

World Development Debates: Facts and Theory
Econ 73-425
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1 Description and objectives

This is a course in **quantitative development economics**. Development refers to the process by which a society improves its **well-being**.

Some of the **questions** that will concern us are:

- i) Why some countries are **rich** and others are **poor**?
- ii) Is **inequality** between countries increasing or decreasing?
- iii) Is it possible to eliminate **extreme poverty** from the world?
- iv) Are there **limits** to the growth of the world economy?
- v) What are the forces that make a country to go through an **industrial revolution**?
- vi) Which type of **education** (primary, college, formal, informal or learning by doing) is important for growth?
- vii) Which **business practices** are most conducive to growth?
- viii) With respect to **technology**, is it better to be an innovator or an imitator?
- ix) How **demographics** (fertility, mortality, migration) interact with growth?
- x) Is international **trade** relevant?
- xi) Does economic **regulation** promotes or prevents growth?
- xii) Which economic and political **institutions** are best at promoting growth?

As reflected by these questions, development is a very broad subject. I propose to dissect the subject into specific topics: growth in income per capita, poverty, education, demographics, trade, institutions, war and conflict, regulations, business practices, etc.

Each subject will be analyzed in the following steps: i) present the **debates** concerned with the topic (for example, is regulation good or bad for growth?), ii) present **facts** about the topic, iii) present **theory** about the topic, iv) draw **conclusions** about the debate in light of facts and theory.

The **objectives** of the course are:

- i) by the end of the semester the student should have developed a **vision** of the past, present and future of the economic world;

- ii) the student should be able to single out the main **theories** of development;
- iii) the student should acquire a solid base of **facts** related to the topics;
- iv) the student should be able to put forward an **argument** based on facts and theories.

2 Course materials

The course will be based in three types of materials:

- i) **popular literature**: magazines (The Economist), newspapers (Financial Times, Wall Street Journal) and books (for example, Joseph Stiglitz: Globalization and Its Discontents or Jeffrey Sachs: The End of Poverty);
- ii) a **textbook** that we will use as a guide: David Weil's Economic Growth;
- iii) articles from professional **economic journals**.

Readings will be posted in my web page (<http://www.andrew.cmu.edu/user/jfd/jfawp.html>). You should check regularly for updated information.

Every Thursday I will specify the required and suggested readings for the following week.

3 Grading

Your **grades** will be based on your performance on **participation** in class (30% of the final grade), **presentation** of articles (10%), **quizzes** on reading material (10%), and a **project** (40%).

As the focus is on debates over world economics, participation in class will be extremely important.

The project will consist in a short paper (10 to 20 pages), addressing a specific question in world development. I will give opportunely possible questions to address, though students are encouraged to choose a topic by themselves and consult with me beforehand if it is appropriate.

4 Readings

Some of the readings will be:

Robert Lucas. Lectures in Economic Growth. Harvard University Press. 2002.

Acemoglu et al.(2004) Institutions as a Fundamental Cause of Long-Run Growth. For Handbook of Economic Growth.

Kremer (1993). Population Growth and Technological Change: One Million B.C. to 1990. QJE.

Caselli (2004). Accounting for Cross-Country Income Differences. For Handbook of Economic Growth.

Slemrod (1995). What Do Cross-Country Studies Teach about Government Involvement, Prosperity, and Economic Growth? Brookings Papers on Economic Activity.

World Bank, World Development Reports.

Parente and Prescott. Barriers to Riches.

Easterly. The Elusive Quest for Growth. MIT, 2002.

Stiglitz. Globalization and Its Discontents.

Sachs. The End of Poverty.

Debraj Ray and Joan Esteban. Polarization and conflict.
<http://www.econ.nyu.edu/user/debraj/DevEcon/Pol/pewtalk2.pdf>

Bottom line:

I think this course will be useful for undergraduates that will get in high positions in any firm in the world. This is because they will need a long-run vision of growth and development, and this course will help them to obtain it. The need will be further stressed if their company works with other countries in the world, because they will need to have a vision of the process of development of that country, as well as the relationship between countries. Of course, this course can be helpful too for an undergraduate student who is interested in pursuing graduate studies related to growth and development, or for a student that just wants to be a more informed citizen.

It fits fine with the rest of the curriculum, as there are many courses on world matters, but none (to my knowledge) on quantitative development.