Course title: Development Economics			
Course code: UEO 302	**No. of credits:** 4	**L-T-P:** 60-0-0	**Learning hours:** 60
Pre-requisite course code and title (if any): Introduction to Development Economics			
Department: Department Policy and Management Studies			
Course coordinator: Dr. Malvika Tyagi		**Course instructor:** Dr. Malvika Tyagi	
Contact details: malvika.tyagi@terisas.ac.in			
Course type: Core		**Course offered in:** Semester 6	

Course description:
Emphasizes conceptual and policy applications in industrialization & structural change, institutions and state capacity, dual economy and migration, classic industrialization models, industrial policy & learning, trade strategies, human development systems, conflict & violence, and environment–energy–climate linkages.

Course objectives:
1. Explain classic and modern industrialization ideas and development implications.
2. Contrast balanced vs unbalanced growth, different trade strategies, and state vs market roles.
3. Use diagrammatic/verbal models to reason about surplus labor, migration, externalities, and policy trade-offs.
4. Understand how conflict/violence and environmental constraints interact with development and industrialization pathways.

Course contents

Module	Topic	L	T	P
1	Recap of what development economics is; Measures, mechanisms of development and structural change, why industrialization matters; Institutions, state capacity, coordination failures	12		
2	Recap of Lewis surplus-labor model; Fei–Ranis refinement; turning point; Harris–Todaro; selected empirical studies	6		
3	Rosenstein-Rodan Big Push; indivisibilities, complementarities; Nurkse vs Hirschman: balanced vs unbalanced growth; linkages/sequencing; Kaldor/Verdoorn; infant-industry logic; clusters & external economies	14		
4	**Import substituting Industrialization vs Export-oriented Industrialization; Prebisch–Singer** (terms of trade); Competing on world markets; GVCs (concepts), upgrading, pragmatic blends	11		
5	Education/health service delivery; incentives, quality, last-mile issues	8		
6	Conflict mechanics: greed/grievance, opportunity cost, lootable resources; Consequences: human capital, firms/markets, state capacity; policy options; Environment–energy–climate trade-offs; pollution & health; adaptation	9		
	Total (in hours)	60		

Pedagogical Approach:
Classroom lectures and interaction.

Evaluation criteria
1. Minor 1: Written test - 20% [Syllabus: 1-2, learning outcomes 1-2].
2. Minor 2: Presentation - 30% [Syllabus: 3-4, learning outcomes 2-3].
3. Major exam: Written Test- 40% [Syllabus: 1-6, learning outcomes 1-5].
4. Class participation – 10%

Learning outcomes

1) Explain core industrialization models.
2) Compare **trade strategies**; discuss terms of trade and GVCs.
3) Identify institutional/state capacity constraints shaping industrialization and service delivery.
4) Describe how **conflict & violence** affect development/industrialization and outline prevention/mitigation options.
5) Articulate **environment–energy–climate** trade-offs and relate them to policy choices.

References (*additional reading):

Module 1: Ray: Ch. 2 "Economic Development: Overview"; Ch. 5 "History, Expectations and Development" (coordination failures, increasing returns

Sen, **Development as Freedom** (Oxford UP, 1999), Ch. 1 "**The Perspective of Freedom**", Ch. 2 "**The Ends and the Means of Development**".

North, **Institutions, Institutional Change and Economic Performance** (Cambridge UP, 1990), Ch. 1 "**A Framework for Analysis**".

Dani Rodrik, **"Getting Institutions Right" (**2004).

*Hausmann, Dani Rodrik & Andrés Velasco**, "Growth Diagnostics**" (2005, Harvard CID working paper).

*Lant Pritchett, **"Divergence, Big Time,"** *Journal of Economic Perspectives* 11(3), 1997.

Module 2: Ray: "Labor" chapter (labor markets, rural–urban transitions), migration highlights in Ch. 2 structural features

Todaro & Smith: Ch. 3 "Classic Theories of Growth and Development" (Lewis/dual economy); Ch. 7 "Urbanisation and Rural–Urban Migration: Theory and Policy" (Harris–Todaro).

Bryan, Gharad, Shyamal Chowdhury, and Ahmed Mushfiq Mobarak. 2014. "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh." *Quarterly Journal of Economics*

Munshi, Kaivan, and Mark Rosenzweig. 2016. "Networks and Misallocation: Insurance, Migration, and the Rural–Urban Wage Gap." *American Economic Review: Papers & Proceedings* 106

Fields, Gary S. 2005. "A Guide to Multisector Labor Market Models." *World Bank Research Observer* 20 (2): 127–154

Module 3: Ray: Ch. 5 "History, Expectations and Development" (Big Push, complementarities, linkages); Ch. 4 "The New Growth Theories" (learning, increasing returns).

Todaro & Smith: Ch. 3 "Classic Theories" (balanced vs unbalanced growth); Ch. 4 "Contemporary Models" (coordination/multiple equilibria).

*Rosenstein-Rodan, "**Problems of Industrialisation of Eastern and South-Eastern Europe,"** *Economic Journal* 53(210/211), 1943.

*Nurkse, **Problems of Capital Formation in Underdeveloped Countries** (Oxford UP, 1953), Ch**. "Balanced Growth"** ***Hirschman**, **The Strategy of Economic Development** (Yale UP, 1958), Ch. 4 **"Interdependence and Industrialization"** & Ch. 6 **"The Strategy of Unbalanced Growth".**

*Kaldor, "**Causes of the Slow Rate of Economic Growth of the United Kingdom**," *Cambridge University Press pamphlet*, 1966

*Dani Rodrik, **"Industrial Policy for the Twenty-First Century"** (2004, Harvard KSG working paper) or "**Normalizing Industrial Policy"** (Commission on Growth and Development, 2008).

Module 4: Ray: "International Trade," "Trade Policy," and "Multilateral Approaches to Trade Policy."

Todaro & Smith: Trade/globalisation & external finance units in later chapters (commonly **Ch. 12–15).** *Prebisch, **"The Economic Development of Latin America and Its Principal Problems,"** UN ECLA, 1950

*Singer, **"The Distribution of Gains between Investing and Borrowing Countries,"** *American Economic Review* Papers & Proceedings, 1950.

*Krueger, "**The Political Economy of the Rent-Seeking Society**," *American Economic Review* 64(3), 1974 (classic on distortions under protection)

Arvind Panagariya, **India: The Emerging Giant** (Oxford UP, 2008), Chs. on trade reforms & outward orientation.

Hausmann, Jason Hwang & Dani Rodrik, "**What You Export Matters**," *Journal of Economic Growth* 12(1), 2007.

***World Development Report 2020: Trading for Development in the Age of Global Value Chains** (World Bank, 2019), Overview.

Hausmann, Hwang & Rodrik (2007) (policy summary)

World Bank/UNIDO brief on GVCs

Module 5: World Development Report 2004: Making Services Work for Poor People (World Bank, 2003), Overview & Ch. 1.

Banerjee & Duflo, **Poor Economics** (PublicAffairs, 2011), Ch. 3 "**Low-Hanging Fruit for Better (Global) Health**", Ch. 4 "**Top of the Class**".

Das, Jeffrey Hammer & Kenneth Leonard, "**The Quality of Medical Advice in Low-Income Countries**," *Journal of Economic Perspectives* 22(2), 2008.

*Muralidharan & Sundararaman, "**Teacher Performance Pay: Experimental Evidence from India**," *American Economic Review* 101(2), 2011.

Angus Deaton, "**Measuring Poverty**," in *The Great Escape* background or "**Measuring Poverty in a Growing World (or Measuring Growth in a Poor World),"** *Review of Economics and Statistics* 87(1), 2005.

Module 6: Ray: "Elementary Game Theory"(Appendix I)

Todaro & Smith: Ch. 10 "The Environment and Development" for the environment piece; pair with a short conflict overview (e.g., Blattman & Miguel 2010, JEL) as supplementary reading.
Blattman &Miguel, "**Civil War**," *Journal of Economic Literature* 48(1), 2010 (intro & mechanisms sections).
Miguel, Satyanath & Sergenti, "**Economic Shocks and Civil Conflict: An Instrumental Variables Approach**," *Journal of Political Economy* 112(4), 2004.
*Oeindrila Dube & Juan F. Vargas, "**Commodity Price Shocks and Civil Conflict: Evidence from Colombia**," *Review of Economic Studies* 80(4), 2013.
*Ashutosh Varshney, **Ethnic Conflict and Civic Life: Hindus and Muslims in India** (Yale UP, 2002), Ch. 1 & a city case chapter.
Michael Greenstone & Rema Hanna, **"Environmental Regulations, Air and Water Pollution, and Infant Mortality in India,"** *American Economic Review* 104(10), 2014.
Esther Duflo, Michael Greenstone, Rohini Pande & Nicholas Ryan, **"Truth-Telling by Third-Party Auditors and the Response of Polluting Firms: Experimental Evidence from India,"** *Quarterly Journal of Economics* 128(4), 2013 (or AER 2013 "Monitoring Corruption…" use one).
Solomon M. Hsiang, Marshall Burke & Edward Miguel**, "Quantifying the Influence of Climate on Human Conflict**," *Science* 341(6151), 2013 (policy-friendly overview).
Can pollution markets work in developing countries? Experimental evidence from India. Michael Greenstone, Rohini Pande, Nicholas Ryan, Anant Sudarshan, 2025/5, The Quarterly Journal of Economics, Pages 1003-1060, Oxford University Press
Bobonis, Gustavo J., Luis R. Cámara Fuertes, and Rainer Schwabe. 2016. "Monitoring Corruptible Politicians." American Economic Review 106 (8): 2371–2405. DOI: 10.1257/aer.20130874

Student responsibilities: Attendance, feedback, discipline: as per university rules.

Course prepared by: Dr Malvika Tyagi

External Reviewers:

- Prof Debasis Mondal, Professor Indian Institute of Technology Delhi
- Dr Deepak Kumar, Assitant Professor, Delhi School of Economics