

DEVELOPMENT ECONOMICS II

WINTER 2026

Manasi Bera

Class: Mondays and Thursdays

Office hours: Mondays and Thursdays, 4 pm – 5 pm

Email: manasi@sau.int

Course description and objectives

The Development Economics II course combines conceptual frameworks with empirical evidence from developing economies, with a focus on poverty, human capital, institutions, gender, identity, and development policy. Building on concepts introduced in Development Economics I, the course examines why economic growth does not always translate into broader development outcomes, and how existing inequalities, institutional arrangements, and social factors shape development trajectories.

The course explores key mechanisms through which poverty persists, including asset inequality, constraints in human capital formation, and the role of social norms. It discusses how these factors influence development outcomes across different contexts. The course also examines alternative perspectives on development, including the capabilities approach. It concludes by reflecting on the implications of these debates for development policy and social protection.

Evaluation

The final grade for the course will be based on a midterm and an end-term exam (each exam will represent 40 percent of the total grade), and student assignments and presentations (20 percent of the total grade).

The following is a list of topics and readings to be covered in the course. Students will be required to make class presentations on some of the following topics and readings. Readings may be altered, added, and/or deleted depending on the progress of the course.

1. Review of topics on development

- Development as a concept pre and post WW II
- Topics discussed in Development Economics 1

2. Poverty traps

- Ray, D. (1998). Development economics. Princeton University Press. Chapter 8

- Kraay, Aart, and David McKenzie (2014). "Do poverty traps exist? Assessing the evidence." *Journal of Economic Perspectives* 28, no. 3: 127-48.
- Barrett, C. B., & Carter, M. R. (2013). The Economics of Poverty Traps and Persistent Poverty: Empirical and Policy Implications. *The Journal of Development Studies*, 49(7), 976–990

Optional

- Deaton, Angus and Jean Dreze (2009). "Nutrition in India: Facts and Interpretation." *Economic and Political Weekly*, 14 February 2009.
- Banerjee, Abhijit and Esther Duflo (2004). "Growth Theory through the Lens of Development Economics" (*selected sections*)
- Bandiera, Oriana, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, and Munshi Sulaiman (2017). "Labor markets and poverty in village economies." *The Quarterly Journal of Economics* 132, no. 2: 811-870.

[Theoretical]

- Dasgupta, Partha and Debraj Ray (1986). "Inequality as a Determinant of Malnutrition and Unemployment: Theory" *The Economic Journal*, Vol. 96 (384), pp. 1011-1034.
- Galor, Oded and Joseph Zeira (1993). "Income Distribution and Macroeconomics." *Review of Economic Studies*, 60, 35-52.

3. Land and asset inequality in development

- Carter, M. R., & Barrett, C. B. (2006). The economics of poverty traps and persistent poverty: An asset-based approach. *Journal of Development Studies*, 42(2), 178–199.
- Sen, A. K. (1966). Peasants and dualism with or without surplus labor. *Journal of Political Economy*, 74(5), 425–450.
- Ray, D. (1998). *Development economics*. Princeton University Press. Chapter 12
- Banerjee, A. V., Gertler, P. J., & Ghatak, M. (2002). Empowerment and efficiency: Tenancy reform in West Bengal. *Journal of Political Economy*, 110(2), 239–280.

Optional

- Deininger, K., & Squire, L. (1998). New ways of looking at old issues: Inequality and growth. *Journal of Development Economics*, 57(2), 259–287.
- Goldstein, M., & Udry, C. (2008). The profits of power: Land rights and agricultural investment in Ghana. *Journal of Political Economy*, 116(6), 981–1022.

4. Human capital and growth; investment in human capital and development

- Theodore Schultz, "Capital Formation by Education," *Journal of Political Economy* 68(6), December 1960, 571-583.

- Abhijit Banerjee and Esther Duflo, "Addressing Absence", *Journal of Economic Perspectives* 20(1), May 2005, 117-132
- Pritchett, L. (2001), "Where has all the education gone?", *World Bank Economic Review*, 15(3), 367-391.
- Bloom, D. E., Canning, D., & Sevilla, J. (2004). The effect of health on economic growth: A production function approach. *World Development*, 32(1), 1–13.
- Sen, A. (1997). Human capital and human capability. *World Development*, 25(12), 1959–1961.

Optional

- Handbook of Development Economics, Vol. 1 & 4. (selected chapters on education and health).
- Kingdon, G.G. and N. Theopold (2008), "Do returns to education matter to schooling participation: Evidence from India" *Education Economics*, 16(4), 329-350
- Acemoglu, D. and J. Angrist (2000), "How large are Human-Capital Externalities? Evidence from Compulsory Schooling Laws", *NBER Macroeconomics Annual*, 15, 9-59.
- Kremer, Michael. 1993. "The O-Ring Theory of Economic Development", *The Quarterly Journal of Economics*, 108 (3): 551-575.

5. Capabilities and development: From economic development to human development

- Sen, A.K. 1983 'Development: Which Way Now?' *Economic Journal* 93: 745-62
- Sen, A. K. 2004. "Capabilities, Lists and Public Reason: Continuing the Conversation", *Feminist Economics*, 10(3): 77-80.
- Nussbaum, M. C. 2003. "Capabilities as Fundamental Entitlement: Sen and Social Justice", *Feminist Economics*, 9(2-3):33-59.
- Robeyns, Ingrid. 2005. "The Capability Approach: a theoretical survey", *Journal of Human Development*, 6(1): 93-114
- Human Development Reports, Indexes

6. Feminist perspectives on development

- Nancy Folbre (1986), "Cleaning house: New Perspectives on Households and Economic Development", *Journal of Development Economics*, 22(1): 5-40
- Naila Kabeer, *Reversed Realities: Gender Hierarchies in Development Thought*, pp. 1-10 and 69-94 (London and New York: Verso, 1995)
- Diane Elson, "Male Bias in the Development Process: An Overview", in *The Development Reader*, edited by Sharad Chari and Stuart Corbridge, pp. 312-321 (London and New York: Routledge, 2008)
- Duflo, Esther (2012). "Women empowerment and economic development." *Journal of Economic Literature* 50, no. 4: 1051-79.
- Jayachandran, Seema (2015). "The Roots of Gender Inequality in Developing Countries." *Annu. Rev. Econ* 7: 63-88.
- Goldin, C. (1995). "The U-Shaped Female Labor Force Function in Economic Development and Economic History." In T. P. Schultz (ed.), *Investment in Women's Human Capital and Economic Development*. Chicago: University of Chicago Press.

Optional

- Bursztyn, Leonardo, Alessandra L. González, and David Yanagizawa-Drott (2020). “Misperceived social norms: Women working outside the home in Saudi Arabia.” *American Economic Review* 110, no. 10: 2997-3029.
- Qian, Nancy (2008). “Missing Women and the Price of Tea in China.” *Quarterly Journal of Economics*, 123(3), 1251-1285.
- Munshi, Kaivan, and Jacques Myaux (2006). “Social norms and the fertility transition.” *Journal of Development Economics* 80, no. 1: 1-38.

7. Economics of Identity

- Becker, G. S. (1957): The economics of discrimination, University of Chicago press.
- Arrow, K. J. (1971). The theory of discrimination [Industrial Relations Section Princeton University Working Paper No 30A]. Princeton University.
- Akerlof, George A. and Rachel E. Kranton (2000), ‘Economics and Identity’, The Quarterly Journal of Economics, 115(3), 715-753.
- Munshi, K., & Rosenzweig, M. (2006). Traditional institutions meet the modern world: Caste, gender, and schooling choice in a globalizing economy. *American Economic Review*, 96(4), 1225–1252.
- Darity, W. (2005). Stratification economics: The role of intergroup inequality. *Journal of Economics and Finance*, 29(2), 144–153.
- Sen, A. (2000). Social exclusion—Concept, application, and scrutiny [Social Development Papers No. 1]. Asian Development Bank.

Optional/ Additional

- Deshpande, A. (2011). *The Grammar of Caste*. Oxford University Press.

8. Social protection programs

- Discussion based