



Economic Growth and Development in Low Income Countries

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Please read all material in advance of each class. Grades will be based on three written short memos (4 double-spaced pages maximum) along with class participation. All dates subject to change!

- 1) Thursday September 25th. **Overview.** Growth and development in an historical perspective. We will examine trends in economic growth and other development indicators around the world since 1965, with some reference to broad patterns since 1820.
- 2) Thursday October 2nd. **Double session. We will start at 5:00, take a break for dinner at 6:30, and have the second session again after dinner**

Session I: Patterns of Economic Growth. We will briefly review the concepts underlying the standard Solow model of economic growth, and examine empirical patterns of growth with reference to the model. We will also examine other measures of development, including the human development index

Readings:

David Lindauer, Dwight Perkins, Steven Radelet (with contributions from Don Snodgrass, Malcolm Gillis, and Michael Roemer), Economics of Development, 6th edition, 2006 (W.W. Norton and Co.), Chapters 1, 2, and 3.

Session II: Growth, poverty, and income distribution. We will explore the relationship between growth, poverty, and equity, and explore changes in the global distribution of income since 1970.

Economics of Development, Chapter 6.

“Global Economic Inequality: More or Less Equal?” *The Economist*, May 11, 2004.

“Does Globalization Make the World More Unequal?” Peter Lindert and Jeffrey Williamson. NBER Working Paper 8228 (April 2001), pp. 1-8, 18-20, 26-30, 37-39.

- 3) Thursday October 9th. **Developing Country Debt.** We will examine the evolution of the developing country debt crisis from Mexico's default in August 1982 through today's Heavily Indebted Poor Country (HIPC) Initiative.

Economics of Development, 6th edition, Chapter 15, first half of chapter, pp. 563-586.

Birdsall, Nancy, and John Williamson with Brian Deese. 2002. Delivering on Debt Relief. CGD Brief, Center for Global Development Brief, www.cgdev.org.

World Bank web resources on HIPC:

http://siteresources.worldbank.org/INTDEBTDEPT/Resources/Debt_PocketBroch_Spring07.pdf

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040942~menuPK:34480~pagePK:34370~theSitePK:4607,00.html>

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTDEBTDEPT/0,,contentMDK:20259564~menuPK:528655~pagePK:64166689~piPK:64166646~theSitePK:469043,00.html>

- 4) Thursday October 16th. **Foreign Aid.** We will look at current controversies and debates about foreign Assistance.

Economics of Development, 6th edition, Chapter 14.

Radelet, Steve. 2003. "Bush and Foreign Aid." *Foreign Affairs* 82-5 (September/October).

Optional short article (on the topic of "Is the US Stingy?"). Radelet, Steve, 2005. "Think Again: US Foreign Aid." *Foreign Policy* web exclusive, February.

- 5) Thursday October 23rd NO CLASS

- 6) Thursday October 30th NO CLASS

- 7) Thursday November 6th. **Double session. We will start at 5:00, take a break for dinner at 6:30, and have the second session again after dinner**

Financial Crises. We will examine the financial crises that affected several emerging markets in the late 1990s, including Mexico, Argentina, Korea Indonesia, Thailand, and Russia. We will look at some of the basic theory behind financial crises and panics, the key events that transpired in these countries and the policy response by both governments and international institutions.

Economics of Development, 6th edition, Chapter 15, second half of chapter, pp. 586-604.

Jeffrey Sachs and Steven Radelet, 1998, "The Onset of the East Asian Financial Crisis" NBER Working Paper #6680, later published as Chapter Four in Paul Krugman, ed., Currency Crises (University of Chicago Press, 1998). Read pp. 1-13 and 32-40.

Nouriel Roubini and Brad Setser, 2004, Bailouts or Bail-ins: Responding to Financial Crises in Emerging Economies, (Washington: Institute for International Economics). Read pp 25-27, look at page 32 carefully, then SKIM pp 32-52, then read pp 52-72. This last section contains short summaries of each of the recent major crises.

- 8) **Thursday** November 13th. **Trade and Development**. We will examine the relationships between trade, trade policy, and development, and explore current controversies on the magnitude of the relationships between trade and growth, policies to stimulate trade, the "race to the bottom" and sweatshop labor, and related issues.

Economics of Development Chapter 19.

Dani Rodrik "Trading in Illusions."

- 9) **Thursday** November 20th. **The HIV/AIDS Crisis in Africa: Economic and Social Impacts**
Guest speaker: Carrie Hessler Radelet, Director, John Snow Inc.

UNAIDS, 2006. "Overview of the Global AIDS Epidemic." Chapter 2 of 2006 Report on the Global AIDS Epidemic, pp 8-50.
http://data.unaids.org/pub/GlobalReport/2006/2006_GR_CH02_en.pdf

- 10) **Thursday** November 27th **THANKSGIVING – NO CLASS**

- 11) **Thursday** December 4th. **Double session. We will start at 5:00, take a break for dinner at 6:30, and have the second session again after dinner**

Challenges in the World's Poorest Countries: The Bottom Billion

Paul Collier. The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It (Oxford: Oxford University Press).