

# ECON 4434 Economic Development and Growth

Fall 2019

Hong Kong University of Science & Technology

Course website: <https://canvas.ust.hk>

<u>Class meetings</u>	Mon & Fri	4:30 – 5:50 pm & 12:00 – 1:20 pm	Room 2302 (Lifts 17/18)
<u>Tutorials</u>	Tue	2:00 – 2:50 pm	LSK 1034

## Instructor

Professor Sujata VISARIA    Tel: 23587608  
Department of Economics    E-mail: [svisaria@ust.hk](mailto:svisaria@ust.hk)  
LSK 6083    Office hours: Tue 3:00 – 4:30 pm

## Teaching Assistant

Yiu Hing Barron TSAI  
Department of Economics    E-mail: [yhbtsai@connect.ust.hk](mailto:yhbtsai@connect.ust.hk)  
LSK 5067    Office hours: Mon 1:30 – 3 pm

## Course description

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It could be argued that economic growth and development are the most important topics that economists study. Governments all over the world worry about their countries' economic growth, and individuals are concerned about their economic and social wellbeing. So it is important to understand what it means for an economy to be developed, and what barriers individuals and countries face in achieving development.

We will work through a set of topics that will all contribute to this understanding. These include the measurement of human development, poverty and inequality, and barriers to growth and development, with a focus on land, credit and insurance markets, education and health.

Development economics is a broad subject, and we do not have the time for an exhaustive treatment of all the topics that have been examined in the literature. The group self-study requirement will allow you to explore in greater depth one particular topic, even if it is not discussed in my lectures. A full list of the group self-study topics is available on Canvas.

## **Course Intended Learning outcomes (CILOs)**

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Students who complete this course successfully will be able to<sup>1</sup>:

1. list the features of underdevelopment (ECOF 3, 6; BBA 4.1, 6)
2. explain the links between income, non-income factors and human wellbeing (ECOF 3, BBA 4.1, 4.3)
3. define basic measures of underdevelopment, poverty and inequality, and critique their usefulness (ECOF 1.2, 4.1, 4.3; BBA 1.2, 4.1, 4.2, 4.3, 4.4)
4. describe market imperfections and explain in their own words how market imperfections may impede growth (ECOF 4.2, 4.3, BBA 4.1, 4.2)
5. conduct simple theoretical analyses of agrarian land, credit and insurance markets (ECOF 4, BBA 4.2, 4.4)
6. articulate how the education and health sectors tend to operate in developing countries, the major barriers to high achievement and understand the factors behind them (ECOF 4.2, 4.3, 4.5, BBA 4.2, 4.3, 4.4)
7. formulate and carry out a secondary research project (ECOF 1.3, 1.4, 7.2, 7.3; BBA 1.3, 1.4, 7.2, 7.3)
8. analyze economic phenomena observed in the developing world (ECOF 6, 9; BBA 6, 9)

The course will also provide students the opportunity to:

9. debate, convince and work effectively with team members (ECOF 5; BBA 5)
10. develop oral communication and argumentation skills (ECOF 2; BBA 2)

## **Prerequisites**

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You must have taken at least ECON 3133 (previously known as ECON 200) or ECON 3014 (previously known as ECON 214) successfully to enrol in this course.

I will assume that you know core concepts in calculus and microeconomics. Please review these if you feel uncertain.

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<sup>1</sup>Numbers in parentheses are specific Programme Intended Learning Outcomes (PILOs) for the [ECOF](#) and [BBA](#) programmes respectively.

## Learning resources

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- Lecture notes will be posted on the course website. However, it is possible that some material discussed does not appear in the lecture notes. **You will be responsible for all material discussed in class and in the assigned readings, whether or not it appears in the lecture notes.**
- We will use the [course website](#) for announcements, to post assignments and your homework and exam grades. Please check it regularly.
- The material in this course draws on different textbooks and journal articles. The reading list is below. Readings marked with a † will be on reserve in the library. For the others, click on the [hyperlink](#).

### Reading List

- AM** †Armendariz de Aghion, Beatriz and Jonathan Morduch (2005), *The Economics of Microfinance*. Cambridge, MA: MIT Press. (Chapters 4 & 5.)
- BDD** Banerjee, Abhijit, Angus Deaton and Esther Duflo (2004), “[Wealth, Health, and Health Services in Rural Rajasthan](#)”. *American Economic Review*, Volume 94, Number 2, pp. 326-330.
- CHKMR** Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan and F. Halsey Rogers (2006), “[Missing in Action: Teacher and Health Worker Absence in Developing Countries](#)”. *The Journal of Economic Perspectives*, Volume 20, Number 1, pp. 91-116.
- DHR** Duflo, Esther, Rema Hanna and Stephen P. Ryan (2012), “[Incentives Work: Getting Teachers to Come to School](#)”. *American Economic Review*, Volume 102, Number 4, pp. 1241-1278.
- R** †Ray, Debraj (1998), *Development Economics*. Princeton: Princeton University Press. (Chapters 6, 8, 11, 12 and 14.)
- TL** †Taylor, J. Edward and Travis J. Lybbert (2015), *Essentials of Development Economics*, University of California Press. (Chapters 6 and 12.)
- U** Udry, Christopher (1990), “[Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy](#)”. *The World Bank Economic Review*, Volume 4, Number 3, pp. 251-269.

Please contact the TA if you have trouble locating any of the reading material.

## Learning environment

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### Meetings/Lessons

We will meet twice a week during the lecture slot. The tutorial slot will generally not be used, but may be used if I am unable to hold a scheduled lecture due to unforeseen circumstances. Classes will mainly be in lecture format (with hopefully plenty of student discussion), but there will be student presentations as well.

### Groups

- All students must sort themselves into groups of 3-4 members each. (*Groups smaller than 3 are discouraged; groups larger than 4 are not allowed.*)
- Each group will together work on one self-study topic and make two presentations to the rest of the class.
- Please finalise your group by **Friday, September 20** and submit the information to me in class (on index cards I will hand out ahead of time).
- On this index card also list **two** self-study topics that you would like to work on. Select the topics from the list provided on Canvas (further detail below). We will then assign one topic to each group, with no overlap across groups.

### Participation

I welcome, and do my best to encourage, class participation. At any time, please feel free to interrupt me to ask questions or make comments. I will also ask questions and expect you to answer. Please do not worry about whether your answer is “correct” or “incorrect”. Often what is incorrect according to a particular viewpoint is correct according to another viewpoint. The questions are not meant to test you. Instead, I am interested in finding out what you think and why you think it, and then we can build the discussion from there.

### Policy on Mobile Devices

I think of our lectures as a conversation. This means that both sides need to engage. It hurts my feelings if I am talking to people but they are looking at their phones or computers instead of looking back at me. If you need to check or send an urgent message, or even talk to someone on the phone, please step out of the class to do this, and then return when you are once again able to pay attention to our discussion.

## Assessment scheme

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### **Class Participation & Quiz about Writing Guidelines 7% (CILO 10)**

Your class participation score will depend on how often you raised questions, answered questions or made comments. Students who participate more actively will get more marks. *Attendance and participation are not the same thing*, although of course one is a necessary condition for the other!

You will also answer a short online quiz on guidelines about plagiarism and citation. The deadline for answering this quiz is Friday September 20. The quiz contributes 2% to your final score. Students must answer at least 75% of questions correctly to get this credit.

### **Open-book Online Quizzes 28% (CILOs 1-8)**

- There will be two open-book online quizzes. The quiz questions will be posted on Canvas, and you will have 1 week to submit your answers online. In the following lesson we will discuss the answers. The quizzes will be graded and returned to you.
- The quiz questions will be based on the material covered until the class before the quiz (but not the material covered in the previous quiz, if any).

### **Group Self-study 30% (CILOs 1-9)**

Development economists have studied a very large number of topics, and one semester is not long enough to touch on all of these. The group self-study requirement allows you to study a particular topic in greater detail.

- Guidelines about the group self-study are in the Group Self-Study document document on Canvas.
- Your group must select two topics from the list in the Group Self-Study document on Canvas. Please list the topics on the index card with your group information and submit by Friday September 20 (see above).
- Group information and topics are due on **Friday, September 20**. We will inform you of your group's topic by **Monday September 23**. Presentation 1 will be held during **October 11-14**, and Presentation 2 will be during **November 22-25**.
- **All students are expected to attend on all presentation days**, and to thoughtfully engage with the presentation and provide feedback to the presenters.

### **Final Exam/Closed-book Quiz 35% (CILOs 1-6, 10)**

The final exam will be held on the date fixed by the Registrar's office. Please refer to the final examination timetable posted by the [Academic Records and Registration Office](#). *Please note: The final exam will be closed-book. It will cover Credit Markets and onward, until the end of the course.*

## **ECON 4670: Economics Research and Communication**

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This course does *not* automatically help you pass ECON 4670. If you would like to write an ECON 4670 paper related to your group self-study, you must take that self-study as a starting point, and individually do additional research. You will then have to write a paper and submit that to me by mid-January 2020. Each paper must be individually written. Please contact me for further details.

### **Academic honesty**

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Academic dishonesty is immoral and unfair, and I take a very serious view of it. You must be aware of [HKUST's policy on academic integrity](#), and abide by its provisions. I will report all cases of suspected misconduct to the Dean's Office, and their decision will be final and binding.

Please be especially careful not to plagiarize. Many students plagiarize without realizing what they are doing. [This](#) document published by The Writing Center at University of North Carolina at Chapel Hill provides a very nice overview of plagiarism and how to avoid it. If we detect plagiarism on written assignments we will penalise it.

**Course schedule<sup>a</sup>**

Class	Date	Topics	Reading	Due
L1-2	Sep 2-6	Human Well-being & Development	TL Ch. 6	
L3-L6	Sep 9-20	Poverty & Inequality	R Ch.8, Ch. 6	Submit group information 20/9
L7	Sep 23		Post-Quiz Discussion, Market Imperfections	Quiz 1 due 23/9
L8	Sep 27	Market Imperfections	R Ch.11	
L9-10	Sep 30-Oct 4	Land Markets	R Ch. 12	
L11-12	Oct 11*-14*		Student Presentations 1	
L13-L16	Oct 18-28	Credit Markets	R Ch.14	
L17-19	Nov 1-8	Microcredit	AM	
L18	Nov 4		Post-Quiz Discussion, Microcredit	Quiz 2 due 4/11
L20	Nov 11	Surprise!	U	
L21-22	Nov 15-18	Education & Health	CHMKR, DHR, BDD	
L23-L24	Nov 22*-25*		Student Presentations 2	
L26	Nov 29	Wrap-up		
-	Dec ?		Final Exam/Closed-book Quiz	

<sup>a</sup>All students are expected to attend on dates marked with a star (\*). Topics and/or readings may change. Check the [course website](#) for updates.