ISS 4181 Development Economics and Public Policy

Institution: International Institute of Social Studies, Erasmus University Rotterdam
Year: Year 1, Term 1
Course type: Core course
Assessment: 50% written exam, 50% assignments
ECTS: 5

Brief description (including learning outcomes):
This is an advanced course in development economics for master-level students in development studies with a particular focus on public policy. This ten lecture course starts with a discussion of the nature of development economics and the place of development economics within the broader field of development studies. Session 2 presents the main elements of classic and heterodox theories of economic development. Session 3 introduces students to the most prominent contemporary models of development and underdevelopment, in particular, endogenous growth theories, the debate about the ‘big push’ and the nature and causes of poverty traps. Session 4 shifts the analysis to the particular problem of agriculture. After highlighting the debate about the role of agriculture within economic development, the course will move to the analysis of the agricultural land market and show how market imperfections can lead to inefficient production decisions and thus hinder agricultural development. Session 5 analyses rural-urban interactions and discusses the nature of urban formal and informal labour markets. The focus will be on constraints faced by informal entrepreneurs and the policies that can be used to ease such constraints. Session 6 will discuss the role of population growth and fertility and show that demographic change has to be considered as endogenous to economic development and that policies that do not take this into account are likely to be unsuccessful. Session 7 deals with health and development. Again, it will be shown that the causality between both – health and development – is bi-directional and macroeconomic empirical evidence is mixed. Then the focus will shift to microeconomic studies examining the health-productivity relationship. Sessions 8 and 9 will discuss the policy implications issuing from the different theories in the context of real country problems. Empirical evidence in favour and against the various theories presented will feed the discussion. Session 10 will conclude the course. It should be noted that the course will also be sensitive to problems rooted in the inequality between men and women, such as for instance the
implications of unequal access to land, financial capital, labour market opportunities or health services and policy measures that may be taken to bridge such inequalities.

After completion of the course, students should:

- Have knowledge about the most important mainstream and heterodox economic approaches to analyse the economic transformation of those countries known as the ‘developing world’.
- Be able to identify the main hypotheses and processes explaining economic growth and development and how they relate to policy making.
- Learn to identify market failures and to determine whether appropriate policies grounded in an understanding of these conditions can address such failures.
- Critically assess the limitations and strengths of the theories presented and to understand the key points of discussion between alternative theories.
- Relate economic theory and concepts to real-life situations and specific public policy contexts.