

University of Hawai'i-Mānoa: Fall 2008 Semester Econ 610: Economic Development

Fall 2008
MW 3:00 – 4:30 PM
Saunders 244

Professor Sumner La Croix
Office: Saunders Hall 515A
Office Hours: Monday 1:30 – 2:30 pm
Wednesday 9 – 10 am
And by appointment

This class is open to both masters and doctoral students. The prerequisites are ECON 606, 607, 627, and 628. It is **mandatory** to consult with Professor La Croix if you have not completed the prerequisites. Otherwise your registration will be cancelled.

TEXTBOOK

Robert J. Barro and Xavier Sala-i-Martin, *Economic Growth*, 2nd ed. MIT Press, 2004. (Most of you already purchased this text for Econ 607. UH bookstore has used copies.)

ATTENDANCE REQUIREMENTS

It is expected that students will attend **ALL** classes and read **ALL** assigned readings prior to class. By reading the assigned articles prior to class, students and the instructors have a common foundation for discussion in class. Only selected topics will be covered during class time. The instructors will frequently assign students to make presentations in class on various topics and articles. Some classes may run slightly over-time. Please plan to arrive by 3 PM and reserve until 4:30 PM for the class.

COURSE GRADES

Grades are based on a take-home midterm (distributed on October 31), a term paper, student presentations, and student participation and preparation for class. Weights are equally distributed among the take-home midterm (33%), research paper (33%), and student presentations/preparation/participation (33%). The instructor uses +/- grading in awarding final grades.

TERM PAPER

Students are required to consult the instructors before choosing a topic for the term paper. The student should schedule an appointment to discuss the topic. A 1-page outline of the proposed topic must be submitted by September 11, 2008. Students should be prepared to make a 5-minute presentation in-class on September 15, 2008 outlining their proposed topic. Do not proceed further with your research until you have obtained final approval from the instructor. A 6-page literature review is due on September 28, 2008. The term paper should be 10-12 (double-spaced, 12 pt. font) pages excluding the endnotes, the

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bibliography, and graphs and tables. The term paper is due on December 3, 2008. Late papers will be marked down by one-third of a grade per day, e.g. B to B-, with up to a full grade markdown. Unexcused late papers will not be accepted. If you cannot meet a deadline, be sure to consult with the instructor prior to the due date. When you turn in the paper after the due date, attach a note to the paper explaining the difficulty and how many days of work you lost because of it. Please submit all papers as attached files to lacroix@hawaii.edu.

GRADUATE STUDENT RESEARCH CONFERENCE

Students enrolled in ECON 610 and ECON 662 will present their term papers during the student research conference, *New Frontiers in International Development*. The conference will be held on Friday, December 5, 2008 from 8 AM to 2 PM in Saunders 515. **If you cannot attend the conference, you should absolutely not take the course. Attendance at the conference is mandatory.** Professor La Croix will provide (a free) lunch for all conference participants.

JOINT CLASSES WITH ECON 662: ECONOMICS OF NATURAL DISASTERS

Econ 610 and Econ 662 will meet together for some classes between October 1 and October 13 to consider the emerging and exciting new literature on the economics of natural disasters in developing countries. During the first week of school, the instructors will consult with students in both classes regarding class schedules and meeting times for these sessions.

COURSE READINGS

During the first week of class, the instructor will circulate a diskette with all course readings that are available to UH students on-line at the UH Library.

DISABILITY ACCESS

If you believe that you need reasonable accommodations because of the impact of a disability, please 1) contact the KOKUA Program at 956-7511 or 956-7612 in room 013 of the QL Center for Student Services; and 2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet your access needs related to your documented disability.

BACKGROUND READING—HIGHLY RECOMMENDED—DO YOU HAVE A COPY?!!!

Can't make sense of the assigned reading? Then check out an easier—but very scholarly and highly interesting—textbook. It's a gem!!! A classic! A must read!!!

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Debraj Ray, *Development Economics*, Princeton University Press, 1998. (Beijing University Press has a Chinese edition; Antoni Bosch has a Spanish translation.)

Handbooks: Excellent References

Philippe Aghion and "Steven Durlauf, eds. 2005. *The Handbook of Economic Growth*. Amsterdam: Elsevier.

Schulz, T., and John Strauss, eds. 2008. *Handbook of Development Economics*, Vol. 4. North-Holland.

Course Topics

Neoclassical Growth Models and Applications

Robert Barro and Xavier Sala-i-Martin, *Economic Growth*, 2nd ed. Cambridge: MIT Press, 2004, Chs 1-3.

N.G. Mankiw, D. Romer, and D. Weil, "A Contribution to the Empirics of Economic Growth," *QJE* (1992): 407-437. (JSTOR)

Lant Pritchard, "Divergence, Big Time," *JEP* (Summer 1997): 3-17. (JSTOR).

Angus Maddison, *The World Economy: A Millennial Perspective* (OECD 2001), 27-48.

Williamson, Jeffrey. 1996. "Globalization, Convergence, and History." *JEH*, 56 (June): 277-306. (JSTOR)

Kevin O'Rourke and Jeffrey G. Williamson, "Convergence in History," ch. 2, *Globalization and History* (MIT, 1999), 5-28.

Klenow and Rodriquesz-Clare. 1997. "The Neoclassical Revival in Growth Economics: Has It Gone Too Far?," *NBER Macroeconomics Annual 1997*. Cambridge: MIT Press.

Technological Change and Endogenous Growth

Robert Barro and Xavier Sala-i-Martin. 2004. *Economic Growth*, 2nd ed. Cambridge: MIT Press.

Professor Sumner La Croix, Econ 610 Syllabus, University of Hawai'i-Mānoa, Fall 2008, p. 4.

Romer, Paul, 1990. "Endogenous Technological Change." *JPE*, Vol. 98, (October/Special issue): S71-S102. (Available on JSTOR)

Jones, Charles I. 1995. "R&D-Based Models of Economic Growth," *JPE*, Vol. 103, No. 4 (August, 1995), 759-784. (Available on JSTOR)

Alwyn Young, 1995. "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Miracle," *QJE*, Vol. 110 (Aug): 641-680. (JSTOR)

Chang-Tai Hsieh, "What Explains the Industrial Revolution in East Asia? Evidence from Factor Markets." *AER* June 2002. Short version of article is: "Factor Prices and Productivity Growth in East Asia," *AER*, May 1999, 133-138. (JSTOR)

Institutions and Growth

Douglass North, *Institutions, Institutional Change, and Economic Performance*. Cambridge, 1990. 3-35, 107-40.

Douglass North and Barry Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Political Choice in 17th Century England." *JEH*, December: 803-32. (JSTOR)

Rafael La Porta, Florencio López-de-Silanes, Andrei Schleifer, and Robert W. Vishny. "Legal Determinants of External Finance," *J. of Finance*, 57 (February): 1131-50.

Rafael La Porta, Florencio López-de-Silanes, Cristian Pop-Eleches, and Andrei Schleifer. 2004. "Judicial Checks and Balances," *JPE* 112(2) April: 445-470.

Daron Acemoglu, Simon Johnson, James A. Robinson, 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation," *AER*, 91(5) December: 1369-1401.

Jared Diamond, "Spacious Skies and Tilted Axes," ch. 10, *Guns, Germs, and Steel* (Norton 1997), 176-91.

Eric Jones, "Environment and Social Conjectures," ch. 1, *The European Miracle* (Cambridge, 1981), 3-41. (Recent Revised Edition)

Robert Hall and Charles Jones, "Why Do Some Countries Produce So Much More Output Per Worker than Others?" *QJE* (Feb. 1999): 83-116. (JSTOR)

Professor Sumner La Croix, Econ 610 Syllabus, University of Hawai'i-Mānoa, Fall 2008, p. 5.

Stanley L. Engerman and Kenneth L. Sokoloff. 2005. Colonialism, Inequality, and Long-Run Paths of Development. NBER WP No. 11057. January.

Stanley L. Engerman and Kenneth L. Sokoloff. 2002. Factor Endowments, Inequality, and Paths of Development Among New World Economies. NBER WP No 9259.

Daron Acemoglu and Simon Johnson. 2005. "Unbundling Institutions," *JPE*, 113 (Oct): 949-95.

Intellectual Property Rights and Growth

Sumner La Croix and Ming Liu. 2008. "Patents and Access to Essential Medicines," In Keith Maskus, ed. *Intellectual Property Rights and Technical Change*. Vol. 1, Frontiers of Economics and Globalization. New York: Elsevier, 2008.

Sumner La Croix and Denise Eby Konan. 2007. "Is IP Protection Unfair to Developing Countries?" In Peter A. Petri and Sumner La Croix, eds. *Challenges to the Global Trading System: Adjustment to Globalization in the Asia-Pacific Region*. New York and London: Routledge, 2007.

Parelllo--JDE 2006--IPR and Skills

Grossman, Gene M., and Edwin L.-C. Lai. 2004. "International Protection of Intellectual Property," *American Economic Review* 94(5) December, 1635-53.

Lamoreaux, Naomi R., and Kenneth L. Sokoloff. 2003. "Intermediaries in the U.S. Market for Technology, 1870-1920," in Stanley L. Engerman, Philip T. Hoffman, Jean-Laurent Rosenthal, and Kenneth L. Sokoloff, eds, *Finance, Intermediaries, and Economic Development*. New York: Cambridge University Press, 209-246.

Landes, William M., and Richard A. Posner 2003. "Indefinitely Renewable Copyright," *University of Chicago Law Review* 70, 471-518.

Schotchmer, Suzanne. 2004. *Innovation and Incentives*. Cambridge: MIT Press.

Trade and Growth

Debraj Ray, Chs. 17-18.

Professor Sumner La Croix, Econ 610 Syllabus, University of Hawai'i-Mānoa, Fall 2008, p. 6.

Baldwin, Robert, and Frédéric Robert-Nicoud, "Trade and growth with heterogeneous firms," *Journal of International Economics* 74: 21-34.

Acemoglu, Daron, Simon Johnson, and James A. Robinson, "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth," *AER*, June 2005.

O'Rourke, Kevin, and Jeffrey G. Williamson. 2005. "From Malthus to Ohlin: Trade, Industrialization and Distribution Since 1500," *JEG*, 10: 5-34.

Frankel, Jeffrey, and David Romer. 1999. "Does Trade Cause Growth?" *AER* 89(3) June:379-399.

Sachs, Jeffrey and Warner, Andrew M. 1997. "Fundamental sources of long-run growth." *AER*, May. (JSTOR)

Rodriguez, Francisco, and Dani Rodrik. 2000. "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence," *Macroeconomics Annual 2000*. Ben Bernanke and Kenneth Rogoff, eds., prepared for the MIT Press. WP version: <http://ksghome.harvard.edu/~drodrik.academic.ksg/skepti1299.pdf>.

The Frankel-Romer-Rose gravity-based instrumental variable for trade openness, as updated in Frankel-Rose, 2002

Dani Rodrik and Sharun Mukand, "In Search of the Holy Grail: Policy Convergence, Experimentation, and Economic Performance," *AER*, March 2005. (UH Libweb)

Dani Rodrik, "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, 1995. (UH Libweb)

Sofronis Clerides, Saul Lach, and James Tybout, "Is Learning by Exporting Important?" *QJE* (1998): 903-947. (JSTOR)

Commodity Prices, Import Substitution and Growth

Angus Deaton, "Commodity Prices and Growth in Africa," *JEP*, Summer 1999: 23-40. (JSTOR.)

Jeffrey Williamson, "Land, Labor and Globalization in the Third World 1870-1940," *JEH* (March 2002), 55-85. (JSTOR)

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Christopher Blattman, Jason Hwang, and Jeffrey G. Williamson, "The Impact of the Terms of Trade on Economic Development in the Periphery, 1870-1939: Volatility and Secular Change," NBER Working Paper 10600, June 2004. (UH Libweb)

Alan Taylor, "On the Costs of Inward-Looking Development: Price Distortions, Growth, and Divergence in Latin America," *Journal of Economic History* (March 1998), 1-28. (JSTOR)

Democracy, Elites, and Growth

Persson, Torsten, and Guido Tabellini. 2007. The Growth Effect of Democracy: Is It Heterogeneous and Can It Be Estimated? Working Paper.

Acemoglu, Daron, and James Robinson. 2008. "Persistence of Power, Elites, and Institutions," *American Economic Review* 98: 267-293.

Persson, Torsten, and Guido Tabellini. 2003. *The Economic Effect of Constitutions*. Cambridge: MIT Press.

Poverty and Growth

Debraj Ray, *Development Economics*, Chs. 6-7.

Deininger, K. and L. Squire (1998). "New ways of looking at old issues: inequality and growth," *JDE*, 57, pp: 259-28. (JSTOR).

Dataset is at <http://www.worldbank.org/research/growth/absineq.htm>

Art Kraay. 2006. "When is Growth Pro-Poor?" *JDE*, 80:198-227.

Angus Deaton. 2003. Measuring Poverty in Growing World, or Measuring Growth in a Poor World. NBER Working Paper 9822. (UH libweb)

David Dollar and Art Kraay. 2002. "Growth is Good for the Poor." *JEG*, 7:195-225. Data: <http://www.worldbank.org/research/growth/wupdate.htm>.

R. Eastwood and M. Lipton. 2000. "Pro-poor Growth and Pro-growth Poverty Reduction: Meaning, Evidence, and Policy Implications." *ADR*, 18(2):22-58. Paper at: http://www.adb.org/Documents/Periodicals/ADR/ADR_Vol_18_2.pdf.

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Martin Ravallion. 2001. "Growth, Inequality, and Poverty: Looking beyond Averages," *Policy Research Working Paper No. 2558*, The World Bank, Washington, D.C.
Download from: http://econ.worldbank.org/files/1419_wps2558.pdf.

Demography, Kuznets Curves, and Growth

Andrew Mason and Tomoku Kinagasu. 2008. "Two Demographic Dividends," in Sumner La Croix, Pearl Imada Iboshi, and Janis Kea, eds, *Journal of Asian Economics*, forthcoming.

Jeffrey G. Williamson. 2001. "Demographic Change, Economic Growth, and Inequality," in Nancy Birdsall et al, eds, *Population Matters*. New York: Oxford.

Jeffrey G. Williamson and Matthew Higgins. 2002. "Explaining Inequality the World Round: Cohort Size, Kuznets Curves, and Openness," *Southeast Asian Studies* 40(3) December: 268-302.

Education and Growth

Beine, Docquier, and Rapoport. 2007. "Brain Drain," *Economic Journal*.

Peter Glick and David E. Sahn. 2006. "The Demand for Primary Schooling in Madagascar," *JDE*, 79(1):118-145. (UH libweb)

Scott MacDonald and Jennifer Roberts. 2006. "AIDS and Economic Growth: A Human Capital Approach," *JDE*, 80:228-250. (UH libweb)

Robert Barro and Xavier Sala-i-Martin. 2004. *Economic Growth*, 2nd ed. Ch. 5.

William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* 2002, Boston: MIT Press, 71-85. (econ office).

T. Paul Schultz. 2000. "School Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program," *JDE*, 74:199-250. (UH libweb)

Foreign Direct Investment and Growth

Liu, Zhiqiang. 2007. "FDI and Technology Spillovers," *Journal of Development Economics*.

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Beata Smarzynska Javorcik, Mariana Spatareanu, "To Share or Not to Share: Does Local Participation Matter for Spillovers from FDI?" *Journal of Development Economics* 85: 194-217.

Maurice Kugler. 2006. "Spillovers from Foreign Direct Investment: Within or Between Industries," *Journal of Development Economics*, 444-477. (UH libweb)

Markusen, J., 1995 "The Boundaries of the Multinational Enterprises and the Theory of International Trade," *JEP*, Spring. (Available on JSTOR)

Ann Harrison and Brian Aitken. 1999. "Do Domestic Firms Benefit from DFI? Evidence from Venezuela," *AER* (June):605-618. (JSTOR)

E. Borensztein, J. de Gregorio, and J.-W. Lee. 1998. "How Does Foreign Direct Investment Growth?" *JIE*, 45(1):115-35. (JSTOR)

Growth and the Big Push

Kevin M. Murphy, A. Shleifer, and R. W. Vishny, "Industrialization and the Big Push," *JPE*, Vol.97, No.5, 1989, 1003-1026. (JSTOR)

Economics of Natural Disasters in Developing Countries

TBA.