

**The New School  
Studley Graduate Program in International Affairs**

**Syllabus**

**Development Economics**

**Spring 2017**

**Class: Thursdays 6 – 7:50pm**

**Lab: Tuesdays 8 – 9:50pm**

**Instructor: Sakiko Fukuda-Parr**

Office: 713, 7<sup>th</sup> floor, 72 Fifth Ave

E-mail: [FukudaPS@newschool.edu](mailto:FukudaPS@newschool.edu)

Office hours: Wednesdays 2:00-3:30 PM; Thursdays 4 – 5:30 PM

Sign up for slots on this link [https://www.google.com/calendar/selfsched?](https://www.google.com/calendar/selfsched?sstoken=UUIIZnZrWHFNOFVGfGRlZmF1bHR8NjMxZWExZmI3NDY0ZGJmZWNiODMyODMxMmI0ZjZlYzQ)

[sstoken=UUIIZnZrWHFNOFVGfGRlZmF1bHR8NjMxZWExZmI3NDY0ZGJmZWNiODMyODMxMmI0ZjZlYzQ](https://www.google.com/calendar/selfsched?sstoken=UUIIZnZrWHFNOFVGfGRlZmF1bHR8NjMxZWExZmI3NDY0ZGJmZWNiODMyODMxMmI0ZjZlYzQ)

Or by appointment if these times are not possible.

**Teaching assistant/lab instructor: Ismael Cid Martinez**

Email: [cidmi191@newschool.edu](mailto:cidmi191@newschool.edu)

Office Hours: By appointment

**Course Description:**

This course is an introduction to Development Economics aimed at understanding the political economy of global institutions, poverty and inequality within and between countries. Throughout the semester, we ask two questions: (i) is equitable growth possible – where economic growth is robust and sustained, while expanding human choices and freedoms for all and not just a few, and where the most deprived are empowered? (ii) how do power asymmetries shape global rules and global rule making? In seeking to answer these questions, we examine historical experience, theoretical concepts, and policy strategies from diverse perspectives: mainstream, heterodox, feminist, capabilities and sustainability.

This course is the required foundation course for the Development Concentration in GPIA. It is designed to complement Theories, Histories and Practices of Development (THPD). Both aim at understanding the contemporary challenges of growth, inequality and human development. While THPD focuses on contemporary issues and country experiences, this course is about the economic theories that help explain them.

**Prerequisites:**

Economics in International Affairs I or equivalent, and THPD unless it is taken concurrently with this course.

**Required Work:**

Assignments include two homework question sets, a midterm exam and a final exam.

The grading will be structured as follows:

- Class participation (10% of final grade)
- Two homework assignments (20% of final grade - 10% each)
- Mid term exam (30% of final grade)
- Final exam (40% of final grade)

Participation will be an important part of learning in this course. Students are expected to attend all classes, come prepared, and contribute to class discussion. One absence will be allowed without penalty to the grade. Absences can be made up with two paragraph write ups of each of the required readings, incorporating one paragraph abstract and one paragraph commentary on the article. Students are expected to contribute proactively to class discussion by raising questions, making comments, and offering short presentations. Contribution to discussion will be part of the participation grade. Short presentations will be on topics that emerge in discussions. Students are encouraged to volunteer to make short presentations (5 minutes focusing on a narrow topic to be assigned.).

The labs are arranged with two objectives: to cover supplementary material and to clarify concepts already covered in the lecture. Students come to this course with diverse backgrounds in economics and the labs will help clarify any basic concepts that may not be fully explained in the lecture. They will also be an opportunity for more in-depth treatment of topics covered. Lab sessions will be designed to allow flexibility in the material to be covered dependent on student demand.

**Books and readings:**

*Required for purchase:* The following book will be the basic textbook for this course:

Ray, Debraj, *Development Economics*, Princeton University Press, Princeton. 1998; Oxford University Press, New Delhi (Referred to as **Ray** here)

The book is available from Shakespeare and Co. at 716 Broadway (at Washington Pl), and also available online (<http://newschool.ebib.com/patron/FullRecord.aspx?p=728627>). A good source for purchasing books that provide information on comparative prices and availability are [www.bestbookbuys.com](http://www.bestbookbuys.com) for new books and [www.bookfinder.com](http://www.bookfinder.com) for used books. The Ray book is available for rent from Barnes and Noble, and from Amazon.

Other useful books to have but not required for purchase:

Todaro, M. & Smith, S., 2008. *Economic Development* (10th Edition). Addison-Wesley.  
A more basic explanation of concepts than Ray.

Other than chapters from Ray, the required readings will be posted on Canvas. The supplementary readings are listed as additional resources for students who want to pursue some questions further.

**Course communications:**

The course webpage on Canvas will include all information including the syllabus, readings, announcements, assignments, exams, and personal profiles.

Individual communications to students will be made through the *New School email account*. Please make sure to check your *New School email account* regularly.

**Academic honesty:**

Plagiarism is the use of another person’s words or ideas in any academic work without proper acknowledgment. The standards of academic honesty and citation of sources apply to all forms of academic work (examinations, essay theses, dissertations, computer work, art and design work, oral presentations, and other projects). It is the responsibility of students to learn the procedures specific to their discipline for correctly and appropriately differentiating their work from that of others. For further information on proper acknowledgment and plagiarism, including proper expectations for paraphrasing source material and proper forms of citation in research and writing, students should consult the MLA Style Manual and Guide to Scholarly Publishing (second edition), chapter 6, on documentation. The New School University Writing Center also provides useful online resources to help students understand and avoid plagiarism, at [www.newschool.edu/admin/writingcenter/usefullinks.html](http://www.newschool.edu/admin/writingcenter/usefullinks.html).

**Course outline**

<b>Tuesday – LABS</b>	<b>Thursday - LECTURE</b>	<b>Assignments due dates and other events</b>
Jan 24 – NO LAB	Jan 26 – Introduction	
Jan 31 – NO LAB – make up: Jan 31 event	Feb 2 – Sustainability	31 Jan – EVENT Climate change and inequality (make up lab)
Feb 7 – Introduction to data sources and excel basics. Sustainability	Feb 9 – Growth models: Harrod-Domar & Solow	
Feb 14 – Growth models	Feb 16 – New Growth theories	
Feb 21 – NGT and assignment review	Feb 23 – Distribution: Inequality and growth	February 23- Assignment 1 due.
Feb 28 – Distribution/ measurement	March 2 – Human Development and Capabilities	
March 7 – Measurement - Human development, poverty, inequality, growth	March 9 – Poverty	
March 14 – <del>Poverty/ assignment- review/</del> SNOW DATE	March 16 – <del>Feminist- economies</del> POVERTY/ASSIGNMENT REVIEW	March 16- Assignment 2 due.
March 21 – NO CLASS SPRING BREAK	March 23 – NO CLASS SPRING BREAK	

March 28 – <del>midterms review</del> Lecture Feminist economics	March 30 – Employment/labor market Lab	
April 4 – employment	April 6 – International trade	April 6 - Midterms due (growth, sustainability, human development, feminist economics, inequality)
April 11 – trade theories	April 13 – Global economic governance: Trade and Health	
April 18 – film: Fire in the Blood	April 20 – Structuralism, developmental strategies	
April 25 – Structuralism and Case studies review	April 27 – The role of the state/developmental state	
May 2 – Final exam review	May 4 – Final class: student debate	Final exam due May 11

## Topics

### 1. Introduction

Course objectives, themes, expectations, and organization.

Short Lecture: history of mainstream and heterodox thinking about growth, poverty, inequality and human development

*Required readings:*

- ! UNDP (1996) *Human Development Report 1996*, Chapter 2 ‘Growth as a means for Human Development’ <http://hdr.undp.org/en/reports/global/hdr1996/chapters>
- ! Chang, Ha-Joon (2004) ‘Introduction’ in Chang, Ha-Joon, (2003) *Rethinking Development Economics*. London: Anthem Press.
- ! Toye, John (2004). ‘Changing Perspectives in Development Economics’ in Chang, Ha-Joon, (2003) *Rethinking Development Economics*. London: Anthem Press.
- ! Oxfam (2017) *An Economy for the 99%*  
<https://www.oxfam.org/en/research/economy-99>

### 2. Sustainability – Political Economics of the Environment

*Required readings:*

- ! Power, Marilyn (2009) Political Economists’ Environmental Analyses (mimeo)
- ! Solow, Robert. Sustainability: An Economist’s Perspective
- ! Keong, Choy Yee (2005) Sustainable Development-An Institutional Enclave, *Journal of Economic Issues* 39:4
- ! Todaro and Smith (2012). Chapter 10: The Environment & Development.

### 3. Economic Growth Models - Harrod-Domar and Solow models

#### *Required readings:*

- ! Chapter 3 in Ray
- ! Weisbrot, Mark, and Rebecca Ray (2011). *The Scorecard on Development: 1960-2010 Closing the Gap?* Working Paper 106. United Nations Department of Economics and Social Affairs. 2006.
- ! Case studies on Korea, Brazil, South Africa
- ! Rodrik, Dani (2007). *One Economics, Many Recipes* chapter 1, Fifty Years of Growth (and lack thereof): an interpretation

#### *Additional resources:*

- ! A. P. Thirlwall (2013). Chapter 2 “Growth Theory: Old and New” in *Economic Growth In An Open Developing Economy - The Role of Structure and Demand*
- ! Todaro, M. & Smith, S., 2008. *Economic Development* (10th Edition). Addison-Wesley. Chapter 3 relevant sections – simpler explanations.
- ! Chapter 2 in Ray

### 4. New Growth Theory

Human capital, technology, critique/social reproduction, and institutions.

#### *Required readings:*

- ! Chapter 4 in Ray (New Growth Theory)
- ! UNDP 1996 chapter 2 section p.50-55 New growth theories
- ! A. P. Thirlwall (2013). Chapter 3 “A Critique of Orthodox Growth Theory: Structure and Demand Matter for Economic Growth” in *Economic Growth In An Open Developing Economy - The Role of Structure and Demand*
- ! Folbre, Nancy (2006) Measuring Care: Gender, Empowerment, and the Care Economy *Journal of Human Development*, 7:2 183-99

#### *Additional resources:*

- ! Ruttan, Vernon (1998) The New Growth Theory and Development Economics: A Survey. *Journal of Development Studies* Dec 98 35:2 p1-26
- ! Fine, Ben. “New Growth Theory” in Chang
- ! Hamouda, O.F. and G.C. Harcourt. 1988. “Post Keynesianism: from Criticism to Coherence?” *Bulletin of Economic Research* 40:1, 1-33

### 5. Distribution: Inequality and Growth

Definition and measurement approaches; concept including intrinsic and instrumental concerns; instrumental role for economic growth; empirical trends since the 1970s.

#### *Required readings:*

- ! Chapter 7 in Ray (sections 7.1, 7.2.1, 7.2.2 only)
- ! Piketty, Thomas (2014). “Introduction” in *Capital in the Twenty-First Century* Harvard University Press [www.hup.harvard.edu/features/capital-in-the-twenty-first-century-introduction.html](http://www.hup.harvard.edu/features/capital-in-the-twenty-first-century-introduction.html)

- ! Birdsall, N. 2001. 'Why inequality matters: Some economic issues' *Ethics & International Affairs*, 2001: 15, 2: New York, Carnegie Council for Ethics in International Affairs. Also available on CGDEV website
- ! Sen, Amartya (1995) 'Inequality of What', chapter 1 in *Inequality Reexamined*
- ! Review country case studies

*Additional resources:*

- ! Lin, Justin Yifu (2012) Shifting Patterns of Economic Growth and Rethinking Development, *Journal of Economic Policy Reform*  
<http://www.tandfonline.com/doi/pdf/10.1080/17487870.2012.700565>
- ! Sumner, Andy (2012) "Is Global Poverty Becoming A Matter of National Inequality?"  
<http://www.ids.ac.uk/files/dmfile/Wp394.pdf>
- ! Milanovic, Branko (2012) 'Global Income Inequality by the Numbers: in History and Now' World Bank Poverty and Inequality Policy Research Working Paper
- ! Birdsall, Nancy, David Ross and Richard Sabot, 1995. 'Inequality and Growth Reconsidered: Lessons from East Asia', *World Economic Review* 9(3):477-508
- ! Cornia, Giovanni Andrea and Bruno Martorano (2012) Development Policies and Income Inequality in Selected Development Regions, UNCTAD working paper UNCTAD/OSG/2012/4

## **6. The purpose of development: Economic Growth or Human Development and Capabilities**

*Required readings:*

- ! Sen, Amartya (1992) Chapter 3 *Inequality reexamined* Cambridge: Harvard University Press
- ! Ranis, Gustav, Frances Stewart, and Alejandro Ramirez. "Economic Growth and Human Development." *World Development* 28.2 (2000): 197-219.
- ! Robeyns, Ingrid (2005) The Capability Approach: A Theoretical Survey, *Journal of Human Development and Capabilities* 6:1

*Additional resources:*

- ! Jolly, Richard. (1998) 'Human Development and neo-Liberalism: paradigms compared' chapter 1.8 in Fukuda-Parr and Shivakumar, *Readings in Human Development* OUP: Delhi
- ! Reddy, Sanjay (2013) Economics beyond the Economists, *Economic and Political Weekly*

## **7. Poverty**

Conceptual approaches; definitions and measures; empirical trends.

*Required readings:*

- ! Chapter 8 in Ray (sections 8.1, 8.2, 8.3 only)
- ! Sen, Amartya. 1999. Development as Freedom. Introduction, and chapter 4: 'Poverty as Capability Deprivation'
- ! Sen, Amartya (1992) *Inequality Reexamined* chapter 7
- ! Narayan, Deepa et al. 1999. *Voices of the Poor* volume 1. Chapter 2: 'Definitions of Poverty'
- ! Course hand out: "Measuring development, poverty and inequality: mapping indicators"

- ! Ruggeri Laderchi, Caterina, Ruth Saith and Frances Stewart, 2003 "Does it Matter that we do not Agree on the Definition of Poverty? A Comparison of Four Approaches" *Oxford Development Studies*, vol 31 nr.3 pp 243-274.
- ! South Africa and Brazil case studies

*Additional resources:*

- ! UNDP, 1997. Human Development Report: Human Development to Eradicate Poverty. 'Poverty in the Human Development Perspective: Concept and Measurement' (Chapter 1). Oxford University Press, New York. ([www.hdr.undp.org](http://www.hdr.undp.org)). Also in Fukuda-Parr and Shivakumar, Readings in Human Development
- ! OHCHR, Human Rights and Poverty Reduction: A Conceptual Framework (New York and Geneva, United Nations, 2004)  
<http://www.ohchr.org/english/issues/poverty/docs/povertyE.pdf>.

## **8. Gender Inequality and Feminist Economics**

Critique of mainstream economic models; care economy and unpaid work; macroeconomic policies and gender; gender empowerment leads to growth.

*Required readings:*

- ! Nelson, Julie. 1995 Feminism and Economics *Journal of Economic Perspectives* 9 (2): 131-148
- ! Berik, Gunseli and Yana Rodgers (2000) Engendering Development Strategies and Macroeconomic Policies: What's Sound and Sensible? *Working Paper, University of Utah, Department of Economics*, No. 2008-02,  
<http://www.econstor.eu/bitstream/10419/64454/1/572636547.pdf>
- ! Gammage, Sarah (2010) Time Pressed and Time Poor: Unpaid Household Work in Guatemala *Feminist Economics* 16:3, 69-112

*Additional resources:*

- ! Folbre, Nancy (2006) Measuring Care: Gender, Empowerment, and the Care Economy *Journal of Human Development*, 7:2 183-99 (from week 3)
- ! Elson, Diane and Nilufur Cagatay (2000) The Social Content of Macroeconomic Policy, *World Development* 28:7 pp 1347-1364
- ! Seguino, Stephanie and Caren Grown (2006) Feminist Kaleckian Macroeconomic Policy for Developing Countries Levy Institute Working Paper 446  
[http://www.levyinstitute.org/pubs/wp\\_446.pdf](http://www.levyinstitute.org/pubs/wp_446.pdf)
- ! Seguino, Stephanie (2009) 'The Global Economic Crisis, its Gender and Ethnic Implications, and Policy Responses' [https://www.uvm.edu/~sseguino/pdf/global\\_crisis.pdf](https://www.uvm.edu/~sseguino/pdf/global_crisis.pdf)  
Published in 2010 *Gender and Development* 18:2

## **9. Employment**

Employment and poverty; Standard theory of labor market; Policy prescriptions – flexible labor market and alternative approaches; Informal sector work.

*Required readings:*

- ! Chapter 13 Ray

- ! ILO (2012) World of Wages Report 2012/2013 Summary  
[http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_194844.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_194844.pdf)
- ! James Heintz and Robert Polin, 2008 “Targeting Employment Expansion, Economic Growth and Development in Sub-Saharan Africa: Outlines of an Alternative Economic Programme for the Region” PERI working paper 14  
<http://www.peri.umass.edu/236/hash/1a0abbc23f/publication/309/>
- ! Chen, Marty, (1999) ‘Counting the Invisible Workforce: the case of home based workers’ *World Development Vol. 27 issue 3 March 1999*
- ! Islam, Rizwanul, 2004 “The Nexus of Growth, Employment and Poverty Reduction: An Empirical Analysis’ ILO Employment and Poverty working paper  
[http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_120690.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_120690.pdf)

*Additional resources:*

- ! Chapter 4 Translating Growth into Employment Opportunities, UNDP 1996
- ! Reinert, Erik. “Increasing Poverty in a Globalized World: *Marshall Plans* and *Morgenthau Plans* as Mechanisms of Polarization of World Incomes” in **Chang**.
- ! Pollin, Robert, Mwangi wa Githinji and James Heintz. “An Employment Targeted Economic Program for Kenya.” Amherst: Political Economy Research Institute, 2007. Highlights and Summary

## 10. International Trade

*Required readings:*

- ! Chapters 16, 17 in Ray
- ! Shaikh, Anwar (2006). "Globalization and the Myth of Free Trade." in Shaikh, Anwar. *Globalization and the Myths of Free Trade: History, Theory, and Empirical Evidence*. London: Routledge.
- ! Seguino, Stephanie (2006). “The Great Equalizer?: Globalization Effects on Gender Equality in Latin America and the Caribbean.” in Shaikh, Anwar. *Globalization and the Myths of Free Trade: History, Theory, and Empirical Evidence*. London: Routledge, 2006.
- ! McNeill, Desmond and others (2016). “Political origins of health inequities: trade and investment agreements”, *The Lancet*, Nov 7 2016. [http://dx.doi.org/10.1016/S0140-6736\(16\)31013-3](http://dx.doi.org/10.1016/S0140-6736(16)31013-3)

*Additional resources:*

- ! Chang, Ha-Joon, 2008 *Bad Samaritans, the Myth of Free Trade and the Secret History of Capitalism*.
- ! Chang, Ha-Joon. “Kicking Away the Ladder: The “Real” History of Free Trade.” in Shaikh. *Globalization and the Myths of Free Trade: History, Theory, and Empirical Evidence*. London: Routledge, 2006.
- ! United Nations. Dept. of Economic and Social Affairs. *Diverging Growth and Development*. New York: United Nations, 2006. Annex Tables
- ! United Nations Development Programme. *Making Global Trade Work for People*. London Sterling, Va. Earthscan, 2003.



## 11. Global governance - Trade policy and health

*Required readings:*

- ! McNeill, Desmond and others (forthcoming), “Trade and Investment Agreements: Implications for Health Protection”, *Journal of World Trade*.
- ! US Trade Representative - <https://ustr.gov/tpp/#overall-us-benefits>
- ! Joe Stiglitz (overview op ed ‘worst trade deal’) - <http://www.theguardian.com/business/2016/jan/10/in-2016-better-trade-agreements-trans-pacific-partnership>
- ! US International Trade Commission (2016), *Trans Pacific Partnership Agreement: Likely Impact on the US Economy and Specific Industry Sectors*. Executive Summary
- ! Capaldo, Jeronim, and Alex Izurieta, with Jomo Sundaram (2016) “Trading Down: Unemployment, Inequality and Other Risks of the Trans-Pacific Partnership Agreement” GDEI Working Paper No 16-1 [http://www.ase.tufts.edu/gdae/policy\\_research/tpp\\_simulations.html](http://www.ase.tufts.edu/gdae/policy_research/tpp_simulations.html)
- ! Public citizen (on US interests - jobs, food standards etc\_) - <http://www.citizen.org/TPP>
- ! South Centre (on the global south) <http://www.southcentre.int/question/strong-resistance-to-ftas-and-the-new-issues/>
- ! Amy Kapczynski (health) ‘The TPP: Is it Bad for your Health?’ <http://www.nejm.org/doi/full/10.1056/NEJMp1506158>

*Additional resources:*

- ! The Lancet-University of Oslo Commission on Global Governance for Health (2014) “The Political origins of health inequity: prospects for change” *The Lancet January 2014*
- ! William New (corporate influence) - <http://www.ip-watch.org/2015/06/05/confidential-ustr-emails-show-close-industry-involvement-in-tpp-negotiations/>
- ! Sierra Club (on environment) - <http://www.sierraclub.org/trade/trans-pacific-partnership>
- ! MSF and 50 other NGOs letter to US Congress (health) - <http://www.msfacecess.org/content/letter-msf-and-over-50-groups-urge-us-congress-reject-tpp>

## 12. Structuralism, industrial policy

Structuralism, Import Substitution Industrialization, Industrial Policy, New Structuralism, Role of the State

*Required readings:*

- ! Ocampo, Jose Antonio, Codrina Rada and Lance Taylor (2009), Growth and Policy in Developing Countries: A Structuralist Approach, Columbia University Press Chapters 1, 2, 9
- ! Prebisch, Raul (1959): "Commercial Policy in the Underdeveloped Countries". *The American Economic Review*. 49:2 251-273
- ! UN ECA (2016), *Transformative Industrial Policy for Africa*, chapters 4 and 5: <http://www.uneca.org/publications/transformative-industrial-policy-africa>
- ! Brazil and Korea case studies

*Additional resources:*

- ! Amsden: "Why Isn't the Whole World Experimenting with the East Asian Model to Develop?"
- ! Lal, Sanjay, 2003. 'Technology and Industrial Development in an Era of Globalization' Chapter 13 in Chang

**13. Role of the state**

- ! Mushtaq Khan - Strategies For State-Led Social Transformation: Rent Management, Technology Acquisition
- ! Chang, Ha-Joon, 2003. 'Trade and Industrial Policy Issues' chapter 12 in Chang
- ! Rodrik, Dani. 2004. "Industrial Policy for the Twenty-First Century". Harvard University Kennedy School Faculty Research Working Paper 04-047 [Download here](#)
- ! Moudud, Jamee. 2011. "Constrained Autonomy and the Developmental State: From Successful Developmentalism to Catastrophic Failure." International Affairs Working Paper 2011-10: <https://www.ciaonet.org/catalog/24013>

**14. FINAL CLASS – Student led panel discussion**