

Master Seminar “Selected Topics in Development Economics”

Development issues are of high public interest and controversially debated. While development is an issue for all economies, the development problem is especially important for underdeveloped, impoverished economies. Development economics today is so broad that we will be able to discuss only a fraction of the manifold interesting topics. We will focus on questions like “What are the major roots of underdevelopment” or “How can poverty traps be overcome?”.

The seminar offers participants to discuss and understand in detail a number of interesting development issues. The seminar will take place on two days as a block seminar.

General Information and Prerequisites

To study the selected topics in Development Economics, it is helpful to have successfully participated in the lecture Development Economics, though this is no prerequisite for participation. The seminar is limited to master students in Economics or Economic Policy. Participants should have a solid background in microeconomics, macroeconomics, and econometrics.

In order to pass the seminar, students must submit a term paper, present their work in a block seminar, and participate in the discussions. Complete attendance on both days of the presentation block and in the starting session at the beginning of the semester is compulsory. Grading is based on the term paper, presentation and active participation in the block seminar. The language of the block seminar will be English. At the chair’s homepage you find a guideline for writing the term paper. It is expected that you follow these guidelines **exactly!**

Registration

Students who want to apply for the seminar must write an email to vitezslav.titl@uni-siegen.de with “Seminar: Development Economics” in the subject line. In this email, you must provide us with:

1. matriculation number;
2. a complete preference order (ranking) of all offered topics, starting with your first-best preferred topic and ending with the least-best preferred topic;
3. Transcript of Records.

The topics are allocated to the applicants by priority (e.g., if someone does only need this one seminar for accomplishing the master degree) and the preference orders, first of all. In case of competition for a topic, the lot determines allocation. The maximum number of participants is 16. Students who do not receive a topic cannot participate in the seminar. Applicants that were not lucky in this first round will be registered on a waiting list. If someone is not accepting a place in our seminar, students on the waiting list can move up. The deadline for registration is **28 February, 2016**. Registration is directly open, starting today.

Procedure of the Seminar

The seminar starts on **19 April, 2016** with a preliminary session, which is obligatory for all participating students (room: US-D 312). Students who do not show up at this first meeting receive the grade 5.0. The deadline for submission of the term paper is **27 June, 2016**. Each student needs to hand in two printed versions to the Chair for European Economic Policy (offices of Frau Siebel, Lisa Schulten, Vita Titl, or Benjamin Schäfer) or at the chair's post box. Additionally, an electronic version (only one single file in PDF is accepted!) must be sent to vitezslav.titl@uni-siegen.de.

The block seminar will take place on **8 July, 2016** and **9 July, 2016**, 08:30 - 20:00, respectively, in room US-D 312.

Important Dates and Deadlines

Immediately	Beginning of registration
28 February, 2016	Deadline for applications
15 March, 2016	Notification of acceptance/non-acceptance and topic
29 March, 2016	Deadline for registration via LSF
4 April, 2016	Start of clearing procedure if places have been rejected
19 April, 2016	Compulsory starting session (18:00 - 20:00, room: US-D 312)
27 June, 2016	Deadline for paper submission
8 July 2016	Block seminar (preliminary: 08:30 to 20:00, room: US-D 312)
9 July 2016	Block seminar (preliminary: 08:30 bis 20:00, room: US-D 312)

Please recognise the official examination and application procedures for economics seminars at the examination office! Those can be found (in German) at:

http://www.wiwi.uni-siegen.de/pruefungsamt/pruefungen/anmeldung_seminare/anmeldung_vwl_seminare.html?lang=de

In case of doubts, please contact your Academic Advisor.

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General Literature

- Text books on development economics, for instance:
 - Banerjee and Duflo, 2011, *Poor Economics – A radical rethinking of the way to fight global poverty*, Public Affairs, New York.
 - Basu, Kashik, 2003, *Analytical Development Economics*, MIT Press.
 - Bell, Clive, 2003, *Development Policy as Public Finance*, Oxford University Press.
 - Ray, Debraj, 1998, *Development Economics*, Princeton University Press.
 - Todaro and Smith, 2011, *Economic Development*, 11th edition, Addison-Wesley (Pearson).
- Handbooks of Development Economics
- Easterly, William, 2002, *The Elusive Quest for Growth – Economists’ Adventures and Misadventures in the Tropics*, MIT Press.
- Stiglitz, Joseph E., 2006, *Making Globalization Work*, W.W. Norton. [German version: *Die Chancen der Globalisierung*]

The Seminar Topics

Below you find the 16 topics of the seminar. For each topic some literature hints are given. These hints, of course, are not at all sufficient and do not substitute the mandatory literature search by the student!

Topic 1: Types of Poverty Traps – the Vicious Circles of Poverty

- Matsuyama, K., 1991, “Increasing Returns, Industrialization, and Indeterminacy of Equilibrium,” *Quarterly Journal of Economics* 106: 617-650.
- Murphy, Shleifer, and Vishny, 1989, “Industrialization and the Big Push,” *Journal of Political Economy* 97(5): 1003-1026.
- Galor and Zeira, 1993, “Income Distribution and Macroeconomics,” *Review of Economic Studies* 60: 35-52.

Topic 2: Dutch Disease and the Paradox of Plenty

- Cavalcanti, Tiago, Kamiar Mohaddes and Mehdi Raissi, 2011, “Does Oil Abundance Harm Growth?,” *Applied Economics Letters* 18(12): 1181-1184.
- Djankov, S., J. G. Montalvo and M. Reynal-Querol, 2008, “The curse of aid,” *Journal of Economic Growth* 13 (3): 169-94.
- Norman, C. S., 2009, “Rule of Law and the Resource Curse,” *Environmental and Resource Economics* 43(2): 183-207.

Topic 3: Population Growth and Development

- Becker, Gary, K. Murphy, and R. Tamura, 1990, “Human Capital, Fertility, and Economic Growth,” *Journal of Political Economy* 98: S12-S37.
- Cropper, Maureen and Charles Griffiths, 1994, “The Interaction of Population Growth and Environmental Quality,” *American Economic Review*, Vol. 84, No. 2: 250-254.
- Kremer, M., 1993, “Population Growth and Technological Change: One Million B.C. to 1990,” *Quarterly Journal of Economics* 108: 681-716.

Topic 4: Institutions and Development

- Acemoglu, Daron, Georgy Egorov, and Konstantin Sonin, 2010, “Political Selection and Persistence of Bad Governments,” *Quarterly Journal of Economics* 125(4): 1511-1575.
- Knack, Stephen and Philip Keefer, 1995, “Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures,” *Economics and Politics* 7(3): 207-227.
- 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(2): 131-165.

Topic 5: Corruption and Growth

- Mauro, P., 1995, "Corruption and Growth," *Quarterly Journal of Economics* 110(3): 681-712.
- Shleifer, A., and R. W. Vishny, 1993, "Corruption," *Quarterly Journal of Economics* 108(3): 599-617.
- Tavares, J., 2003, "Does Foreign Aid Corrupt?," *Economic Letters* 79(1): 99-106.

Topic 6: Taxation and Tax Reform in Developing Countries

- Burgess, R., and N. Stern, 1993, "Taxation and Development," *Journal of Economic Literature* XXXI(2): 762-830.
- Emran, M. Shahe and Joseph E. Stiglitz, 2005, "On selective indirect tax reform in developing countries," *Journal of Public Economics* 89(4): 599-623.
- Dreher, Axel and Lars Siemers, 2009, "The Nexus between Corruption and Capital Account Restrictions," *Public Choice* 140(1-2): 245-265. Free Access: <http://www.springerlink.com/content/n054135h32t83021/fulltext.pdf>
- Islam, Azizul, 2001, "Issues in Tax Reforms," *Asia-Pacific Development Journal* 8(1), June:1-12.

Topic 7: Debt Accumulation and Debt Relief as a Form of Development Aid?

- Cassimon, Danny and Bjorn Van Campenhout, 2007, "Aid Effectiveness, Debt Relief and Public Finance Response: Evidence from a Panel of HIPC Countries," *Review of World Economics* 143(4): 742-763.
- Depetris Chauvin; Nicolas M. and Aart Kraay, 2005, "What Has 100 Billion Dollars Worth of Debt Relief Done for Low-Income Countries?," mimeo.
- Easterly, William, 2002, "How did Highly Indebted Poor Countries Become Highly Indebted? Reviewing Two Decades of Debt Relief," *World Development* 30(10): 1677-1696.
- Michaelowa, Katharina, 2003, "The political economy of the enhanced HIPC-Initiative," *Public Choice* 114: 461-476.

Topic 8: Seigniorage and Debt

- Adam, C., B. Ndulu, and N.K. Sowa, 1996, “Liberalization and Seigniorage Revenue in Kenya, Ghana and Tanzania,” *Journal of Development Studies* 32: 531-553.
- Issler, J. V. and L. R. Lima, 2000, “Public debt sustainability and endogenous seigniorage in Brazil: time-series evidence from 1947-1992,” *Journal of Development Economics* 62: 131-147.
- Kiguel, Miguel A. and Pablo Andres Neumeyer, 1995, “Seigniorage and inflation: The case of Argentina,” *Journal of Money, Credit and Banking* 27(3): 672-682.

Topic 9: Trade and Development

- Greenwald, Bruce and Joseph E. Stiglitz, 2006, “Helping Infant Economies grow: foundations of trade policies for developing countries,” *American Economic Review* 96(2): 141-146.
- Newberry, David M. and Joseph E. Stiglitz, 1984, “Pareto-inferior trade,” *Review of Economic Studies* 51(1): 1-12.
- Stiglitz, Joseph E., 1997, “Dumping on free trade: the U.S. import trade laws,” *Southern Economic Journal* 64(2): 402-424.

Topic 10: Exchange Rate Regimes, Capital Controls, and Development

- Chang, Roberto and Andrés Velasco, 2000, “Exchange-Rate Policy for Developing Countries,” *American Economic Review* 90(2): 71-75.
- Dreher, Axel and Lars Siemers, 2009, “The Nexus between Corruption and Capital Account Restrictions,” *Public Choice* 140(1-2): 245-265. Free Access: <http://www.springerlink.com/content/n054135h32t83021/fulltext.pdf>
- Edwards, Sebastian, 1989, “Exchange Rate Misalignment in Developing Countries,” *World Bank Research Observer* 4(1): 3-21.
- Husain, Aasim M., Ashoka Mody, and Kenneth S. Rogoff, 2005, “Exchange rate regime durability and performance in developing versus advanced economies,” *Journal of Monetary Economics* 52(1): 35-64.

Topic 11: Inequality and Development

- Aghion, P., E. Caroli, and C. García-Peñalosa, 1999, “Inequality and Economic Growth: The Perspective of the New Growth Theories,” *Journal of Economic Literature* XXXVII(4): 1615-1660.
- Galor, O., and J. Zeira, 1993, “Income Distribution and Macroeconomics,” *Review of Economic Studies* 60: 35-52.
- Persson, Torsten and Guido Tabellini, 1994, “Is Inequality Harmful for Growth?,” *American Economic Review* 84(3): 600-621.

Topic 12: Child Labor, Human Capital, and Growth

- Azariadis, C. and A. Drazen, 1990, “Threshold Externalities in Economic Development,” *Quarterly Journal of Economics* 105(2): 501-526.
- Bell and Gersbach, 2009, “Child Labor and the Education of a Society,” *Macroeconomic Dynamics* 13(2): 220-249.
- Redding, S. 1996, “Low-Skill, Low-Quality Trap: Strategic Complementarities between Human Capital and R&D,” *The Economic Journal* 106(435): 458-470.
- Swaminathan, M., 1998, “Economic Growth and the Persistence of Child Labor: Evidence from an Indian City,” *World Development* 28(8): 1513-1528.

Topic 13: Land Reforms

- Besley, T., and R. Burgess. 2000, “Land Reform, Poverty Reduction, and Growth: Evidence from India,” *Quarterly Journal of Economics* 115(2): 389-430.
- Deininger, K., P. Olinto, and M. Maertens, 2000, “Redistribution, Investment, and Human Capital Accumulation: The Case of Agrarian Reform in the Philippines,” The World Bank, Washington, D.C. Download: http://orion.forumone.com/ABCDE/files.fcgi/209_deininger.pdf
- Díaz, A., 2000, “On the Political Economy of Latin American Land Reforms,” *Review of Economic Dynamics* 3: 551-571.
- Gersbach, Hans and Lars Siemers, 2010, “Land Reforms and Economic Development,” *Macroeconomic Dynamics* 14(4): 527-547.

Topic 14: Microfinance, Small-Scale Credits

- Cull, Robert, Asli Demirguc-Kunt, and Jonathan Morduch, 2009, "Microfinance Meets the Market," *Journal of Economic Perspectives* 23(1): 167-92.
- Morduch, J., 1999, "The Microfinance Promise," *Journal of Economic Literature* XXXVII(4): 1569-1614.
- Navajas, Sergio, Mark Schreiner, Richard L. Meyer, Claudio Gonzalez-vega, Jorge Rodriguez-meza, 2000, "Microcredit and the Poorest of the Poor: Theory and Evidence from Bolivia," *World Development* 28(2): 333-346.
- Stiglitz, Joseph E., 1990, "Peer Monitoring and Credit Markets," *World Bank Economic Review* 4(3): 351-366.

Topic 15: The Industrial Revolution as an Example for Development

- Clark, Gregory, 2005, "Human Capital, Fertility, and the Industrial Revolution," *Journal of the European Economic Association* 3(2-3): 505-515.
- Crafts, N. F.R. and C. K. Harley, 1992, "Output growth and the British industrial revolution: a restatement of the Crafts-Harley view," *The Economic History Review* 45(4): 703-730.
- De Vries, Jan, 1994, "The Industrial Revolution and the Industrious Revolution," *Journal of Economic History* 54: 249-270.
- Johns, Charles I., 2001, "Was an industrial revolution inevitable? Economic growth over the very long run," *The B.E. Journals in Macroeconomics, Advances in Macroeconomics* 1(2), Article 1.

Topic 16: The Successful Asian Development

- Lee, Maw-Lin, Ben-Chieh Liu, and Ping Wang, 1994, "Education, Human Capital Enhancement and Economic Development: Comparison between Korea and Taiwan," *Economics of Education Review* 13 (4): 275-288.
- Rodrik, Dani and Arvind Subramanian, 2005, "From Hindu-Growth to Productivity Surge: The Mystery of the Indian Growth Transition," *IMF Staff Papers* 52(2): 193-228.

- Tallman, Ellis W. and Ping Wang, 1994, "Human capital and endogenous growth: Evidence from Taiwan," *Journal of Monetary Economics* 34 (1): 101-124.
- Young, Alwyn, 1995, "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics* 110 (3): 641-680.