

Topics in Development Economics

Spring 2017

Course:

Instructor: Xican (Sean) Xi

Office :

Email:

Phone:

Office Hours:

Class Days/Time:

Classroom:

Textbook/Readings

Textbook

This is no textbook for this class, but you are encouraged to read the following book:

Barriers to Riches, by Stephen L. Parente and Edward C. Prescott, MIT Press, 2000.

Readings

You are required to read some papers on the reading list that is attached to the end of this syllabus, and are encouraged to read all the papers on the list.

Course Description

This course covers important topics in economic growth and development. It focuses on two distinct but related questions: why does income per capita differ so much across countries? And why have some countries experienced rapid and sustained economic growth and caught up with the advanced economies, while others have not? The goal of the course is to introduce the students to the questions asked and the tools used in frontier research of economic growth and development, and prepare them to pursue their own research agenda in the field, whether it's policy or academically oriented.

Assignments and Assessment

You are required to complete three homework assignments during the course, and each is worth 10 possible points. Towards the end of this course, you will be asked to submit a research proposal on economic growth and development, which will be no more than 5

pages long. In your proposal, you need to clearly state the question that you would like to answer. For example, why is it an important question? And how will you contribute to our understanding of economic growth and development by answering your question? You also need to clearly explain the methodology that you will use to answer your question. For example, will you use an empirical or theoretical method? If it's empirical, which databases will you use, and how will you test your empirical hypothesis? The proposal is worth 70 possible points.

There is also an opportunity for extra credit, which comes in the form of class presentation. You will have a chance to win 10 possible points by preparing a class presentation (60 minutes) on a research paper on growth and development. You can choose one of the papers on the reading list, or you can work with me to identify another paper on growth and development that you find interesting. You should expect this to be a substantial amount of work. You should not copy all the details or equations from the paper, but rather focus on the motivation, question and methodology of the paper, as well as its contributions and weaknesses.

Finally, the good news: you can work in groups on your homework assignments, presentation and research proposal. Of course, each student can join at most one group and each group can have at most three students.

Grading Policy

There are 110 possible points which determine your course grade, and they will be awarded in the following way:

Homework Assignments (Combined)	30
Research Proposal	70
Presentation (Optional)	10

Given your total points, your letter grade for the course will be assigned according to the following table

>90	A
85-89	A-
80-84	B+
75-79	B
70-74	B-
65-69	C
60-64	D
<60	F

Communication

When you have questions about course content, homework assignments or research proposal, you are encouraged to see me during my office hours or send me an email. I

will try to respond to all your emails, but to facilitate communication, please identify yourself in the email by your name and class.

Reading List (Tentative)

You are required to read papers with an asterisk (*), and are encouraged to read all the papers on the list.

Basic Concepts and Questions

(*) Caselli (2005). Development Accounting. *The Handbook of Economic Growth*.

(*) Mankiw, Romer, and Weil (1992). A Contribution to the Empirics of Economic Growth. *The Quarterly Journal of Economics*.

Parente and Prescott (1994). Barriers to Technology Adoption and Development. *Journal of Political Economy*

Prescott (1998). Needed: A Theory of Total Factor Productivity. *International Economic Review*.

Hall and Jones (1999). Why Do Some Countries Produce So Much More Output per Worker than Others? *The Quarterly Journal of Economics*.

Measurement

Gollin (2002). Getting Income Shares Right. *Journal of Political Economy*.

(*) Henderson, Storeygard, and Weil (2012). Measuring Economic Growth from Outer Space. *American Economic Review*.

Feenstra, Inklaar, and Timmer (2013). The Next Generation of the Penn World Table. NBER Working Paper 19255

Jones and Klenow (2011). Beyond GDP? Welfare Across Countries and Time. Mimeo, Stanford University.

Young (2012). The African Growth Miracle. *Journal of Political Economy*.

Whelan (2002). A Guide to U.S. Chain Aggregate NIPA Data, *Review of Income and Wealth*.

Factors of Production: Physical Capital

Lucas (1988). Why Doesn't Capital Flow from Rich to Poor Countries? *American Economic Review*.

(*) Caselli and Feyrer (2007). The Marginal Product of Capital. *The Quarterly Journal of Economics*.

Hsieh and Klenow (2007). Relative Prices and Relative Prosperity. *American Economic Review*.

Factors of Production: Human Capital

(*) Schoellman (2012). Education Quality and Development Accounting. *The Review of Economic Studies*.

Erosa, Koreshkova, and Restuccia (2010). How Important is Human Capital? A Quantitative Theory Assessment of World Income Inequality. *The Review of Economic Studies*.

Lagakos, Moll, Qian, Porzio, and Schoellman (2014). Lifecycle Human Capital Accumulation Across Countries: Evidence from U.S. Immigrants. *mimeo, Arizona State University*.

Feyrer, Politi, and Weil (2013). The Cognitive Effects of Micronutrient Deficiency: Evidence from Salt Iodization in the United States. *NBER Working Paper #19233*.

Bleakley (2007). Disease and Development: Evidence from Hookworm Eradication in the American South. *Quarterly Journal of Economics*.

Manuelli and Seshadri (2014). Human Capital and the Wealth of Nations, *American Economic Review*.

Competition, Misallocation, and Productivity

(*) Hsieh and Klenow (2009). Misallocation and Manufacturing TFP in China and India. *The Quarterly Journal of Economics*.

Bloom, Eifert, McKenzie, Mahajan, and Roberts (2013). Does Management Matter: Evidence from India. *The Quarterly Journal of Economics*.

(*) Schmitz (2005). What Determines Productivity? Lessons from the Dramatic Recovery of the U.S. and Canadian Iron Ore Industries Following Their Early 1980s Crisis. *Journal of Political Economy*.

Bridgman, Maio, Schmitz, and Teixeira (2012). What Ever Happened to the Puerto Rican Sugar Industry? *Minneapolis Fed Staff Report 477*.

Hsieh and Klenow (2014). The Life Cycle of Plants in India and Mexico. *The Quarterly Journal of Economics*.

Restuccia and Rogerson (2008). Policy Distortions and Aggregate Productivity with
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Heterogenous Plants. *Review of Economic Dynamics*.

Hsieh, Hurst, Jones, and Klenow. (2012). The Allocation of Talent and U.S. Economic Growth. *mimeo, Stanford University*.

Peters (2014) Heterogeneous Markups, Growth and Endogenous Misallocation, *mimeo, Yale University*.

Finance

(*) King and Levine (1993). Finance and growth: Schumpeter might be right. *Quarterly Journal of Economics*.

Kaboski and Townsend (2011). A Structural Evaluation of a Large-Scale Quasi-Experimental Microfinance Initiative. *Econometrica*.

Buera, Kaboski, and Shin (2011). Finance and Development: A Tale of Two Sectors. *American Economic Review*.

Buera, Kaboski, and Shin (2014). The Macroeconomics of Microfinance. *mimeo, Notre Dame*.

Greenwood, Sanchez, and Wang (2010). Financing Development: the Role of Information Costs. *American Economic Review*.

Sectors and Structural Change

(*) Restuccia, Yang, and Zhu (2008). Agriculture and Aggregate Productivity: A Quantitative Cross-Country Analysis. *Journal of Monetary Economics*.

(*) Herrendorf and Valentinyi (2012). Which Sectors Make Poor Countries so Unproductive? *Journal of the European Economic Association*.

Gollin, Lagakos, and Waugh (2013). The Agricultural Productivity Gap. *The Quarterly Journal of Economics*.

Herrendorf, Rogerson, and Valentinyi (2014). Growth and Structural Transformation. *Handbook of Economic Growth*.

Herrendorf and Schoellman (2014). Why is Measured Productivity So Low in Agriculture? *mimeo, Arizona State University*.

Herrendorf and Schoellman (2014). Wages, Human Capital, and the Allocation of Labor Across Sectors. *mimeo, Arizona State University*.

Lagakos and Waugh (2012). Selection, Agriculture, and Cross-Country Productivity Differences. *American Economic Review*.

Herrendorf, Rogerson, and Valentinyi (2013). Two Perspectives on Preferences and Structural Transformation. *American Economic Review*.

Duarte and Restuccia (2010). The Role of Structural Transformation in Aggregate Productivity. *Quarterly Journal of Economics*.

Trade

(*) Donaldson (2014). Railroads of the Raj: Estimating the Impact of Transportation Infrastructure. *American Economic Review*.

Waugh (2010). International Trade and Income Differences. *American Economic Review*.

Feyrer (2009). Distance, Trade, and Income – the 1967 to 1975 Closing of the Suez Canal as a Natural Experiment. *mimeo, Dartmouth University*.

Feyrer (2009). Trade and Income – Exploiting Time Series in Geography. *mimeo, Dartmouth University*.

Institutions and Development

(*) Acemoglu, Johnson, and Robinson (2001). The Colonial Origins of Comparative Development: an Empirical Investigation. *American Economic Review*.

Michalopoulos and Papaioannou (2013). Pre-colonial Ethnic Institutions and Contemporary African Development. *Econometrica*.

Dell (2010). The Persistent Effects of Peru's Mining Mita. *Econometrica*.

Michalopoulos and Papaioannou (2014). National Institutions and Subnational Development in Africa. *Quarterly Journal of Economics*.

Dell (2012). Path Dependence in Development: Evidence from the Mexican Revolution. *mimeo, Harvard*.

Bleakley and Lin (2012). Portage and Path Dependence. *Quarterly Journal of Economics*.