



Course information 2018–19

EC3044 Economics of development

This course extends and deepens students' understanding and application of microeconomic and macroeconomic principles. It equips students with the theories and principles which are necessary to analyse problems of economic development, introduces students to relevant empirical work and analyses policy issues in the light of both economic theory and empirical evidence.

Prerequisite

If taken as part of a BSc degree, courses which must be passed before this course may be attempted:

EC2065 Macroeconomics and either *MN2028 Managerial economics* or *EC2066 Microeconomics*

Exclusions

This course may not be taken with *DV2169 Economic policy analysis in international development*.

Aims and objectives

The aims of this course are to:

- discuss key issues in the process of economic development
- enhance students' ability in applying economic models to study development problems
- discuss the relevant empirical literature with an eye toward forming policy recommendations

Assessment

This course is assessed by a three-hour unseen written examination.

Learning outcomes

At the end of this course and having completed the essential reading and activities students should be able to:

- ✓ outline the main theories and concepts in development economics
- ✓ Select and analyse economic theories relevant for issues in economic development
- ✓ summarize and evaluate empirical work in development economics
- ✓ compare and contrast empirical work for the purpose of designing policy for a specific context

Essential reading

For full details please refer to the reading list.

Ray, D. *Development Economics*. (Princeton NJ: Princeton University Press, 1998)

Banerjee, A. and E. Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, (Public Affairs, 2011)

Students should consult the appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

Syllabus

This is a description of the material to be examined. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading

The following topics are covered in different parts of the guide:

Part I: Cross-country differences and macro models of development

Concept and measurement of economic development and the characteristics of developing countries.

Models of economic growth and development including endogenous growth theories and multiple equilibria models and their potential in explaining income disparities across countries.

Role of history and institutions in shaping current economic outcomes and explaining development.

Part II: Markets in developing countries

Understanding demand for education, role of education infrastructure, and the incentives of education providers in developing countries.

Demand for health and nutrition in developing countries, provision of public health services and the issue of sex imbalance.

Importance of agriculture and land reform in shaping lives of the poor. Forms of agricultural contracts.

Forms of credit and insurance markets in developing countries. Microfinance and its impacts on lives of the poor.

Part III: State and the process of development

Infrastructure and its impact on development;
globalization and the role of trade policy;
environment and development.

Taxation and development, informal economy and tax evasion. Development aid and its effectiveness in improving outcomes.