

Economics 116: Economic Development
Fall 2006
TTh 11:00-12:20
Center 101

James Rauch
Office: TMC Econ 220
Hours: TTh 9:30-10:50
or by appointment

SYLLABUS

This course is intended to provide an introduction to the problems of economic development in the (former) Third World and to the economic relations between it and the mature industrial societies. The text for the course is:

Meier, Gerald M. and James E. Rauch. *Leading Issues in Economic Development*. Eighth edition, 2005.

Lectures and Problem Sets: You are responsible for all the material and announcements in the lectures. If you miss one, borrow someone's notes. There will be four problem sets, two before the midterm and two after the midterm. Problem sets will not be graded; answers will be available from the class web site before each due date. In order for the problem sets to be most helpful, it is best that you attempt to solve them before looking at the answers. The address of the class web site is <http://www.econ.ucsd.edu/ugradprog/classwebpages.shtml>.

Grading: Your grade will be determined on the basis of a midterm exam (40%) and a final exam (60%). The midterm will cover the first half of the course and the final will cover the second half. No makeup exams will be given.

COURSE OUTLINE

The pages listed below from the text marked with an asterisk (*) are required; unmarked pages or readings are recommended.

- I. Introduction xviii-ix*, 2-4*
 - A. Measuring Development 5-14*, 15-29, 32-33*
 - B. Economic performance of less developed countries: The recent past 34-44*
- II. Historical Perspective 81-131*

III. International Trade and Technology Transfer 133-136*

A. Trade 137-150*, 151-162, 163-171*

*Aizenman, Joshua and Jinjark, Yothin. "Globalization and Developing Countries – A Shrinking Tax Base?" <http://www.nber.org/papers/w11933>, pp. 1-3, 29.

B. Foreign Contact and Technology Transfer 172-174*

*Rauch, James E. "Development Through Synergistic Reform," pp. 1-5 (handout)

IV. Human Resources 183-186*; also Appendix 633-638

A. Education 187-193*, 194-197, 198-200*, 201-205, 206-211*

B. Health 212-239*

C. Population 240-247*, 248-259, 260*

D. Gender and Development 261-283*, 284-291

V. Investment and Finance 293-296*, 300-302*, 303-308, 315-330*

*Burgess, Robin and Pande, Rohini. 2005. "Do Rural Banks Matter? Evidence from the Indian Banking Experiment." *American Economic Review* 95 (June): pp. 780-782, 789, 791-793.

VI. Urbanization and the Informal Sector 331-335*

A. Urban Growth and Infrastructure 336-337, 338-342*, 343-352

B. Rural-Urban Migration and the Informal Sector 353-354*, 355-359, 360-364*, 365-370, 371-380*

VII. Agriculture 381-392*, 404-406

VIII. Income Distribution 433-443*

A. The Impact of Development on Income Distribution 449-464*

B. The Impact of Income Distribution on Development 465-472*

C. Case Studies 473-480*, 481-488

IX. Political Economy 489-493*

A. The (Proper) Role of the State in Less Developed Countries 494-498

B. Rent Seeking and Government Failure 502-535*

C. State Capacity 536-572, 573-580*

X. Development and the Environment 581-602*, 612-621, 622-631*