making Global Trade Work For People*, selection on course website.

"Third World Intellectuals and NGOs-Statement Against Linkage", available on course website.

Reddy, S. and Barry, C. (2007), "International Trade and Labour Standards: A Proposal for Linkage", Cornell International Law Journal, Vol. 39, No. 3, pp. 545-639, available on course website and on [www.sanjayreddy.org](http://www.sanjayreddy.org) under "Globalization".

Reddy, S. and Barry C. (2007), "Alternative Ways to Link Trade with Labor Standards", Financial Times, June 2<sup>nd</sup>, on course website.

Rodrik, D. (2011), "The Globalization Paradox: Democracy and the Future of the World Economy", W.W. Norton & Company, Chapters 3, 4 & 8. On course website.

### (X) International Financial Integration and the International Financial Institutions (6 April and 8 April):

Eichengreen, B. (1996), "Globalizing Capital: A History of the International Monetary System", Princeton University Press, selections on course website.

Fischer, S. "Managing the International Monetary System", on course website.

James, H. (1996), *International Monetary Cooperation Since Bretton Woods*, selection on course website (Chapter 17, "From Bretton Woods to the Information Age").

Rodrik, D. (2011), "The Globalization Paradox: Democracy and the Future of the World Economy", W.W. Norton & Company, Chapters 5 & 6. On course website.

Stiglitz, J. (2002), *Globalization and its Discontents*, selection on course website.

Stiglitz, J. (2010), *Freefall: America, Free-Markets and the Sinking of the World Economy*, selection on course website.

## **(XI) Poverty and Inequality: Measurement, Dynamics and Political Economy (13 April and 15 April):**

Techniques of estimation and measurement of poverty and inequality:

Reddy, S. and T. Pogge “Unknown: The Extent Distribution and Trend of Global Income Poverty”, on course website.

Reddy, S. “Counting the Poor: The Truth About World Poverty Statistics”, *Socialist Register*, 2006, on course website.

World Bank, Voices of the Poor,  
<http://www.worldbank.org/poverty/voices/>

Ray, chapter 6.

Why do the poor stay poor? Poverty traps:

Ray, chapters 8, 14.

Why are the poor vulnerable to catastrophic risks and how can they best be protected?

Sen, A. (1981), *Poverty and Famines*, selection on course website.

**(XII) Population, Health, and Social Protection (20 April and 22 April):**

Dreze and Sen. *Hunger and Public Action*, chapters 7, 10 and 12, on course website

Ray, chapter 9.

Reddy, S., "Death in China", *New Left Review*, on course website.

**(XIII) Aid Effectiveness and Global Development Goals (27 April):**

Easterly, W., "Was Development Assistance a Mistake?", NYU, on course website.

Hirschman, A. (1995), "Developments Projects Observed", Brookings Institutions. (Ch 1 & 5), on course website.

Pogge, T. "The First Millennium Development Goal: A Cause for Celebration?", on course website

Reddy, S. and A. Heuty, "Achieving the Millennium Development Goals: What's Wrong with Existing Analytical Models?" on [www.sanjayreddy.org](http://www.sanjayreddy.org) under 'Development Strategy'

Reddy, S. and A. Heuty, "Peer and Partner Review: A Practical Approach to Achieving the MDGs" available on [www.sanjayreddy.org](http://www.sanjayreddy.org) under "Development Strategy"

Reddy, S. and Minoiu, C. (2010), "Development Aid and Economic Growth: A Positive Long-Run Relation", *Quarterly Review of Economics and Finance*, 50(1), pp. 27-39.

Rist, G. (2009) *The History of Development: From Western Origins to Global Faith*, Third edition, "From the Struggle Against Poverty to the Millennium Development Goals" (chapter 13)

Sachs, J. et al, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, available on <http://www.unmillenniumproject.org/reports/index.htm>

Saith, A. (2006), "From Universal Values to Millennium Development Goals: Lost in Translation", on course website.

#### **(XIV) Gender and Development (29 April):**

Agarwal, B. (2002), "Are We Not Peasants Too? Land Rights and Women's Claims in India", on course website.

Boserup, E. (1970), *Women's Role in Economic Development*, selection on course website.

Kabeer, N. (1994), *Reversed Realities: Gender Hierarchies in Development Thought*, selection on course website.

Sen, A. (1987) , "Gender and Cooperative Conflicts", <https://www.wider.unu.edu/sites/default/files/WP18.pdf>



Sen, A. (1990) "More than 100 Million Women are Missing", The New York Review of Books, 1990: <https://www.nybooks.com/articles/1990/12/20/more-than-100-million-women-are-missing/>

Shiva, V. "Development, Ecology and Women", selection on course website.

#### **(XV) Environment and Development (4 May):**

Recent Report of the Intergovernmental Panel on Climate Change (link to be provided).

Guha, Ramachandra and Juan Martinez-Alier (1997), *Varieties of Environmentalism: Essays North and South*, selection on course website.

Ostrom, E., Nobel Prize Lecture (2009), "Beyond Markets and States: Polycentric Governance of Complex Economic Systems", available on [http://www.nobelprize.org/nobel\\_prizes/economics/laureates/2009/ostrom\\_lecture.pdf](http://www.nobelprize.org/nobel_prizes/economics/laureates/2009/ostrom_lecture.pdf)

Sachs W., Santarius T., ed. (2005), "Fair Future: Resource Conflicts, Security & Global Justice (Ch 2 & 3), on course website.

#### **(XVI) Development: Which Way Now? (6 May)**

Beck, U. (2000), *What is Globalization?*, selection on course website.

McCarthy, T. (2009), "Race, Empire and the Idea of Development", Cambridge University Press. (Ch 5 & 6): On course website.

Nandy, A. (1993) *Traditions, Tyranny and Utopias*, selection on course website.

Rist, G. (2009) *The History of Development: From Western Origins to Global Faith*, Third edition, "Beyond Development: From Downscaling to a Change in the Economic Paradigm" (chapter 14 and Conclusion)

Sachs W., Santarius T., ed. (2005), "Fair Future: Resource Conflicts, Security & Global Justice (Ch 2 & 3), on course website.

Unger, R. (2000), *Democracy Realized*, selection on course website.

**(XIX) Final Examination (11 May)**