

NAKE field course Development Economics 2010

Erwin Bulte and Robert Lensink

Aim: This course aims to provide an overview of recent development in the field of development economics. To this end we will discuss an interconnected series of timely topics of relevance for developing countries. The course consists of two main parts of equal size. One part deals with “the real economy” and is taught by Erwin Bulte (Tilburg University). The second part studies the role of “domestic and foreign financial markets”, and is taught by Robert Lensink (University of Groningen).

Format: lectures and student presentations. Every lecture one student will present one of the selected papers.

Exam: written exam (75%) and presentation/participation (25%).

Content: The field course Development Economics 2010 consists of 12 sessions.

Institutions and Growth	Erwin Bulte	10-9-2010
Financial Development and Growth 1	Robert Lensink	17-9-2010
Natural Resources and Growth	Erwin Bulte	24-9-2010
Financial Development and Growth 2	Robert Lensink	1-10-2010
Demography and poverty traps	Erwin Bulte	8-10-2010
Labour Standards and Trade	Erwin Bulte	29-10-2010
Micro Finance I	Robert Lensink	5-11-2010
Micro Finance 2	Robert Lensink	12-11-2010
Impact Assessment	Erwin Bulte	19-11-2010
Foreign Capital and Economic Growth	Robert Lensink	26-11-2010

Reading list

1) Institutions and growth

- Rodrik, D., A. Subramanian and F. Trebbi, 2004. 'Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development.' Journal of Economic Growth 9: 131-165
- Rodrik, D., 2006. "Goodbye Washington Consensus, Hello Washington Confusion?" Journal of Economic Literature 44: 973-987
- Voors, M. and E. Bulte, 2008. Conflict at the Heart of Africa: Local Institutions and Comparative Development in Burundi, Working Paper
- Bhattacharyya, S., 2009. Root Causes of African Underdevelopment. Journal of African Economies 18: 745-780

2) Financial development and growth 1: Theory

- Levine, R., 2004. 'Finance and Growth: Theory and Evidence'. NBER Working Paper Series nr 10766. Also available in Aghion, P., and S. Dulauf (eds.) Handbook of Economic Growth, 2006, ch. 12.
- Demirguz-Kunt, A. and R. Levine, 2009. 'Finance and Inequality: Theory and Evidence'. NBER Working Paper Series nr, 15275.
- Pagano, M. (1993). Financial markets and growth: An overview. European Economic Review 37, 613–622.

3) Natural resources and economic growth

- Sachs, J. and A. Warner, 1997. '*Natural resource abundance and economic growth.*' CID and Harvard Institute for International Development, Mimeo
- Mehlum, H., K. Moene and R. Torvik, 2006. 'Institutions and the resource curse.' Economic Journal 116: 1-20
- Brunnschweiler, C. and E. Bulte, 2008. 'The resource curse revisited and revised: A tale of paradoxes and red herrings.' Journal of Environmental Economics and Management 55: 248-264

4) Financial development and growth 2: Empirics

- Burgess, R., and R. Pande, 2005. 'Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment,' American Economic Review 95: 780-795
- Beck, T., R. Levine and N Loayza, 2000. 'Finance and the Sources of Growth.' Journal of Financial Economics 58: 261-300.
- Raghuram Rajan and Luigi Zingales, 1998. 'Financial Dependence and Growth.' American Economic Review 88

5) Micro finance I: Theory

- Gangopadhyay, Shubhashis, Maitreesh Ghatak and Robert Lensink (2005), "On Joint Liability and the Peer Selection Effect," *Economic Journal* 115: 1012-1020.
- Ghatak, M. and T.W. Guinnane, 1999. 'The Economics of Lending with Joint Liability: Theory and Practice.' Journal of Development Economics 60: 1999.
- Ghatak, Maitreesh (2000), "Screening by the Company you Keep: Joint Liability Lending and the Peer Selection Effect," *The Economic Journal* 110: 601-631.

6) Demography and poverty traps

- Rosenzweig, M. and J. Zhang, 2006. 'Do Population Control Policies Induce More Human Capital Investment? Twins, Birth weight, and China's One Child Policy.' IZA DP #. 2082
- Li, H. and J. Zhang, 2007. 'Do High Birth Rates Hamper Growth?' Review of Economics and Statistics 89: 110-117
- Barrett, C.B., Carter, M.R., 2006. 'The economics of poverty traps and persistent poverty: An asset-based approach.' Journal of Development Studies 42: 178-199
- Kraay, A. and Raddatz, C., 2006, Poverty traps, aid, and growth. Journal of Development Economics, vol. 82, pp. 315-347

7) Trade and standards

- Brown, D., A. Deardorff and R. Stern, 1997. 'International Labor Standards and Trade: A Theoretical Analysis.' In: Bhagwati, J. and R. Hudec: *Fair Trade and Harmonization. Prerequisites for Free Trade?* Vol 1 Economic Analysis. MIT Press, pp. 227:280

Edmonds, E. and N. Pavcnik, 2006. 'International Trade and Child Labor: Cross-country evidence.' Journal of International Economics 68: 115-140

Copeland, B. and M.S. Taylor, 2004. "Trade, Growth and the Environment." Journal of Economic Literature 42: 7-71

8) Micro finance II: Empirics

Banerjee, A., E. Duflo, R. Glennerster, and C. Kinnan, 2009. 'The Miracle of microfinance? Evidence from a randomized evaluation. downloadable from <http://financialaccess.org/research/publications/Paper>

Karlan, D and N. Goldberg, 2006, 'The Impact of Microfinance: A Review of Methodological Issues, downloadable from <http://financialaccess.org/research/publications/Paper>

Roodman, D. and J. Morduch, 2009. 'The Impact of Microcredit on the Poor in Bangladesh: Revisiting the Evidence. downloadable from <http://financialaccess.org/research/publications/Paper>

9) Impact assessment

Ravallion, M., 2001. 'The mystery of the vanishing benefits : An introduction to impact evaluation.' World Bank Economic Review 15 : 115-140

Olken, B., 2006. 'Monitoring corruption : Evidence from a field experiment in Indonesia.' Journal of Political Economy 115 : 200-249

Field, E., 2007. Entitled to work: Urban property rights and labor supply in Peru. Quarterly Journal of Economics 1561-1602

Jensen, R., 2007. The digital divide: Information (technology). Market performance, and welfare in the South Indian Fisheries sector. Quarterly Journal of Economics: 879-924

10) Foreign Capital and Economic Growth

Burnside, G. and D. Dollar, 2000. 'Aid, Policies and Growth.' American Economic Review 90: 847-868.

McGillivray, M., S Feeny, N. Hermes and R. Lensink, 2006. 'Controversies over the Impact of Development Aid: It Works, It Doesn't; It Can, But That Depends...' Journal of International Development 18: 1031-1050.

Prasad, E.S., R.G. Rajan and A. Subramanian, 2007. 'Foreign Capital and Economic Growth' NBER Working Paper Series nr. 13619.

Rajan, R. and A. Subramanian, 2008. 'Aid and Growth: What does the Cross-Country Evidence Really Show.' Review of Economics and Statistics, 90, 4, pp. 643-665.