

**Fall 2005
Economics 541**

Economic Development

Mr. Nugent

Meeting Time: T, Th 8-9:50

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Office Hours: T, Th 10-12 W and by appointment

Special Note: Attendance at (although not necessarily enrollment in) the various Development Seminars is highly recommended not only this semester but throughout each student's career at USC. These seminars are held on Wednesday afternoons 4-5:30 PM in KAP 319, with some exceptions. A wide variety of topics will be treated, representing excellent opportunities for students to become familiar with many issues and techniques at the frontiers of the field and to meet and hear important professionals from outside the university and in some cases from outside of Economics. USC PhD students are expected to present their work in at least one such seminar during their career. Copies of the papers to be presented are normally available a few days in advance in the basket marked DEVELOPMENT on the cabinets beside the mailboxes in KAP 300A as well as on-line. Of special relevance are the seminars on Aug 31, Sept 28, Nov. 30.

***Every student that I have not had in class before is requested to meet with me during the first two weeks as a personal introduction.**

Please note that circumstances may arise requiring some adjustment in the syllabus during the semester.

I. Purposes: (1) To familiarize the student with the main theoretical perspectives on the problems of developing or less developed countries (LDCs);

(2) To introduce the student to a wide variety of problems and paradoxes in development; some readings are the classics dating back to the 1950s while others are very current.

(3) To familiarize the student with some of the most important contributions to the field and which help distinguish this field from others in economics and political economy; this includes structure, equilibrium traps, linkages, power relations, informality.

(4) To give the student experience in critical evaluation of the assumptions, modeling, empirical evidence and the validity of the policy and other recommendations derived from existing theories and models.

(5) To get the student started on doing original research in the field by solving existing puzzles and paradoxes, critiquing and modifying existing models, identifying ways to obtain more relevant empirical evidence, developing new models and deriving new policy implications.

(6) To identify some new issues that are thus far relatively under-explored.

II. Subject Matter and the Relation of this Course to Others

Since the Department offers a variety of different courses in the field of Development Economics/Political Economy, Econ 523 History and Development; 639 Political Economy of Institutions; 644 Economic Development Programming and Policy Planning, this course deliberately gives only minimal attention to the topics covered in depth in those courses. As such, its focus is on the microeconomics of development, but including institutional and structural issues.

III. Background: Given the considerable interest in this subject by students outside of Economics, the minimal prerequisites for this course are deliberately limited to only Econ 303 or its equivalent. Naturally, the tools of graduate microeconomics Econ 500 or 503 are highly desirable. Some experience in econometrics or empirical analysis is also essential since on most topics considered special attention is given to empirical studies. However, to cater to the students without such background, class discussion and many of the readings will be non-mathematical. Inevitably of course, some of the readings contain sections involving algebraic formulations and the use of calculus. All students are required to at least get the gist of what is being done in these manipulations even if they cannot do it themselves.

Students with strong theoretical and empirical tools are strongly encouraged to (and indeed are expected to) attempt applications of these tools when and where they feel they are

relevant. Students are encouraged to share their experience in or on developing countries with the rest of the class when that experience seems relevant to the issues and articles under discussion.

IV. Standards, Course Requirements and Grades:

(1) Grading in this course is generally from A to C or C-. (2) The work load in the class is quite heavy and hence students are discouraged from taking more than two other graduate level courses in Economics. (3) **No requests for INCOMPLETE** at the end of the class will be considered unless strictly justified for emergency health reasons. (4) In so far as possible, the student should read the assigned material prior to or immediately after the date at which it is dealt with in the class indicated in this syllabus unless otherwise specified. Students will take turns serving as discussants and/or presenters of these papers. (5) In writing papers, students should be careful to attribute to others the data, ideas, etc. taken from them by providing detailed references so as to avoid any suspicion of plagiarism and make it easy for anyone reading the paper to quickly locate the reference. In so far as possible data should be obtained from standard international or standard sources, not from blogs etc. Every paper should attempt to have an introduction, brief review of relevant literature, a theoretical model, and empirical or at least anecdotal evidence. (6) Class Participation is an important part of the course and will consist of attendance, questions both asked and answered, and the quality of assigned paper or report presentations. Students are expected to be prepared for class and to intervene when relevant and to make reports and presentations when asked. (7) Overall weights in final grade: Class participation including class presentations (**10%**), 3 Short Papers (**15% each**) with 12 page maximum for the text part (not including tables, figures) double spaced. Term Paper (**25%**), and Final Exam (**20%**). The exam will be based on starred readings (*) and class discussion (which includes (**)) items that will be presented orally.

V. Schedule of Due Dates

Paper 1: September 20 8AM

Paper 2: October 11 8AM

Paper 3: November 8 8AM

Term Paper: December 1 8AM

Final Exam December 13 8-10AM

All papers should be typed via a word processor. **Double spaced and delivered in hard copy at the time designated.**

VI. Alternative Short Paper Topics as well as for Term Papers:

Paper 1:

- a. Slavery in Africa. Explain when and where slavery existed in Africa (or in a part of Africa). Be sure to distinguish it from other similar kinds of institutions. For at least one specific area, why did it appear and subsequently disappear? What were the short-run and long-run effects in the area you focus on? Was it profitable? If so, to whom? Was there anything voluntary about the people brought into slavery? How was the market organized?
- b. Explain and provide evidence for that explanation why land sales and/or rental markets are underdeveloped in the rural areas of a particular country or region. (Especially useful: de Janvry et al 2001).
- c. Describe briefly, derive policy implications of and critique one empirical attempt to test for a development trap in a developing country. Does it exist? And how do you know? In that context what would you recommend to get out of the trap?

Paper 2:

a.. Compare a model with one incomplete factor market with one with two incomplete markets as well as with no incomplete markets. What different implications can you derive? (Do not consider the same incomplete market as in Bardhan and Udry). Explain how you might test which model is the most appropriate.

- b. Explain with reference to actual experience why crop insurance is totally or partially not available in a developing country of your choice. Cite attempts to develop it.
- c. Use two or more case studies (other than Taiwan and Philippines) to identify conditions under which agricultural exports can lead to rapid growth and industrialization
- d. Conduct a Comparative Analysis of at least two Different Agricultural Cooperatives, Marketing Boards, or Growers Associations, Examine the extent to which participation is and should be compulsory. Identify the externalities involved. What explains differences in their success in dealing with these externalities?
- e. Examine the extent of land registration over time in at least two countries. Explain the patterns and Differences. Look for “Rural Development Studies” of World Bank for Example that of El Salvador 1998. Brian Trackman, William Fisher and Luis Salas 1999 The Reform of Property Registration Systems in Costa Rica: A Status Report” Harvard Institute of International Development
- f. Produce comprehensive cross country and over time data on land ownership inequality (Land Ginis) and explain either the determinants thereof or the effects thereof.

Paper 3:

- a. Find historical statistics on an emerging stock market (or any stock market in a developing country). Identify relevant rules under which the market has operated over time and possible changes therein. What are the institutional constraints on the development of this market? What policy recommendations would you make to limit these constraints and why? (Useful reference: Peter Blair Henry Do Stock Market Liberalizations Case Investment Booms? (check his website at Stanford Business School)
- b. Using de Soto’s *The Mystery of Capital* and some of the work by Libecap, e.g., Libecap 1978 as background, compare the institutions that have emerged historically in the mining sector of an LDC of your choice with the comparable ones for the U.S.. Give greater priority to a highly valued type of product like diamonds, gold, silver, etc. as opposed to iron ore, bauxite. What explains the differences and what are the effects? What social and economic problems seem to be associated with mining? Do you agree that the fundamental differences are because of the way property rights have evolved?
- c. For any kind of risk reduction mechanism, institution or market, compare the way that institution has developed in a developing country with that in a developed country. What lessons from experience in the one context can be drawn for the other?
- d. Culture, diet and attitudes may shape expectations, tendency to cooperate, save and invest, bear risk. Discuss measurement problems. Develop a hypothesis of how such differences may have arisen and how they might explain different historical trajectories in different societies, e.g., countries or groups within countries. Offer at least anecdotal evidence for or against your hypothesis. Write a research proposal about what you might do to accomplish a more adequate test of your hypothesis. Read Bryan Caplan’s “Stigler-Becker vs Myers-Briggs” as well as Chapter 2 in Y&N and some of the references therein and Platteau Ch 5-7.
- e. What effects are the bio-tech revolution and patenting of crop varieties having on LDC agriculture? Analyze the benefits and costs of alternative strategies that LDCs may take in dealing with these problems.
- f. Trace the history of court system in one or more developing countries. Find indicators of the efficiency of the judicial system over time and evidence of their influence on economic activity. Which sectors and types of agents are most affected?
- g. What explains variations across countries and over time in Deforestation? E.g.,

Why is Haiti so Deforested Relative to Dominican Republic? (Kenneth Evan Sharpe Peasant Politics: Struggle in a Dominican Village Johns Hopkins Press 1977)

h. Are there positive or negative spillovers from Private Foreign Direct Investment? Analyze a case study, critique the methodology and its findings. What biases are possible in the study?

VII. Class Schedule Note: * indicates required reading, ** article for class presentation

1. The Concept of Development and Its Implications for Well-being, Happiness

*A.K. Sen "The Concept of Development", *HDE*, Ch1

AK Sen Inequality Reexamined Harvard, Russell Sage 1992 Ch 1-4.

R.A. Easterlin " Does Economic Growth Improve the Human Lot? Some Empirical Evidence in Nations and Households" in *Economic Growth: Essays in*

R.A. Easterlin "Why Isn't the Whole World Developed?" Ch. 5, and Does Satisfying Material Needs Increase Human Happiness? Ch 10 in R.E. Easterlin *Growth Triumphant: The Twenty-first Century in Historical Perspective*. U. Michigan Press 1996.

R.A. Easterlin 2001 "Income and Happiness: Towards a Unified Theory", *Economic Journal* July

R.A. Easterlin 2000. Life Cycle Welfare: Trends and Differences *Journal of Happiness Studies* 2, 1-12.

2. Some Methodological Issues in Development

a. Equilibrium or Disequilibrium

Nugent and Yotopoulos "What Has Orthodox Development Economics Learned from Recent Experience?" *WD* 7 1979, 541-554

b. Operational Problems and Hypothesis Testing

YN Ch 2,3

3. Some General Theories and Strategies of Development Economics

The Dual Economy Model and Labor Surplus

*A. Lewis Economic Development with Unlimited Supplies of Labor" *The Manchester School* reprinted in AS

*J.C.H. Fei and G. Ranis "A Theory of Economic Development" *AER* 61 (Sept. 1961), 533-564
Comment, Reply Sept 1971

D. Jorgenson, Testing Alternative Theories of the Development of a Dual Economy" in I. Adelman and E. Thorbecke *The Theory and Design of Economic Development* or similar paper

**Eswaran and A. Kotwal "A Theory of Real Wage Growth in LDCs", *JDE* 42 (Dec 1993), 243-270.

4. Traps: Theories of Low Level Equilibrium Traps and Strategies to Get Out of Them

Leibenstein, Nurkse, Hirschman, Geshenkron, Boeke and Mydal,

Multiple Equilibria and Game Theory Coordination Problems, Interlocked Technology and Externalities

R. Nurkse 1953. Problems of Capital Formation in Underdeveloped Countries

*Albert Hirschman 1958. *The Strategy of Economic Development*. New Haven: Yale U. Press. ®, Ch. 5,6

Harvey Leibenstein 1957. *Economic Backwardness and Economic Growth*. New York: John Wiley.

Harvey Leibenstein 1978. *General X-Efficiency Theory and Economic Development*. New York: Oxford. ®

Some Relevant Games for Use in Traps and other issues

**Murphy, Shleifer and Vishny "Industrialization and the Big Push" *JPE* 97, 1003-1026.
reprinted in MR, Ch 1.

** Present and Comment on an Example of an Empirical Examination of a Development Trap at the Micro Level

**Hansen and Libecap 2004. "Small Farms, Externalities, and the Dust Bowl of the 1930s" *JPE*, 112 (3), 665-694

Azariadis and Drazen, 1990 "Threshold Externalities in Economic Development" *QJE* 105, 501-526.

Azariadis and Stachurski 2004, Poverty Traps University of Melbourne

Baland and Francois 1996 Innovation, Monopolies and the Poverty Trap, *JDE* 49, 151-178.

5. Important Analytics for Household and Factor Demand Analysis

*Bardhan and Udry, Ch. 1-3

J. Strauss and D. Thomas "Human Resources: Empirical Modelling of Household and Family Decisions, *HDE* v. 3A p 1883-2023 ®

D. Benjamin 1992. Household Composition, Labor Markets and Labor Demand: Testing for Separation in Agricultural Household Models" *Econometrica* 60 (March), 287-322.

6.a Labor Markets and Migration

Bardhan and Udry, Ch 4,5

Ray, Ch. 10

* J.R. Harris and M. Todaro "Migration, Unemployment and Development: A Two-Sector Analysis" *AER* 60 (March 1970) 126-142.

J.G. Williamson "Migration and Urbanization" *HDE* Ch 11, 425-465.

M.R. Rosenzweig "Labor Markets in Low-Income Countries" *HDE*, Ch. 15 714-762.

6b. Property Rights in Man: Slavery and Encomiendas

** E.D. Domar "The Causes of Slavery or Serfdom: A Hypothesis" *Journal of Economic History* v. 30, no. 1, 1970, 18-32

C. Meillasoux 1991. *The Anthropology of Slavery: The Womb of Iron and Gold*. Chicago: University of Chicago Press. ®

J. Blum 1977 *The End of the Old Order in Rural Europe*. Princeton. Princeton University Press.

James Searing 1993. *West African Slavery and Atlantic Commerce, the Senegal River Valley, 1700-1860*. ®

S. Engerman 1973 Some Considerations Relating to Property Rights in Man", *JEH* 33 (March) 43-65.

Fogel and Engerman 1974. *Time on the Cross: The Economics of American Negro Slavery*. Boston: Little, Brown

Michael Bush 1996. *Serfdom and Slavery : Studies in Human Bondage* London: Longman
Conrad and Meyer: *The Economics of Slavery and Other Studies in Economic History* Aldine: Chicago 1964

E. Domar and M. Machina 1984 On the Profitability of Russian Serfdom *JEH* 44 (4) 919-955.

Peter Kolchin 1987 *Unfree Labor: American Slavery and Russian Serfdom*. Cambridge: Harvard U Press.

Maurice Bloch 1980. *Modes of Production and Slavery in Madagascar: Two Case Studies*" *Asian and African Systems of Slavery*. Berkeley: U of California Press.

Peter Hogg 1973 *The African Slave Trade and its Suppression* London: Frank Cass

P. Manning 1990. *Slavery and African Life* Cambridge U. Press.

Robert Thomas and Richard Bean 1974. The Fishers of Men: The Profits of the Slave Trade", *Journal of Economic History* 34 (December)

Robin Law 1991 *The Slave Coast of West Africa: 1550-1750*. Oxford Clarendon Press.

Joseph Inikori 1981. Market Structure and the Profits of the British African Trade in the Late Eighteenth Century, *Journal of Economic History* 41 (December)

Tom Brass *Towards a Comparative Political Economy of Unfree Labor*

Joseph Inikori 1982 *Forced Migration: The Impact of the Export Slave Trade on African Societies*. NY: Africana Pub. Co.

Joseph Inikori 1992 *Slavery and Atlantic Commerce 1650-1800* AER 82 (May)

Philip Curtin *Economic Change in Precolonial Africa: Senegambia in the Era of the Slave Trade* Madison: U of Wisconsin Press.

Philip Curtin 1998 *The Rise and Fall of the Plantation Complex* Cambridge University Press.

Gemery and Hogendorn 1979 *The Uncommon Market: Essays in Economic History of the Atlantic Slave Trade* Academic Press

Rondo Cameron 1997 *A Concise Economic History of the World from Paleolithic Times to the Present* Oxford U Press 3rd Edition.

Nathan Nunn 2005) "Slavery, Institutional Development and Long-Run Growth in Africa: 1400-2000"

Nathan Nunn 2005 "Historical Legacies: A Model Linking Africa's Past to its Current Underdevelopment"

Robert Fogel and Stanley Engerman 1974. *Time on the Cross: The Economics of American Negro Slavery*. Boston, Little Brown

Fogel and Engerman 1989 *Without Consent or Contract: The Rise and Fall of American Slavery*. Norton.

7. Female and Child Labor Force Participation and Fertility, Security and Remittances

C. Goldin 1995 "The U-shaped Female Labor Force Function in Economic Development and Economic History" in T. Paul Schultz, ed., *Investment in Women's Human Capital*, Chicago: U. of Chicago Press, 61-90.

J-M Baland, Jean Dreze and Luc Leruth *Daily Wages and Piece Rates in Agrarian Economies*, JDE 59 (2) 1999 445-461.

Cheung, Steven "The Enforcement of Property Rights in Children and the Marriage Contract" *Economic Journal* 82 (June 1972), 641-657.

J.B. Nugent, "The Old Age Security Motive for Fertility", *PDR* 11 (March 1985)

R.E.B. Lucas and O. Stark, "Motivations to Remit: Evidence from Botswana", *JPE* 1985

Butler and Horowitz *Labor Supply and Wages among Nuclear and Extended Households: The Suranamese Experiment*

**Kaushik Basu and P.H. Van 1998 *The Economics of Child Labor*, *American Economic Review* 88

8. Transaction Costs and Contractual Issues, Labor Markets and Regulation

*Bardhan and Udry Ch. 6

Ray, Ch. 11, 12

Sadoulet and de Janvry Ch 9

Sadoulet, deJanvry and C. Benjamin, *Labor Market Imperfections and Selective Separability in Household Models: A Predictive Typology of Mexican Ejidatarios*"

**Foster and Rosenzweig 1994: *A test for Moral Hazard in the Labor Market; Contractual Arrangements, Effort and Health*" RE Stat and reprinted in BUR ch 6

**Binswanger and Rosenzweig 1986. *Behavioral and Material Determinants of Production Relations in Agriculture*, JDS, 22, 503-539.

**Besley and Burgess "Can Labor Regulation Hinder Economic Performance? Evidence from India" QJE 119 2004, 91-134.

**M. Rama "Organized Labor and the Political Economy of Product Market Distortions" *World Bank Economic Review* 1997

**Heckman and Pages 2000 *The Cost of Job Security Regulation: Evidence from Latin American Markets*, NBER paper 7773.

Campos, Hsiao, and Nugent in Process

9. The Sharecropping Controversy

- ** Alston, Datta and Nugent "Tenancy Choice in a Competitive Framework with Transaction Costs" *JPE* 92 (1984) 1121-1133.
- Eswaran and Kotwal "A Theory of Contractual Structure in Agriculture" *AER* 75 (March 1985) 352-368.
- J-P Platteau and J.B. Nugent "Contractual Relationships and their Rationale in Marine Fishing" *JDS*
- *Radwan Shaban 1987 Testing between Competing Models of Sharecropping *JPE* and reprinted Ch 4 in *BUR*
- J. Stiglitz "Economic Organization, Information and Development" *HDE*, Ch. 5
- Karla Hoff, "Land Taxes, Output Taxes and Sharecropping: Was Henry George Right?" and Jonathan Skinner, "If Agricultural Land Taxation is so Efficient, Why Is It So Rarely Used?" in Hoff, Braverman and Stiglitz,
- Datta and Nugent 1989, ch2 in Nabli and Nugent, eds.
- S. Bhattacharyya and Francine Lafontaine 1995 "Double-Sided Moral Hazard and the Nature of Share Contracts" *RAND Journal* 26, (Winter) 761-781.
- **C. Hsiao, J. Nugent, Perrigne and Qiu, 1997. "Shares vs. Residual Claimant Contracts: The Case of Chinese TVEs" *JCE*

10. Transaction Costs, Property Rights, the Land Market, Land Inequality

- Grossman and Hart 1986 "Ownership" *JPE*.
- Kenneth Binmore Game Theory and the Social Contract 1994
- Robert Sugden The Economics of Rights Cooperation and Welfare 1986, 2004.
- **Hernando de Soto The Mystery of Capital 2000 Ch 5,6
- Paige, Jeffery M. 1997. Coffee and Power: Revolution and the Rise of Democracy in Central America. Harvard University Press
- Browning, David 1971. El Salvador: Landscape and Society. Oxford
- Nugent and Robinson "Are Endowments Fate?"
- Nugent and Saddi When and How Do Land Rights Become Effective? Historical Evidence from Brazil
- Gary Libecap 1978. Economic Variables and the Development of the Law; The Case of Western Mineral Rights *JEH*, 38, 2, reprinted in Alston, Eggertsson and North, eds. Empirical Studies in Institutional Change,
- Gary Libecap 1978. The Evolution of Private Mineral Rights: Nevada's Comstock Lode. New York: Arno Press.
- Gary Libecap 1989. Contracting for Property Rights Cambridge: Cambridge U. Press.
- John McIntire "Markets and Contracts in Agricultural Pastoralism" in Hoff, Braverman and Stiglitz
- Shem Migot-Adholla, Peter B. Hazell, Benoit Blarel and Frank Place Indigenous Land Rights Systems in SubSahara Africa: A Constraint on Productivity? Ch 14 in Hoff, Braverman and Stiglitz
- Hoff "Designing Land Policies: An Overview" Ch 11 in Hoff, Braverman and Stiglitz Basu Ch 11,12
- O. Williamson 1985. *The Economic Institutions of Capitalism*. Free Press ®
- H.P. Binswanger, Klaus Deininger and Gershon Feder Power, Distortions, Revolt and Reform in Agricultural Land Relations, *HDE* v 3B ch 42, 2659-2772
- Nugent and Sanchez, "The Efficiency of the Mesta Reconsidered: A Parable" *Explorations in Economic History* 26 (1989),261-184.
- **Nugent and Sanchez, "Tribes, Chiefs and Transhumance" *EDCC*.

*T. Besley 1995 Property Rights and Investment Incentives: Theory and Evidence from Ghana JPE 103, 903-937. Reprinted in BUR Ch 12.

H. Grossman 2001 The Creation of Effective Property Rights AER May 347-352.

R. Barrows, Michael Carter, Don Kanel and Michael Roth "Land Ownership Security and Farm Investment: Comment" American Journal of Agricultural Economics 71, 75-100.

11. Credit Markets"

*Beatriz Armendariz de Aghion and Jonathan Morduch 2005. Economics of Microfinance Cambridge: MIT Press, Ch 1,2

Bardhan and Udry Ch 7, 9

**Rosenzweig and Wolpin 1993, Credit Market Constraints, Consumption Smoothing and the Accumulation of Durable Production Assets in Low Income Countries: Investments in Bullocks in India, JPE 101, 223-244. Reprinted in BUR Ch 8.

Ross Levine 1997 Financial Development and Economic Growth: Views and Agenda" JEL 35 (June) 688-726.

Ray Ch. 14

P. Bardhan, "Interlocking Factor Markets and Agrarian Development: A Review of Issues," OEP (March 1980).

A. Bhaduri "A Study in Agricultural Backwardness under Semi-Feudalism", EJ (March 1973), Comment by T.N. Srinivasan EJ June 1979.

D. Adams and D. Graham "A Critique of Traditional Agricultural Credit Projects and Policies," JDE (1981).

Basu, Ch. 13

Lawrence H. White, "Money and Capital in Economic Development: A Retrospective Assessment," in S.H. Hanke and A.A. Walters eds., *Capital Markets and Development*. San Francisco : ICS Press, Ch. 4.

J.D. Von Pischke *Finance at the Frontier*. Washington, D.C.: World Bank Economic Development Institute 1991, Ch. 4-10.

M.R. Carter "Equilibrium Credit Rationing of Small Farm Agriculture," JDE 28 (February, 1988), 83-103.

Dasgupta Ch 9

Clive Bell, Credit Markets and Interlinked Transactions", HDE, Ch 16

Timothy Besley 1996. "Savings, Credit and Insurance" Ch. 36 in HDE V 3A

*Rafael La Porta, Florencio Lopez-de-Silanes, Andre Shleifer and Robert Vishny 1998, "Law and Finance", *Journal of Political Economy* 106 (6), 1113-1155

<http://www.jstor.org/view/00223808/di000006/00p0044u/0?currentResult=00223808%2bdi000006%2b00p0044u%2b0%2c01%2b19981200%2b9995%2b80018799&searchID=cc993341.10612512640&frame=noname&sortOrder=SCORE&userID=807db963@usc.edu/01cc9933410050e192c2&dpi=3&viewContent=Article&config=jstor>

Peter Blair Henry Do Stock Market Liberalizations Cause Investment Booms? Research paper 1504R Stanford Business School. Or Journal of Financial Economics

12. Informal Credit Markets and Institutions

*Beatriz Armendariz de Aghion and Jonathan Morduch Economics of Microfinance Cambridge: MIT Press 2005, Ch 3

Maria Floro and Debraj Ray 1997 "Vertical Links between Formal and Informal Financial Institutions" *Review of Development Economics* 1 (1) 34-56.

**Besley, Coate and Loury 1993 "The Economics of Rotating Savings and Credit Associations" American Economic Review 83, 792-810, reprinted in MR ch 15.

Maitreesh Ghatak 1999. Group Lending, Local Information and Peer Selection" *Journal of Development Economics* 60 (1),

Besley and Coate 1995 Group Lending, Repayment Incentives, and Social Collateral *Journal of Development Economics* 46, (1), 1-18.

**Bruce Wydick 1999. Can Social Cohesion be Harnessed to Repair Market Failures? Evidence from Group Lending in Guatemala” *Economic Journal* 109, 463-475. 2001.
 Stiglitz “Peer Monitoring and Credit Markets” Ch 4 in Hoff, Braverman and Stiglitz
 Chris Udry "Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy Ch5 in Hoff, Braverman and Stiglitz See also Ch 6,7
 S. Jain “Symbiosis vs. Crowding Out: The Interaction of Formal and Informal Credit Markets in Developing Countries” *JDE* 59 (1999), 414-444.
 Ransom, R. L. and R. Sutch (1987). “Tontine Insurance and the Armstrong Commission: A Case of Stifled Innovation in the American Life Insurance Industry.” *Journal of Economic History* (June 1987):379-390.
 T.W. Guinnane “A Failed Institutional Transplant: Raiffeisen’s Credit Cooperatives in Ireland, 1894-1914” *Explorations in Economic History* January 1994
 **M. Ghatak and Tim Guinnane 1999. The Economics of Lending with Joint Liability; Theory and Practice *JDE* 60, 1-34. Reprinted in MR Ch. 16.
 Adams and von Pischke 1992. Microenterprise Credit Programs: Déjà vu” *World Development* 20 (10) 1463-1470.

13. Risk , Insurance and Adjustment Mechanisms

Beatriz Armendariz de Aghion and Jonathan Morduch *Economics of Microfinance* Cambridge: MIT Press 2005, Ch 6.
 James Scott *The Moral Economy of the Peasant* 1976
 Samuel Popkin *The Rational Peasant* 1979
 **Stephen Coate and Martin Ravallion 1993 Reciprocity without commitment: Characterization and Performance of Informal Insurance Arrangements , *JDE* 40 , 1-24. Reprinted in MR ch 14
 **Marcel Fafchamps 1992 Solidarity Networks in Pre-Industrial Societies: Rational Peasants with a Moral Economy, *EDCC* 41 (1), 147-174.
 Bardhan and Udry Ch 8
 * Ray Ch 15
 Sadoulet and de Janvry Ch 4-6
 D.M. Newbery, "Agricultural Institutions for Insurance and Stabilization" Ch. 14 in Bardhan, ed. H. Binswanger, K. Deininger, and G. Feder "Power, Distortions, Revolt and Reform in Agriculture and Land Relations Ch 42 in *HDE* v3B
 *Robert M. Townsend 1994 Risk and Insurance in Village India *Econometrica* 62, 539-591, Reprinted in BUR Ch. 9
 Nugent and Sanchez: 1999“The Local Variability of Rainfall and Tribal Institutions: The Case of Sudan” *Journal of Behavior and Organization*,
 S. Dercon 1998 “Wealth, Risk and Activity Choice: Cattle in Western Tanzania” *JDE* 55 (feb), 1-42.
 Ethan Ligon 1998. “Risk Sharing and Information in Village Economies *REStudies* 65, 847-864. Basu Ch14
 Bromley and Chavas 1989 On Risk, Transactions and Economic Development in the Semi-arid Tropics, *EDCC* 719-736.
 Kochar, 1999. Smoothing Consumption by Smoothing Income: Hours of Work Responses to Idiosyncratic Agricultural Shocks in Rural India, *Review of Economics and Statistics* 81, 50-61.
 Kochar 1995 “Explaining Household Vulnerability to Idiosyncratic Income Shocks, *AER* 85 (2) 159-164.
 J. Morduch Income Smoothing and Consumption Smoothing, *Journal of Economic Perspectives* 9 (3) 103-114.
 E. Rose, 2001. Ex Ante and Ex post Labor Supply Response to Risk in a Low-Income Area, *JDE* 64 371-388.
 P. Maitra 2001. Is Consumption Smooth at the Cost of Volatile Leisure? An Investigation of Rural India, *Applied Economics* 33, 727-734.

14. Agriculture: Efficiency, Stages of Growth, Role, Transformation, Linkages, Size of Farm and Land Reform

A. de Janvry, G. Gordillo, J-P Platteau and E. Sadoulet 2001 *Access to Land, Rural Poverty and Public Action*. Oxford

Gershon Feder 1985 "The Relation between Farm Size and Farm Productivity: The Role of Family Labor, Supervision and Credit Constraints, *JDE* 18 ((August), 197-314.

*A. Hirschman "A Generalized Linkage Approach to Development with Special Reference to Staples" *EDCC* 25 (1977)

YN Ch 4-6, 8, 15

C.P.Timmer "The Agricultural Transformation" *HDE* Ch 8, 275-331.

Basu Ch 6,7

W. Owen, "The Double Developmental Squeeze on Agriculture" *AER* 56 (March 1966) 43-70. Basu, Ch. 8-11

P. Bardhan, ed. *The Economic Theory of Agrarian Institutions*, esp. Ch 2,4,5,6, and 18

M. Kevane (1996) 'Agrarian Structure and Agrarian Practice: Typology and Application to Western Sudan' *AJAE* 78 (1) 236-245.

Michael Carter and Dina Mesbah 1993 "State Mandated and Market-Mediated Land Reform in Latin America" in M. Lipton and J. van der Gaag, eds., *Including the Poor*. Washington, D.C.: World Bank

Michael Carter 1984. Identification of the Inverse Relationship between Farm Size and Productivity: An Empirical Analysis of Peasant Agricultural Production. Oxford Economic Papers 36

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B. Journals

- AER American Economic Review
- AJAE American Journal of Agricultural Economics
- CMJE Cambridge Journal of Economics
- EDCC Economic Development and Cultural Change
- EJ Economic Journal
- EPW Economic and Political Weekly
- JDA Journal of Developing Areas
- JDE Journal of Development Economics
- JDS Journal of Development Studies
- JEL Journal of Economic Literature
- JME Journal of Monetary Economics
- JLE Journal of Law and Economics
- JPE Journal of Political Economy
- MS Manchester School
- OEP Oxford Economic Papers
- PDR Population and Development Review
- QJE Quarterly Journal of Economics
- REST Review of Economics and Statistics
- WBER World Bank Economic Review

WD World Development

JEP Journal of Economic Perspectives

C. Useful Websites and Data Sources:

Resources for economists on the internet at: <http://econwpa.wustl.edu/EconFAQ/EconFAQ.html>

Penn World Tables version 5.6 for 152 countries on 29 variables 1960-1992 NBER available

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The Interamerican Bank and The Asian Development Bank also have nice Web sites:

<http://www.iadb.org> and <http://www.asiandevbank.org>

UNDP web site <http://www.undp.org>

OECD:

<http://www.oecd.org/dac/Indicators/htm/list.htm>

<http://www.oecd.org/dac/Indicators/pdf/METHOD.PDF>

has all the info or the source for each indicator

<http://www.oecd.org/dac/Indicators/index.htm>

Hardcopy yearbooks available in VKC Library:

International Monetary Fund: Yearbook of Government Finance Statistics, Yearbook of

International Financial Statistics, International Financial Statistics (monthly), Annual Report on Exchange Restrictions,

United Nations, Yearbook of National Account Statistics

United Nations, Handbook of World Development Statistics (natl. accounts), United Nations

Development Programme, Human Development Report

UNIDO, UNCTAD, ILO, FAO and the regional commissions of the United Nations also put out yearbooks and data series of different types

World Bank: World Development Reports of various years. World Tables various years and on diskette; Social Development indicators. Available on-line via wwweb Economic Growth project via http://www.worldbank.org/htm1/prdmg/grthweb/growth_t.htm, World

Bank (devdata.worldbank.org/dataonline), World Development Indicators

Poverty Data from Xavier Sala-I-Martin The World Distribution of Income NBER 8933

Resources for economists on the internet at:

<http://econwpa.wustl.edu/EconFAQ/EconFAQ.html>

Penn World Tables version 5.6 for 152 countries on 29 variables 1960-1992 NBER available

through the University of Toronto as

<http://datacentre.epas.utoronto.ca:5680/pwt/pwt.html>

The Interamerican Bank and The Asian Development Bank also have nice Web sites:

<http://www.iadb.org> and <http://www.asiandevbank.org>

UNDP web site <http://www.undp.org>

International Monetary Fund: Yearbook of Government Finance Statistics, Yearbook of International Financial Statistics, International Financial Statistics (monthly), Annual Report on Exchange Restrictions,

United Nations, Yearbook of National Account Statistics

United Nations, Handbook of World Development Statistics (natl. accounts), United

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