

ECONOMICS 366: ECONOMIC DEVELOPMENT

Fall 2007
MWF 10:10 -11:00 am

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Office hours: Monday 11 am -12 noon
Tuesday 2:30 pm to 3:30 pm
or by appointment.

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Note: This course will assume knowledge of introductory micro and macroeconomics (Econ 103 and 104 or equivalent). This syllabus is subject to change.

A. Overview

Although economic development is sometimes equated with simple statistical indicators such as per capita income, mortality and morbidity rates, environmental pollution indices or the somewhat more sophisticated human development indices, the process of development is complex and encompasses economic, ecological, social, cultural, political and religious aspects of a society. This course will largely limit itself to economic changes that occur during development, while recognizing that this is only part of the picture. Other factors will put in an appearance in so far as they are related to the economy. The course will offer an overview of the major theoretical and empirical approaches to the problem of Economic Development including Neo-classical, Keynesian, Marxist, Gandhian, Post-Developmentalist and Eco-Feminist perspectives. We will study the implications of these theoretical approaches for classic issues such as industrialization, employment, poverty, inequality, gender and the environment. At every step we will make an effort to connect development *theory* with development *policy and practice*. Major changes in Development Economics are often a result of the real and perceived failures of previous approaches, as much as a reflection of the changes occurring in the Capitalist World-System itself. Hence, we will discuss each approach with emphasis on its historical context. In addition to academic literature we will also read some literature emanating from relevant International Institutions (such as the International Labor Organization,, UNDP, World Bank and the IMF) as well as from People's Movements around the world that offer alternative visions/critiques of development.

B. Website, textbook and readings

- The course website is <http://courses.umass.edu/econ366a>. A copy of this syllabus will be posted on this site, as will assignments, notes and other resources as needed. *Please remember to check this site every once in a while during the semester.*
- The **official textbook** for the class is-
The Process of Economic Development by James. M. Cypher and James. L. Dietz (Routledge, 2nd ed. 2004). Copies of the book have been ordered at Food for Thought Bookstore in Amherst and TWO COPIES are also available on **Print Reserve** at the DuBois Library.
- All readings are required unless indicated otherwise. All required readings are fair game for paper topics and take-home exam questions.
- Where to obtain the readings:
PR: indicates **print reserves**
ER: indicates **electronic reserves** (e-reserves password is ecdev)
HO: indicates to be **given in class as a handout**
EMAIL: indicates that the article, or a link to it, will be sent to you by **email**.

- **ONLINE:** indicates that the article may be obtained **on the internet** at the designated URL.
- The following books have been placed on **print reserve** (2hr/overnight) at the library:
 1. *Development Economics*- Debraj Ray (HD75 .R39 1998)
 2. *Paradigms in Economic Development: Classic Perspectives, Critiques and Reflections*- Rajani. K. Kanth (HD75 .P36 1994)
 3. *The Process of Economic Development* - James. M. Cypher and James. L. Dietz (HD82 .C96 2004)
- There are **THREE CASE STUDIES** we will be looking at in the course. These help to connect development theory with policy and practice. Readings for the case studies will be announced separately.

C. Course Requirements and Grading

- (i) three homework assignments (30%)
- (ii) a take-home midterm exam (25%)
- (iii) a final paper (35%); and
- (iv) class participation (10%).

The following grading system will be followed (homework assignments will not be given letter grades)

A	above 91
A-	87--90
B+	83--86
B	79--82
B-	75--78
C+	71--74
C	67--70
C-	63--66
D+	59--62
D	55--58
D-	51--54
F	below 50

D. Academic conduct and exam policy

- Links to university policy on conduct and academic matters:
 - http://www.umass.edu/dean_students/code_conduct/ (for general conduct with a link to university policy on academic honesty)
 - <http://www.umass.edu/registrar/media/academicregs.pdf> (for academic regulations)
- **There are no in-class assignments or exams in this course.** All papers, problem sets and exams are take-home and need to be submitted in **hard copy in class on the due date** or in case of the final exam, in my mailbox (Rm. 829, Thompson Hall) by the announced date and time. Late submissions not accompanied by valid reason will have their grades reduced.
- Topics for exams questions as well as short papers will be drawn from the textbook, the additional readings as well as class notes.

E. Topics to be covered

Note: Schedule is subject to change; and you are requested to adjust reading accordingly. All such changes will be announced in class in advance. **PED** refers to – *The Process of Economic Development*, Cypher and Dietz (**PR**) and **Paradigms** refers to- *Paradigms in Economic Development: Classic Perspectives, Critiques and Reflections*- Rajani. K. Kanth (**PR**)

PART ZERO: What is Development? A Discussion – Sept. 5th

PART ONE: Economic Development in Historical Perspective

A. Capitalist development in long historical perspective: (Sept. 7th, 10th and 12th):

1. A Heterodox Perspective on the History of Industrial Capitalism

- **Andre Gunder-Frank**- Why Did the West Win (Temporarily), Chapter Six of *ReOrient: The Global Economy in the Asian Age*. **ER**
 - **John Hobson**- The Chinese Origins of British Industrialization, Chapter Nine of *Eastern Origins of Western Civilization*. **ER**
- #### *2. Colonialism and Development-*
- PED Chapter 3
 - **Eduardo Galeano**: Lust for Gold, Lust for Silver, Chapter One of *The Open Veins of Latin America*. **ER**
 - **Karl Marx**- Genesis of the Industrial Capitalist, Chapter Thirty-One of *Capital, Volume One*. **ONLINE** at <http://www.marxists.org/archive/marx/works/1867-c1/ch31.htm>

B. Development in the 19th Century (Sept. 14th and 17th)

1. Industrial development in Europe: A Comparative Look

- **Ha-Joon Chang**- Kicking away the ladder: The “Real” History of Free Trade, **ONLINE** at <http://www.fpif.org/pdf/papers/SRtrade2003.pdf>
- #### *2. The human cost of economic development: An early perspective*
- **Frederick Engels**- The Great Towns, Chapter Three of *Condition of the Working Class in England* **EMAIL**.

PART TWO: Theories of Development and Underdevelopment

A. Classical and Neoclassical Theories (Sept. 19th, 21st, 24th)

1. The Classics: Smith, Ricardo and Marx-

- PED Chapter 4, pp.103-120 (until the start of “Neoclassical Growth Models”)
 - **Arthur Lewis**- Roots of Development Economics, Chapter Two in *Handbook of Development Economics*, vol. 1, pp 27-37 **PR** (HD82 .H275 1988 v.1)
 - **Karl Marx** on Primitive Accumulation and Economic Development- Class notes, **HO**
- #### *2. Neoclassical Growth Models*
- PED Chapter 4, pp.120 – end.
 - **Debraj Ray**- Chapter 3, Section 3.3 of *Development Economics*. **PR**

B. Developmentalist and Stagist Theories (Sept. 26th, 28th, Oct 1st)

1. The “Big Push” and Balanced Growth Theories

- PED Chapter 5 pp.128-140.
- **Alexander Gerschenkron**- Reflections on the Concept of “Prerequisites” of Modern Industrialization, Chapter 2 of *Economic Backwardness in Historical Perspective*. **ER**

2. Dualist Theories of Labor and “Disguised Unemployment”

- PED Chapter 5 pp.140-149.
- **Colin Kirkpatrick** and **Armando Barrientos**- The Lewis Model after Fifty Years, **ONLINE** at <http://unpan1.un.org/intradoc/groups/public/documents/nispacee/unpan018979.pdf>
- **OPTIONAL**> **Arthur Lewis**- Economic Development with unlimited supplies of labor. **ONLINE** at <http://www.unc.edu/~wwolford/Geography160/368lewistable.pdf>

3. *Stagist Theories-*

- PED Chapter 5 pp.149-end.
- **Walt Whitman Rostow-** The Stages of Economic Growth, **ONLINE** at <http://www.mtholyoke.edu/acad/intrel/ipe/rostow.htm>
- **Karl Marx-** Bourgeois and Proletarians, Chapter One of *Manifesto of the Communist Party*, **ONLINE** at <http://www.marxists.org/archive/marx/works/1848/communist-manifesto/ch01.htm>

Homework Assignment One Due: Sept 26th

C. Heterodox Theories (Oct 3rd, Oct 5th, Oct 9th)

1. *Latin American Structuralists and the Prebisch-Singer hypothesis*
 - PED Chapter 6 pp.158-171.
2. *Marxist, Neo-Marxist and Dependency Schools*
 - PED Chapter 6 pp.177-end.
 - **Andre Gunder-Frank-** The Development of Underdevelopment, Chapter Seven of *Paradigms*. **HO**
 - **Bill Warren:** The Fiction of Underdevelopment, pp. 110-120 and The General Effects of Colonialism pp.128-138, in *Imperialism- Pioneer of Capitalism*. **ER**
3. *The Gandhian School*
 - **M. K. Gandhi-** Hind Swaraj (esp. Civilization, Chapters 6, Railways, Chapter 9, Lawyers, Chapter 11, Doctors, Chapter 12, What is True Civilization, Chapter 13, Machinery, Chapter 19 and Conclusion, Chapter 20).¹
ONLINE at <http://www.forget-me.net/en/Gandhi/hind-swaraj.pdf>
 - The **Gandhi-Nehru correspondence** on “Hind Swaraj”, in Anthony Parel ed. *Hind Swaraj and Supplementary Writings*. **ER**
 - **M. K. Gandhi-** Does economic progress clash with real progress? in Anthony Parel ed. *Hind Swaraj and Supplementary Writings*. **ER**
 - **Gandhi** on Machinery, 1919-1947 in Anthony Parel ed. *Hind Swaraj and Supplementary Writings*. **ER**

D. Development Economics since the 1980s (Oct 10th, 12th, 15th)

1. *The Changing Fortunes of Development Economics*
 - **A. Hirschman-** The Rise and Decline of Development Economics, Chapter Eleven, of *Paradigms*. **ER**
 - **Amartya Sen-** Development: Which way now? **EMAIL**
2. *Beyond Growth: Human Development*
 - **Amartya Sen-** “Introduction”, Chapter One and “Ends and Means of Development”, Chapter Three of *Development as Freedom*. **ER**
3. *The “New Development Economics”*
 - **Joseph Stiglitz-** An Agenda for the New Development Economics. **EMAIL**
 - **Kaushik Basu-** New Empirical Development Economics **EMAIL**

PART THREE: Classic Issues and Concerns

A. Poverty and Inequality (Oct 17th, 19th, 22nd)

1. *Measuring Income, Poverty and Inequality:*

¹ Note that each chapter in Hind Swaraj is only 2-3 pages at most hence the total reading is much less than the chapter list would suggest.

- PED Chapter 2
 - **Debraj Ray**, Ch. 6, Sec. 6.3 of *Development Economics* (Inequality), **PR**
 - **Debraj Ray** Ch. 8, Sec 8.2 of *Development Economics* (Poverty), **PR**
2. *Inequality, Growth and the Convergence Debate*
- **Debraj Ray**, Ch. 7 sec 7.2 of *Development Economics* (The Kuznets Curve), **PR**
 - **Debraj Ray**, Ch. 3 , sec 3.5 of *Development Economics* (The convergence debate), **PR**
3. *A heterodox take on poverty and inequality:*
- **Richard Peet**- Inequality and Poverty: A Marxist-Geographic Theory (**EMAIL**)

Take-home Midterm Exam Due Oct 22nd

B. Population and Employment (Oct 24th, 26th, 29th)

1. *The “Population problem” and the demographic transition*
- PED Chapter Four, pp.108-111 (Malthus)
 - PED Chapter Twelve, pp. 351-362.
2. *Human Capital Development*
- PED Chapter Twelve, pp. 362- end.
2. *Employment and the informal sector*
- **Amartya Sen**- The Concept of Employment, Chapter 1 of *Employment, Technology and Development* AND Surplus Labor and Disguised Unemployment, Chapter 4 of *Employment, Technology and Development*. **ER**
 - **Paul Bangasser**- Introduction, Parts A, D and H-1 of *The ILO and the informal sector: an institutional history*, ILO Employment Paper. **ONLINE** at <http://www.ilo.org/public/english/employment/strat/publ/ep00-9.htm>

C. Industrialization (Oct 31st, Nov 2nd, 5th)

1. *Initiating and sustaining industrial growth*
- PED Chapters 9 and 10 (Import substitution, infant industry protection etc)
2. *The Costs of Industrial Development*
- **CASE STUDY**: Political Economy of Big Dams- Sardar Sarovar Project in India
 - **Sunil**- Nandigram and the Blind Faith in Industrialization **EMAIL**.
 - **Abhijit Banerjee et al**- Beyond Nandigram: Industrialization in West Bengal **EMAIL**.
 - **Film screening- Whose Land is it Anyway?**
 - **S. Chaudhuri**- Debates on Industrialization in T. Byres ed. *The Indian Economy: Major Debates since Independence*. **ER**

D. Agriculture (Nov 7th, 9th, 14th)

- PED Chapter 11.
- **Siddhartha Dube**- The Land Still Belongs to the Richest Families, Chapter Fourteen of *Words Like Freedom: The Memoirs of an Impoverished Indian family, 1947-1997*. **ER**
- **J. Mohan Rao and Servaas Storm**- Distribution and Growth in Indian Agriculture, in Terence Byres ed. *The Indian Economy: Major Debates Since Independence*. **HO**

E. Aid, Debt and Development (Nov 16th, 19th)

1. The Debt Trap
- PED Chapter 16

- **James Boyce and Leonce Ndikumana-** Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries, 1970-1996. **ONLINE** at http://www.umass.edu/economics/publications/econ2000_01.pdf
- **Film screening: Life and Debt**
- **CASE STUDY:** The Mexican Debt Crisis

Homework Assignment Two Due: Nov 19th

PART FOUR: Emerging Issues

A. The Environment and Sustainable Development (Nov 26th, 28th)

1. *Environmentalism of the Poor*

- **Ramchandra Guha-** The Southern Challenge, Chapter Six of *Environmentalism: A Global History*. **ER**
- **James. K. Boyce-** Green and Brown: Globalization and the Environment, **ONLINE** at <http://www.umass.edu/economics/publications/2004-01.pdf>
- **Leah Temper and Joan Martinez-Alier-** Is India too Poor to be Green? **EMAIL**
- **Film screening: Murder on the Amazon**

2. *Sustainable Development*

- The Johannesburg Declaration on Sustainable Development. **ONLINE** at <http://www.un.org/esa/sustdev/documents/Johannesburg%20Declaration.doc>

B. Macroeconomic Factors and Role of the State (Nov 30th, Dec 3rd and 5th)

1. *The changing role of the state under Neoliberal Globalization*

- PED Chapter 7

2. *IMF, World Bank and the Washington Consensus*

- **J. Williamson-** What Should the World Bank Think about the Washington Consensus. **ONLINE** at [http://www.worldbank.org/research/journals/wbro/obsaug00/pdf/\(6\)Williamson.pdf](http://www.worldbank.org/research/journals/wbro/obsaug00/pdf/(6)Williamson.pdf)
- **CASE STUDY:** The East Asian Crisis
Joseph Stiglitz- The East Asia Crisis: How IMF Policies Brought the World to the Verge of a Global Meltdown, Chapter Four of Globalization and its Discontents. **ER**
- **Interview of John Perkins on DemocracyNow-** Confessions of an Economic Hit-man, On **YOUTUBE** at <http://www.youtube.com/watch?v=WjPoeQRewiE>
- Analyzing a real life IMF Poverty Reduction Strategy Paper (PRSP) from Ghana. **ONLINE** at <http://www.imf.org/external/pubs/ft/scr/2006/cr06225.pdf> (you are not expected to read the entire report; we will mainly be looking at Appendix II- Policy Matrix).

Homework Assignment Three Due: Dec 5th

C. Women in Development (Dec 7th and 10th)

1. *Gender bias in economics*

- **Diane Elson-** Male bias in macroeconomics: the case of structural adjustment, Chapter Seven of Elson, Diane (ed.) 1995. *Male Bias in the Development Process* **EMAIL**.
- **Amartya Sen-** More than 100 million women are missing, **ONLINE** at <http://ucatlas.ucsc.edu/gender/Sen100M.html>

2. *Ecofeminism*

- **Vandana Shiva**- Development, Ecology and Women, Chapter Fourteen of *Paradigms*. **ER**

D. Debating Development (Dec 12th and 14th)

- **E. F. Schumacher**- Development, Chapter One of *Small is Beautiful: Economics as if People Mattered*. **ER**
- **Marshall Shalins**- The Original Affluent Society, in Rahnema and Bawtree eds. *Post-Development Reader*, **ER**
- **T. Shanin**- The Idea of Progress in Rahnema and Bawtree eds. *Post-Development Reader*. **ER**
- **A. Escobar**- The Making and Unmaking of the Third World in Rahnema and Bawtree eds. *Post-Development Reader*. **ER**

Final Exam Due: Dec 22nd