ACM India: Development Studies and Hindi Language

Development Economics

Instructor: Ashish Kulkarni

Course Description:

India is a difficult country to analyse at the best of times, and its economy in particular perhaps even more so. A burgeoning, entrepreneurial middle class maintains increasingly tenuous links with a mostly agrarian rural populace in an era when India’s links to the global economy are increasing by the year. On the other hand, India continues to remain home to millions of people who barely manage to eke out a living, without sufficient access to meaningful education, basic healthcare or even the semblance of adequate infrastructure.

How will India manage the increasingly difficult task of addressing the issues of managing growth and reducing inequality at the same time? Will addressing either one of these concerns make addressing the other difficult? And if so, will the resultant imbalances result in internal tensions? Has the path India has travelled on over the last two decades, since the liberalization of the early 1990’s, provided indicators that will help answer this question? What conundrums will the coming years throw at this rapidly growing economy, and is India well placed to solve them?

This course will frame and answer these questions and more, over the course of the entire semester. The approach will be comparative, drawing upon the development experiences of other countries around the world. It will draw upon the academic literature associated with this field of study as well, although the discussions will be non-technical in nature.

The lectures will aim to be informative, and will be oriented towards learning by discussion. Plenty of case studies will be used, along with observable experiences drawn from life in and around Pune. Each class will have recommended as well as required reading, and discussions on subsequent classes will use previously issued readings as starting points. Most, if not all, of these readings will be available online.

The course requires no background in either mathematics or even preliminary courses in either micro- or macroeconomic theory. Concepts from these fields, as and when necessary, will be discussed in class itself.

There will be two assignments due during the course, while there will be a term paper due at the end of the semester. The term paper will be reflective in nature, and will require the student to draw upon his/her
learnings throughout the semester, while the individual assignments will be more specific, and therefore shorter in length as well.

Course Syllabus:

Session 1: An Introduction to Development Economics:
   a What is economics? Where does development economics fit in?
   b Why study development economics?
   c What does this course contain?
   d What would you want this course to contain?
   e What should you expect to know at the end of this course?

Required Reading/Viewing:
   a Partha Dasgupta: Economics, A Very Short Introduction, Introductory Chapter

Session 2: What does the world look like today from a comparative perspective? Why so, and what, if anything, can be done about it?
   a An overview of the World Development Indicators, and their use in building up a comparative picture of the global economy today.

Required Reading/Viewing:
   a WDI database, World Bank
   b A Hans Rosling talk at TED (Video will be shown in class as well, with a discussion to follow)

Session 3: The specifics of attempts to redress global imbalances
   a A look at the Millennium Development Goals: why where they created, how has their performance been so far, and what can be done next?

Required Reading/Viewing
   a An overview of the Millennium Development Goals, UNDP

Session 4, 5: Case Studies on Experiences in Developing Countries: Africa, Latin America
   a A discussion of comparative development experience in these regions

Required Reading/Viewing
   a Chapters 1, 2 and 3 of The End of Poverty: Economic Possibilities For Our Time, by Jeffrey Sachs

Session 6, 7: Case Studies on Experiences in Developing Countries: South Asia and South East Asia
   a A discussion of comparative development experience in these regions

Required Reading/Viewing
   a Sections of Breakout Nations, by Ruchir Sharma

Session 8, 9: Historical Overview of Development Theories:
Historical overview of the classic development theories put forth in the past 50 years. The key features of each theory are presented, along with a discussion of the major contributions and limitations of each theory. The main theories discussed are:

1. Lewis Model
2. Neoclassical Growth Theory
3. O-Ring Theory

**Required Reading/Viewing**

- Relevant Chapters from Todaro and Smith, or any standard development text

**Session 10, 11: A Discussion on Why Nations Fail**

This session takes up the question of why certain nations have flourished, both in the past and present, and why others have not. What are the potential factors that go into explaining why nations succeed – and why they don’t.

**Required Reading/Viewing**

- Relevant sections from Why Nations Fail, by Acemoglu and Robinson

**Session 12: Measuring and Reducing Poverty: Feb 26, 2014 Wednesday**

- Why is the construction of a poverty index such a contentious idea? Using the example of the Indian construction of the (rural and urban) poverty line, we try and understand why measuring poverty is such an intractable problem.

**Required Reading/Viewing**

- The Foster-Greer-Thorbecke formula (fairly elementary mathematics has been used, but will be discussed in class in plain non-mathematized English)
- Some food for thought with regards to poverty

**Session 13: Population and Its Challenges, Part 1 of 2:**

Does population depend upon the state of development of a nation? Does the growth rate, and absolute level of population affect both the current state of development of a nation, and the prospects of further development? What policy measures work when it comes to population, and do these change by stage of development. Key concepts taught in this session include:

- The dependency burden.
- The hidden momentum of population growth.
- The demographic transition.

**Session 14: Population And It’s Challenges, Part 2 of 2:**

The session discusses the related problems of urbanization and migration. Why is urbanization an inevitable phenomenon? Why might slums actually be a good thing? Are skyscrapers always undesirable? Key topics include:
a  Urbanization trends and projections
b  The role of cities and of the informal sector of the economy
c  Policy options for limiting rural-urban migration

Required Reading/Viewing
a  Relevant sections from Triumph of the City

Session 15: Human Capital: Mar 10, 2014 Monday
How does human capital affect (and get affected by) the development process? Does education matter, and how does one ensure quality education? A comparative approach between those followed by developed nations (Scandinavian nations in particular) and those followed by developing nations (China and India in particular) is used.

a  Trends in education and in health since 1970
b  Women and education

Required Reading/Viewing
a  An overview of PISA and ASER reports.

Session 16: Trade and the Development Process 1
The impact of international trade on development is examined in terms of the effects on growth, income distribution, poverty, and employment.
The major topics addressed include:

a  Encouraging open trade in developing nations: the impact of the culmination of the Doha round
b  Encouraging South-South trade and economic integration.

A brief discussion of the issues regarding capital flows, and balance of payments crises will also be a part of this session.

Required Reading/Viewing
a  Chapters 12, 13 of the recommended text

Session 17: The Big Questions in an Open Economy: Mar 14, 2014 Friday
This session moves away from examining international commodity trade and instead focuses on international monetary and macroeconomic issues. The major topics are:

a  Identifying recent trends in LDC balance of payments accounts
b  Understanding the causes and effects of the debt crisis
c  Evaluating the controversy about the IMF policy of macroeconomic stabilization

Required Reading/Viewing
a  Chapter 14 of the recommended text

Session 18: Climate Change and Development
a  How has climate change affected the global economy, and vice versa?
b How does one measure climate change, and its impacts?

c The continued relevance of the Kyoto protocol, and the difficulty of getting wide-ranging international agreement on what is to be done about climate change, and by whom.

Required Reading/Viewing

a Climate Change Report, World Bank (relevant sections)

Session 19: India under the microscope

This session examines the growth and development of India since independence, and the prospects for further growth over the coming years. An in-depth examination of the problems, advantages and associated nuances that India takes with her into the 21st century.

Required Reading/Viewing

a The Man in the Blue Turban, Michael Schuman (ed.)

Session 20: Wind-Up and Review

A session that reviews the entire course, and summarizes the entire course, along with follow-up questions.

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