

Part IIA Paper 4
Economic Development
Paper Co-ordinator: Dr P Krishnan
pk237@cam.ac.uk

Paper Content

This paper is an introductory course in development economics, which does not assume any prior knowledge of the economic problems of poor countries. It offers an introduction to the main analytical issues in development economics through lectures both on relevant economic principles and on the long-term development experiences of different countries.

Aims

The aims of the paper are to introduce participants to conceptual tools and empirical findings relevant to understanding the economic problems of poor countries, both in the present day and over the past two centuries.

Objectives

By the end of this paper, students should have acquired a basic knowledge and understanding of the following core conceptual tools and theoretical debates, and their empirical application to the widely differing development experiences of India and Sub-Saharan Africa:

- models of growth and development;
- population growth and development;
- human and physical capital investment;
- dual economy models; coordination failures and the big push;
- factor market failures in developing economies;
- finance and insurance markets;
- trade policy issues;
- inequality and growth;
- political economy of development.

Lecture Courses

The lecture courses which constitute the lectures for this paper are as follows:

Development Theory (Dr S Jain, 16 lectures, weeks 1-8, Michaelmas Term)

Economic Development of Africa and India (Dr P Krishnan, 8 lectures, weeks 1-4; Dr S Jain, 8 lectures, weeks 5-8, Lent Term)

The lectures on Sub-Saharan Africa and India are organised around analytical themes, and are not exercises in descriptive economic history or area studies. They are intended to demonstrate to students the way in which economic tools can help to understand the development process in concrete situations in poor countries. From this, students can learn both about the relevance of general analytical principles and about the importance of a particular country's situation with respect to resource endowments, human capital, institutions and development policy.

Recommended Reading

The level at which the main body of the course is taught is that of textbooks such as: Ray, Debraj (1998). *Development Economics*, Princeton University Press, Princeton, NJ.

The potential reading on each of the countries and each of the topics to be studied is enormous. Each lecture-course provides handouts and reading-lists for all topics covered. Care is taken by the lecturers to select a relatively small number of key books and articles which illustrate the main

analytical points that need to be made, so that students do not feel swamped by the wide range of the issues and country experiences they cover.

Supervisions

Supervisions are arranged by College Directors of Studies as usual. The Paper Co-ordinator produces a supervision curriculum for this paper containing material for 8 supervision essays including possible essay topics, suggested analytical readings, and suggested country readings.

Examination

The examination paper consists of 7 questions. Candidates are asked to answer 3 questions in 3 hours. The paper is divided into two sections, Section I containing three questions of a mainly theoretical nature, Section II containing four questions requiring the application of theory to concrete development experience of the assigned countries (Sub Saharan Africa and India). Candidates are required to answer one question from Section I and two from Section II.

Past examination papers are available for downloading from the Faculty's web page at <http://www.econ.cam.ac.uk/intranet/exams/index.html>.

Sample Examination Questions

1. In the context of agriculture in a developing economy:

- (a) Give three reasons why agriculture may be important for economic growth.
- (b) Explain the conditions under which each of them is likely to play an important role.
- (c) Are these conditions consistent with the Lewis dualistic model of development?

2. 'Trade policy in less developed countries is better guided by the "infant industry" principle than by considerations of comparative advantage.' Discuss with reference to the development experience of (two of the following) India and countries in Sub-Saharan Africa.