ECON 3110 / ECON 5310
Development Economics

Course Outline
Semester 2, 2015

Part A: Course-Specific Information

Students are also expected to have read and be familiar with Part B Supplement to All Undergraduate Course Outlines. This contains Policies on Student Responsibilities and Support, Including Special Consideration, Plagiarism and Key Dates. It also contains the BUSINESS SCHOOL PROGRAM LEARNING GOALS.
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1 STAFF CONTACT DETAILS

Lecturer-in-charge: Gautam Bose
Room: Business School Building, Room 451
Phone No: 9385 3318
Email: g.bose@unsw.edu.au
Consultation Times: TBA

The course tutor details will be posted on the course website.

1.1 Communications with staff
You should feel free to contact your lecturer or tutor about any academic matter. However, I strongly encourage, for efficiency, that all enquiries about the subject material be made before or after lectures or tutorials or during consultation time.

Discussion of course subject material will not be entered into via lengthy emails.

Email correspondence on administrative matters (e.g. advising inability to attend tutorial) will be responded to within 48 hours, but not over weekends. Please note that the lecturer has no advance notice of the date and time of the final exam [the subject of many emails].

2 COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1 and will run to week 13. There will be no lecture in week 8. The time and location is: Tue 12:00-14:00, Colombo Theatre A (B16).

Tutorials start in Week 2 and run to Week 13. A full list of tutorials, times and tutors will be on the Course Website.

2.2 Units of Credit
The course is worth 6 units of credit.
This course is taught in parallel to both undergraduate and postgraduate students.

2.3 Summary of Course
Poverty and underdevelopment in many countries are among the main challenges for humanity. This course provides an analysis of different economic explanations of underdevelopment, facts about underdevelopment, and modern strategies for fostering development. We will investigate the role of institutions, institutional change, and markets as they relate to economic development, and discuss related economic policy questions. At the end of this course, students will have an in-depth understanding of the distinction between the functional causes of underdevelopment and its observable characteristics, and be able to assess the potential effectiveness of proposed development strategies.

2.4 Aims and Relationship to Other Courses
This course fulfils the requirement of an elective in the Economics (BEC) and Business Economics (BCom) majors, as well as in the Development Studies program and the Political Economy program in the Faculty of Arts and Social Sciences. The material covered in this course is related to that in the economics (ECON) courses 2107, 2111 and 3109.
ECON2101 (Microeconomics 2) and ECON2102 (Macroeconomics 2) are prerequisites for this course. Students should be warned that good command of the material taught in the two prerequisite courses is essential for successfully mastering the material in ECON3110. A basic understanding of statistics and/or econometrics (e.g., ECON 2206) is useful.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the BUSINESS SCHOOL. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.

For more information on the Undergraduate Program Learning Goals and Outcomes, see Part B of the course outline.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
</tbody>
</table>
| 1 Knowledge                        | Understand the interplay between markets, institutions and income distribution in causing and perpetuating underdevelopment. Assess the potential effectiveness of various policies in combating underdevelopment. | • Tutorial oral presentation  
• Assignment (Response paper)  
• Quiz, Mid-term (AOL) and final exams |
| 2 Critical thinking and problem solving | Meaningfully question received knowledge and claims regarding theory and policy related to economic development. | • Tutorial oral presentation  
• Assignment (Response paper)  
• Quiz, Mid-term and final exams (AOL) |
| 3a Written communication           | Construct written work which is logically and professionally presented. | • Assignment (Response paper) (AOL)  
• Final exam |
| 3b Oral communication              | Communicate ideas in a succinct and clear manner. | • Tutorial oral presentation (AOL) |
| 4 Teamwork                         | Work collaboratively to complete a task. | • Tutorial oral presentation |
| 5a Ethical, environmental and sustainability considerations | Identify and assess institutional conditions necessary to sustain equitable development. | • Final exam |
| 5b Social and cultural awareness   | Understand the economic underpinning of selected cultural phenomena in developing countries. | • Final exam  
• Assignment (Response paper) (AOL) |
The course assessments indicated with (AOL) are used to assess the Program Learning Goals and Outcomes according to the Assurance of Learning (AOL) processes of the UNSW Business School. At least some components of the AOL assessments will be marked according to the AOL rubric for the assessment criteria. The AOL rubric relevant for your course will be posted on the course Moodle site.

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on “Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class). The lecturers and tutors aim to provide meaningful and timely feedback to students to improve learning outcome.

An understanding of any economic phenomenon has two components. Theory investigates causal factors that produce and sustain the phenomenon (in this case, underdevelopment) and examines the processes through which causality works. The facts that theory attempts to explain are provided by empirical observations. Empirical data is also used to test the validity of the theory in the context of specific cases. In this course, we will emphasise this synergy between theory and empirics. Students will be particularly encouraged to question the validity of theories, as well as the relevance of specific facts.

3.2 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures
The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

Tutorials
Tutorials are an integral part of the subject. Tutorial presentations will build on the material discussed in class with the lecturer.

Out-of-Class Study
While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An “ideal” strategy (on which the provision of the course materials is based) might include:

- Reading of the relevant chapter(s) of the text and any readings before the lecture. This will give you a general idea of the topic area.
• Attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.
• Attending tutorials and attempting the tutorial questions.

3.3 Alert: Content is Open to Argument!
It is extremely important to note that, in large part, this course does not deal with accepted answers to conventional questions. Many of the questions we will address and discuss are current puzzles about which there are conjectures and insights, but no known “right answers” that can be memorised. Indeed, different pieces of reading material assigned on the same topic will often contradict each other. Assignments and exams will reflect this nature of the material; marks will be awarded for evidence of reflection and reasoning, not for reproducing textbooks or lecture notes.

4 ASSESSMENT

4.1 Formal Requirements
In order to pass this course, you must:
• achieve a composite mark of at least 50 out of 100;
• make a satisfactory attempt at ALL assessment tasks. This means attendance at 80% of tutorials (8 out of 11) and a mark of at least 40% in all assessment items;
AND
• Achieve a satisfactory level of performance in the final exam. This means a minimum mark of 46 per cent. Any student having an overall mark of 50 or more but less than 46 per cent in the final examination will be given an UF grade (unsatisfactory fail).

4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial presentation and participation</td>
<td>15%</td>
<td>See 4.3 below</td>
<td>See 4.3 below</td>
</tr>
<tr>
<td>Assignment (Response paper)</td>
<td>20%</td>
<td>1000 words</td>
<td>See 4.5 below</td>
</tr>
<tr>
<td>Quiz</td>
<td>5%</td>
<td>15 mins</td>
<td>Week 5</td>
</tr>
<tr>
<td>Mid-session Exam</td>
<td>30%</td>
<td>1 hour 45 mins</td>
<td>Week 9</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
<td>2 hours</td>
<td>University Exam Period</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Tutorial Presentations and Participation
Each week, a group of two to four students will present the material from supplementary readings that were assigned for the previous week. The aims of the presentations are (i) to summarise and highlight important content from the readings, and (ii) to instigate discussion of the material in tutorial. Students will be assessed on the quality of the presentations and the facilitation of the ensuing discussion. The presentation roster will be drawn up in tutorials in the second week.
Students should note that 80% attendance is required by UNSW and BUSINESS SCHOOL rules. While no marks are awarded simply for tutorial attendance, tutorial participation will be awarded marks. This participation will reflect active engagement in discussion of presentations made by peers in each session.

Attendance at 8 of 11 tutorials will be deemed as meeting the requirement. Students must sign on within 5 minutes of the start of tutorial to qualify as ‘in attendance’. Signing on for another student will be treated as misconduct. If, owing to illness or other exceptional circumstances, you are unable to attend your usual tutorial, you may try to attend another tutorial in the same week. However, you are required to attend your usual tutorial class at least 8 times during the session. This allows for occasional absence due to minor illness and other reasons, hence special consideration applications will not reduce this requirement.

4.4 Midsession Exam and quiz
There will be a short quiz (15 minutes) in lecture in week 5, and a mid-session exam during lecture in week 9. The exam will be 2 hours in length, and will cover material from weeks 1-7.

There will be NO supplementary tests offered for the quiz or the mid-session exam. You should make every effort to take these on the assigned dates and times. Students who fail to attend will need to apply for Special Consideration.

In cases of serious illness, students will need full and convincing documentation of that illness. Students who are found to be genuinely too ill to have attended the test will have their mark in the final exam re-weighted to include the mark reserved for the missed test. In all other cases of non-attendance students will receive a grade of zero. Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

Applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your supporting documentation and a completed Professional Authority form (pdf - download here) to Student Central.

4.5 Assignment (Response Paper)
Each student will prepare a response paper (1000-1500 words) on one topic during the semester. Each student must choose a topic (different from her/his presentation topic) in the second week. More details about the response paper are provided separately on the course website.

4.5.1 Submission Procedure for Assignment
The response paper will be due by midnight Thursday, two weeks after the topic is covered in lecture. The paper will be submitted via Turnitin on the course Moodle site.

4.5.2 Late Submission of Response Paper
If you fail to submit your assignment by the deadline, 20% of the value of each assignment will be deducted for each day (24 hours) or part thereof which the
An electronic copy of an assignment is submitted to the course website after the deadline. Assignments submitted more than five days late will not be marked.

Late submission will be considered only in extreme circumstances. Any student, who for reasons of serious illness cannot submit before the submission date, will need full and convincing documentation of that illness, specifically a valid medical certificate which covers the period 4 days prior to the submission deadline. In cases where students have applied for special consideration, assignments must still be submitted within five days of the submission date or they will not be marked.

Applications for special consideration for late submission must be provided to the Lecturer-in-charge within 3 days of the submission date.

Special consideration will only allow a waiver of part of the late penalty: one day’s penalty for each two days of illness. Students should also note that satisfactory performance in the course to that time, including attendance at tutorials, will be taken into account by the Lecturer-in-charge in deciding whether to approve an application for consideration.

Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

Applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your supporting documentation and a completed Professional Authority form (pdf - download here) to Student Central.

4.6 Final Exam Format

Students should note that, given changes in the course content and the lecturer, past exam papers for this subject will be misleading. As outlined in 3.2 above, all material covered in the lectures and tutorial program is examinable. The present course outline is significantly different from those in the previous several years.

4.7 Quality Assurance

The BUSINESS SCHOOL is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of BUSINESS SCHOOL programs. All material used for such processes will be treated as confidential and will not be related to course grades.

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of
the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.
6 COURSE RESOURCES

The website for this course is on UNSW Moodle at: http://moodle.telt.unsw.edu.au

The textbook for this course is:

We will also use several articles from:
Banerjee, Abhijit, Roland Benabou, and Dilip Mookherjee: Understanding Poverty. [You may either purchase a copy of this book or access an online version free of charge through the UNSW library. The online copy will allow you to download and print PDF versions of each chapter.] (BBM).

Other readings: An assortment of readings is prescribed, as detailed below, organised roughly by topic. The course schedule details when these are to be read. The ones marked with an asterisk are not required, but may be useful for relevant presentations, response papers, or a better understanding of the subject.

Perspectives

History and Institutions

Corruption
Mauro, Paolo 1995. Corruption and Growth. QJE 110 (3), 681-712


*Pandey et. al. 2007. Informing Resource-Poor Populations and the Delivery of Entitled Health and Social Services in Rural India: A Cluster Randomized Controlled Trial. *JAMA* 208 (16), 1867-1875.

**Health and Education, Experimental Evidence**


**Property Rights**


### 7 COURSE SCHEDULE

#### 7.1 Lecture Schedule

Lectures start in Week 1 and finish in Week 13. There is no lecture in week 8 (17 September). Changes and updates can be found in the schedule on the Course website.
<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>30-Jul-15</td>
<td>What is underdevelopment? Correlates, measures and causes.</td>
<td>Ray Ch. 1 &amp; 2. Sen &quot;Mortality&quot;.</td>
</tr>
<tr>
<td>Week 2</td>
<td>06-Aug-15</td>
<td>Growth theory. Convergence.</td>
<td>Ray Ch. 3, Ch. 4 sec 1-3 and appendix (summarised in lecture notes); Ray &quot;Notes&quot; (on website).</td>
</tr>
<tr>
<td>Week 5</td>
<td>27-Aug-15</td>
<td><strong>Quiz in lecture.</strong> Poverty and inequality: Measures and observations</td>
<td>Ray Ch. 6, Ch. 7.1-7.2.6; Ch. 8.1-8.3. Deaton in BBM.</td>
</tr>
<tr>
<td>Week 6</td>
<td>03-Sep-15</td>
<td>Policy approaches to poverty alleviation</td>
<td>Aghion (New growth...), Ravallion (Transfers), Mookherjee (Poverty persistence), in BBM</td>
</tr>
<tr>
<td>Week 8</td>
<td>17-Sep-15</td>
<td><strong>No Lecture, rescheduled to week 13</strong></td>
<td></td>
</tr>
<tr>
<td>Week 9</td>
<td>24-Sep-15</td>
<td><strong>Mid-term exam</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>01-Oct-15</td>
<td><strong>Semester Break</strong></td>
<td></td>
</tr>
<tr>
<td>Week 10</td>
<td>08-Oct-15</td>
<td>Property rights, contracts and economic development, with a focus on agriculture.</td>
<td>Ray Ch. 11. Eswaran &amp; Kotwal: &quot;Agriculture&quot; in BBM. Besley &amp; Ghatak, pp. 1-41 (weeks 10-12).</td>
</tr>
<tr>
<td>Week 12</td>
<td>22-Oct-15</td>
<td>Credit markets, social networks and microcredit</td>
<td>Ray Ch. 14.1-14.3. Munshi (Nonmarket institutions) in BBM, Townsend (Credit) in BBM.</td>
</tr>
</tbody>
</table>

BBM refers to Banerjee, Benabou and Mookherjee.
### 7.2 Tutorial Schedule

Tutorials start in Week 2 and finish in Week 13. The schedule will be posted on the Course website.

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Presentation Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>30-Jul-15</td>
<td>No tutorials</td>
<td></td>
</tr>
<tr>
<td>Week 3</td>
<td>13-Aug-15</td>
<td>Presentation on Measurement</td>
<td></td>
</tr>
<tr>
<td>Week 6</td>
<td>03-Sep-15</td>
<td>Presentation on corruption</td>
<td>Brunnetti and Weder (2003).</td>
</tr>
<tr>
<td>Week 7</td>
<td>10-Sep-15</td>
<td>Presentation on poverty</td>
<td>Banerjee and Duflo: Economic lives of the poor.</td>
</tr>
<tr>
<td>Week 8</td>
<td>17-Sep-15</td>
<td>Presentation on education</td>
<td>Kremer et.al. and Banerjee &amp; Duflo (Absence, JEP 2006) (2 papers)</td>
</tr>
<tr>
<td>Week 9</td>
<td>24-Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>01-Oct-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 12</td>
<td>22-Oct-15</td>
<td>Presentation on credit markets</td>
<td>Beaman et.al. (Credit Markets, 2014)</td>
</tr>
<tr>
<td>Week 13</td>
<td>29-Oct-15</td>
<td>Review for final</td>
<td></td>
</tr>
</tbody>
</table>