

# GLOBAL DEVELOPMENT AND GROWTH

## International Economy and Business MSc program

Spring term, 2020/2021 Academic Year

<b>Lecturer(s):</b>	András TÉTÉNYI
<b>Department:</b>	Department of World Economy
<b>Office hour:</b>	András Tétényi, tbc
<b>Course type</b>	Core
<b>Credits</b>	6
<b>Number of hours per semester</b>	90 minute lecture and 90 minute seminar a week
<b>Time of class</b>	Mondays from 09.50 – 13.10 (Lecture and seminar)
<b>Venue</b>	Lecture: C104 Seminars: C 104
<b>Availability:</b>	Phone number: 482-7406
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### Aims and objectives and description of the course

The course provides a multi-disciplinary training whose content and style have kept abreast with the changing reality of the developing world with the aim of developing student's ability to understand the process of economic development. The course will utilise the tools of political economy to identify major challenges to the Global South. During the course, the most relevant theories for understanding economic development, as well as the best practices for achieving change will be discussed.

### Description of the course

The course has two main parts; the first part of the course will present key concepts, definitions and theories of development economics. The concepts of economic development and growth will be explored, as well as issues pertaining to their measurement. The first part of the course is also dedicated to presenting the evolution of economic thoughts regarding growth in developing countries, paying special attention to influential theoretical growth models (both to the classical and modern economic growth models).

The second part, of the course will focus on both domestic and foreign based issues such as inequality, migration, education, environment, foreign aid etc. which all have a significant impact on the livelihood of various developing countries. Thus, students will gain an understanding not only of the theories of underdevelopment but also of the possible solutions which certain countries have adopted to combat their internal challenges. In addition, during seminars articles relating to the topics discussed in the lectures will be analysed, with the aim of introducing new concepts and case studies to the students whilst also improving their ability to think critically.

## Sustainability

This course focuses on the aspects of sustainability and environmental change by focusing in a lecture on climate change and its effects.

### Detailed class schedule, 1<sup>st</sup> – 14<sup>th</sup> week:

<b>Date of class (lecture - seminar)</b>	<b>Topics to be discussed, readings required for the class</b>
1 <sup>st</sup> week	Lecture: Introduction to development studies - Poverty ( <b>András Tétényi</b> ) Reading: <ul style="list-style-type: none"><li>• Todaro-Smith: Chapter 1&amp;2 (pp. 3-97), Chapter 5 (pp. 193-207);</li><li>• Szentes: Chapter II/2-3 (pp. 31-50);</li><li>• Ray: Chapter 2 (pp. 7-47).</li></ul>
2 <sup>nd</sup> week	Lecture: Development and Inequality ( <b>Judit Ricz</b> ) Reading: <ul style="list-style-type: none"><li>• Todaro-Smith: Chapter 5 (pp. 202-250);</li><li>• Schaffner: Chapter 5. (pp. 84-105).</li><li>• Ray: Chapter 6-7.</li></ul> Seminar: <ul style="list-style-type: none"><li>• Stewart, F. (2009). Horizontal inequality: two types of trap. <i>Journal of Human Development and Capabilities</i>, 10(3): 315-340.</li><li>• Cornia, G. A. (2010): Income Distribution under Latin America's New Left Regimes. <i>Journal of Human Development and Capabilities</i>, 11(1): 85-114.</li></ul>
3 <sup>rd</sup> week	Lecture: Classic and Neoclassical Theories of Economic Development. ( <b>András Tétényi</b> ) Reading: <ul style="list-style-type: none"><li>• Todaro-Smith: Chapter 3 (pp. 102-140);</li><li>• Ray: Chapter 3 (pp. 47-99);</li><li>• Barro –SiM: Chapter 1.2 (pp. 26-61);</li><li>• Szentes: Chapter III/2 (pp. 61-100).</li></ul> Seminar: <ul style="list-style-type: none"><li>• Banerjee, Abhijit and Duflo, Esther (2007), 'The Economic Lives of the Poor.' <i>Journal of Economic Perspectives</i>—Volume 21, Number 1—Winter 2007—Pages 141–167.</li><li>• Pritchett, Lant (1997), 'Divergence, Big Time'. <i>The Journal of Economic Perspectives</i>, Vol. 11, No. 3 (Summer, 1997), pp. 3-17.</li></ul>
4 <sup>th</sup> week	Lecture: Contemporary Models of Development ( <b>Judit Ricz</b> ) Reading: <ul style="list-style-type: none"><li>• Todaro- Smith: Chapter 4 (pp. 155-189);</li><li>• Ray: Chapter 4 (pp. 99-131);</li><li>• Szentes: Chapter IV/3 (pp. 258-280).</li></ul> Seminar: <ul style="list-style-type: none"><li>• Lin, J. Y. (2011). New Structural Economics: A Framework for Rethinking Development. <i>The World Bank Research Observer</i>, 26(2), 193–221.</li><li>• Banerjee, A. V. – Duflo, E, - Kremer, M. (2016): The Influence of Randomized Controlled Trials on Development Economics</li></ul>

	<p>Research and on Development Policy. The State of Economics, the State of The World Conference at the World Bank. pp. 1-30.</p>
5 <sup>th</sup> week	<p>Lecture: Human Capital and Development: Education and Health <b>(András Tétényi)</b></p> <p>Reading:</p> <ul style="list-style-type: none"> <li>• Todaro-Smith: Chapter 8 (pp 363-392);</li> <li>• Schaffner: Chapter 19 (pp. 496-522);</li> <li>• Barro, Robert J. (2001), 'Human Capital and Growth'. <i>The American Economic Review</i>, Vol. 91, No. 2, Papers and Proceedings of the Hundred Thirteenth Annual Meeting of the American Economic Association (May, 2001), pp.12-17;</li> <li>• Psacharopoulos, George (1995), 'The Profitability of Investment in Education: Concepts and Methods'. <i>Human Capital Working Paper</i> No. 15280.</li> <li>• Perkins: Chapter 9 (pp. 299-344);</li> <li>• Schaffner: Chapter 22 (pp. 575-606)</li> <li>• Hartwig, Jochen (2010), 'Is health capital formation good for long-term economic growth? – Panel Granger-causality evidence for OECD countries'. <i>Journal of Macroeconomics</i>, Volume 32, Issue 1, March 2010: 314-325.</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>• Barro, Robert (2013), 'Education and Economic Growth' <i>Annals of Economics and Finance</i>, 14-2(A), 277–304</li> <li>• Silles, Mary (2009), 'The causal effect of education on health: Evidence from the United Kingdom' <i>Economics of Education Review</i>, Volume 28, Issue 1, 122-128,</li> </ul>
6 <sup>th</sup> week	<p>Lecture: Institutions, Democracy and Development <b>(Judit Ricz)</b></p> <p>Reading:</p> <ul style="list-style-type: none"> <li>• Schaffner Chapter 13 (pp. 346-376);</li> <li>• Szentes: Chapter III/5 (pp. 155-159).</li> <li>• Acemoglu, Robinson (2006): Chapter 3 (pp. 48- 87)</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>• Acemoglu, D. – Naidu, S. – Restrepo, P. – Robinson, J. A. (2019): Democracy Does Cause Growth. <i>Journal of Political Economy</i>, 127(1):47-100.</li> <li>• Mukand, S. W. – Rodrik, D. (2019): The Political Economy of Liberal Democracy. forthcoming pp. 1-37.</li> </ul>
7 <sup>th</sup> week	<p>Lecture: Agricultural Transformation and Rural Development <b>(Judit Ricz)</b></p> <p>Reading:</p> <ul style="list-style-type: none"> <li>• Todaro-Smith: Chapter 9 (pp. 416-452);</li> <li>• Ray: Chapters 11-12. (pp. 403-529)</li> <li>• Schaffner: Chapter 17 (pp. 442-470)</li> <li>• Perkins: Chapter 16-17 (pp. 583-664)</li> <li>• Timmer: Handbook of Dev. Ec. Vol. I. Chapter 8.</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>• Kay, C. (2002): Why East Asia Overtook Latin America: Agrarian Reform, Industrialisation and Development. <i>Third World Quarterly</i>, 23 (6), pp. 1073-1102.</li> </ul>

	<ul style="list-style-type: none"> <li>Jayne, T., Benfica, R., Yeboah, F. and Chamberlin, J. (2019), Agricultural Transformation and Africa's Economic Development. In: Nnadozie, E. and Jerome, A. (Ed.) African Economic Development, Emerald Publishing Limited, pp. 349-375.</li> </ul>
8 <sup>th</sup> week <i>SUBMISSION DEADLINE</i>	<p>Lecture: Migration and Development (<b>András Tétényi</b>)</p> <p>Reading:</p> <ul style="list-style-type: none"> <li>Ray: Chapter 10 (pp. 345-403);</li> <li>Todaro-Smith: Chapter 7 (pp. 312-360);</li> <li>Barrios, Salvador and Bertinelli, Luisito and Strobl, Eric (2006): "Climatic change and rural–urban migration: The case of sub-Saharan Africa". <i>Journal of Urban Economics</i>, 60 (2006), pp. 357-371.</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>Engbersen, G., Leerkes, A., Grabowska-Lusinska, I., Snel, E. and Burgers, J., 2013. On the differential attachments of migrants from Central and Eastern Europe: A typology of labour migration. <i>Journal of Ethnic and Migration Studies</i>, 39(6), pp.959-981. Godfried Engbersen, Arjen Leerkes, Izabela Grabowska-Lusinska, Erik</li> <li>Van Hear, N., Bakewell, O. and Long, K., 2018. Push-pull plus: reconsidering the drivers of migration. <i>Journal of Ethnic and Migration Studies</i>, 44(6), pp.927-944.</li> </ul>
9 <sup>th</sup> week	Intensive week
10 <sup>th</sup> week	Spring break – Reading week
11 <sup>th</sup> week	<p>Lecture: Urbanization and Development (<b>Judit Ricz</b>)</p> <p>Reading:</p> <ul style="list-style-type: none"> <li>Ray: Chapter 10 (pp. 345-403);</li> <li>Todaro-Smith: Chapter 7 (pp. 312-360);</li> <li>Williamson: Migration and Urbanization (Handbook of Dev. Ec. Vol. I. chapter 11)</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>Glaeser, E. L. - Wentao Xiong, W. (2017): Urban productivity in the developing world. <i>Oxford Review of Economic Policy</i>, 33(3): 373–404.</li> <li>Collier, P. (2017): African urbanization: an analytic policy guide. <i>Oxford Review of Economic Policy</i>, 33(3): 405–437.</li> </ul>
12 <sup>th</sup> week	<p>Lecture: Economic and Political Populism and Development (<b>András Tétényi</b>)</p> <p>Reading:</p> <ul style="list-style-type: none"> <li>Guiso, Luigi, Helios Herrera, and Massimo Morelli. "Demand and supply of populism." (2017).</li> </ul> <p>Seminar:</p> <ul style="list-style-type: none"> <li>Inglehart, Ronald, and Pippa Norris. "Trump, Brexit, and the rise of populism: Economic have-nots and cultural backlash." (2016).</li> <li>Funke, M., Schularick, M. and Trebesch, C. (2016) 'Going to extremes: Politics after financial crises, 1870–2014', <i>European Economic Review</i>. Elsevier, 88, pp. 227–260.</li> </ul>

<p>13<sup>th</sup> week</p> <p><i>SUBMISSION DEADLINE</i></p>	<p>Lecture: Financing Development: Foreign Aid in focus(<b>Judit Ricz</b>)</p> <p>Reading:</p> <ul style="list-style-type: none"> <li>• Todaro-Smith: Chapter 14 (pp. 684-717);</li> <li>• Perkins: Chapter 14 (pp. 499-543)</li> </ul> <p><i>Deadline for the submission of the paper/essay.</i></p> <p>Seminar:</p> <ul style="list-style-type: none"> <li>• UNDP (2012): Innovative Financing for Development: A New Model for Development Finance? UNDP Discussion Paper, pp. 4-42.</li> <li>• Zheng, Y. (2020): The Emergence of New Development Assistance: Conceptual and Operational Frameworks In: Jing, Y. – Mendez, A. – Zheng, Y. eds.: New Development Assistance Emerging Economies and the New Landscape of Development Assistance. Palgrave Macmillan. Chapter 3. (pp. 39-57)</li> </ul>
<p>14<sup>th</sup> week</p>	<p>Reading: Todaro-Smith: Chapter 10 (pp. 465-501);</p> <p>Seminar: Wheeler, Tim and von Braun, Joachim (2013), 'Climate Change Impacts on Global Food Security', Science, Vol. 341: 508-513 Moser, S. and Ekstrom, J. (2010), 'A framework to diagnose barriers to climate change adaptation' PNAS December 21, 2010, 107 (51) pp. 22026-22031.</p>

### Learning results / Professional competences

Knowledge	Ability	Attitude	Autonomy and responsibility
<p>Understand the basic development issues of the Global South;</p> <p>Learn about different policy solutions and about their effectiveness in healing various development issues;</p> <p>Demonstrate a command of key concepts for understanding development economics;</p> <p>Explore and assess a number of contemporary</p>	<p>Develop analytical skills to assess development problems;</p> <p>Improved ability to think critically;</p> <p>Has the ability to provide reasoned and factually supported arguments both orally and in writing.</p> <p>Has the ability to analyse the nature of and evaluate the significance of a range of actors in both developed and developing word;</p>	<p>Is open to understanding the limitations of economic models.</p> <p>Is open to engaging in critical discussion on the pros and cons of development policies.</p> <p>Is open to understanding the limitations of economic policies may have on developmental outcomes.</p>	<p>Has the ability to analyse data on their own.</p> <p>Has the ability to understand the shortcomings of datasets and the measurement challenges of these.</p> <p>Has the ability to do work on their own and study on their own.</p> <p>Has the ability to write an essay on their own, which investigates a given</p>

<p>challenges and issues in development economics, including the reasons for their complexity;</p> <p>Understand the basic development models and their shortcomings.</p>	<p>Has the ability to understand the models of development economics and apply this knowledge to practical use.</p> <p>Has the ability to read, understand and evaluate graphs, charts, figures etc. in relation to development economics.</p>		<p>developmental problem.</p>
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**Methodology to be used**

Lectures will be interactive with an aim of involving students in active participation. Seminars will be based on discussing articles.

By ‘methodology’ is meant those rules, procedures or postulates that permit valid or at least testable claims to be made. The main methods employed in this course are:

- Conceptual analysis – the formation and employment of meaningful symbols to denote items in a particular class and the interaction between different items.
- Descriptive analysis – the identification of empirical conditions that may be relevant to the development of principles, and awareness of the continuity and discontinuity between prescription and description.
- Causal explanation – explanation of the relationship between one event and another, where the second event is a consequence of the first. This includes the importance of being clear about the distinction between necessary and sufficient conditions and of specifying, independent, dependent and intervening variables.

The seminar format entails significant (mandatory) weekly preparation, in which participants must critically assess, discuss, and critique assigned readings. The overall quality of the sessions will depend to a great extent on the quality of students’ preparation.

**Assignments:**

Students will be required to read two articles on a weekly basis. These articles will be discussed and debated during the seminars within small, randomly generated groups. **Reading of the articles is compulsory.** Regular and active class participation is also required.

Students are required to write an end-term exam at the end of the semester.

Students are required to write a research essay by the 4<sup>th</sup> of May and submit one progress report as detailed in the tables above.

Submission of the final essay 4<sup>th</sup> of May (23:59pm):

- via Moodle
- the file must be named with your student number (not your name) and the essay title
- the only acceptable file formats are: \*.doc, \*.docx.
- it must be written in English
- 3000 words (plus or minus 10%)
- 5 point on the 100-point scale will be deducted for each 250 words over/under the maximum/minimum
- In case of submitting a 2400 words (or shorter) essay, or a 3600 words (or longer) essay, the student will fail all the 30% devoted to the essay.
- The word count must include everything, including the bibliography, citations, footnotes and titles.
- The essay must be typed or word-processed on A4 (29.7 x 21 cm.) paper with margins of at least 1.
- Pages must be numbered consecutively
- Please note that an undue number of stylistic faults, grammatical errors and spelling mistakes, whether the result of ignorance or careless proof-reading, will adversely affect the assessment of the essay.
- Late submission is not tolerated at all and will automatically result in zero point.

Submission of the research proposal, literature review and theory 30<sup>th</sup> of March (23.59 pm):

- 1500 words (plus or minus 10%)
- In case of submitting a 1300 words (or shorter) essay, or a 1700 words (or longer) essay, student will receive zero point.
- Late submission is not tolerated at all and will automatically result in zero point.
- The word count must include everything, including the bibliography, citations, footnotes and titles.
- Via Moodle
- Including the following:
  - 1) A general intro to the subject which should highlight the puzzle and the relevance of the topic
  - 2) This leads you to your research question
  - 3) Then in literature review, you can explain what other scholars said about this question which should lead you to constructing your own hypotheses
  - 4) Hence the fourth part is your hypotheses
  - 5) You should explain your method and how you wish to prove your hypotheses
  - 6) Explain the choice of countries and the period of the research
  - 7) Elaborate the theory you wish to use.
  - 8) Finally, introduce the structure of the paper.
- How other scholars have written about your topic
- The range of theories used to analyse materials or data
- How other scholars connect their specific research topics to larger issues, questions, or practices within the field
- The best methodologies and research techniques for your particular topic
- Illustrates the uniqueness, importance of and need for your particular thesis
- Justifies methodological choices
- Demonstrates familiarity with the topic and appropriate approaches to studying it

Citation and plagiarism:

- All essays must be fully cited and consistently use the accepted citation format of: Harvard Style (in-text references), APA or Chicago style as long as it is consistent.
- We recommend that you use a citation engine such as Mendeley.

**Plagiarism:** Plagiarism of any form in the essay will not be tolerated. Additional information about plagiarism can be found on the University's webpage.

In case of plagiarism, student will automatically receive zero point and will be subjective to further University investigation.

All of the following are considered plagiarism:

- turning in someone else's work as your own
- copying words or ideas from someone else without giving credit
- failing to put a quotation in quotation marks
- giving incorrect information about the source of a quotation
- changing words but copying the sentence structure of a source without giving credit
- copying so many words or ideas from a source that it makes up the majority of your work, whether you give credit or not

#### **Assessment, grading:**

The final grade is composed as follows:

- End term exam: 50%
- Essay: 40% (proposal: 10% + final essay 30%)
- Seminar work: 10%

Final grades are awarded according to the standard ECTS grading scale (see below). Grades are non-negotiable. Please take into account that any complaints concerning the points of the final written exams (except for obvious adding mistakes) will result in a re-evaluation of the entire test.

<b>Percentage achieved</b>	<b>Hungarian Grade</b>	<b>Explanation</b>
90-100	5	Excellent
80-89.9	4	Good
70-79.9	3	Satisfactory
60-69.9	2	Sufficient
0-59.9	1	Failed

**You should achieve at least 50% on the exam; otherwise you will not be able to pass the course.**



**Attendance sheets will be taken. Anyone missing more than 3 seminars (illness included) will get 0 points for the seminar part of the course.**

**Compulsory readings:**

The material of the lectures and seminars is compulsory. Nothing will be asked during the exam that was not discussed during a lecture or a seminar.

Lectures will loosely follow the textbooks by

- Acemoglu, Daron, Robinson, James A., (2006), *Economic origins of dictatorship and democracy*. Cambridge University Press.
- Barro, Robert J., and Xavier Sala-i-Martin (2004), *Economic Growth*. MIT Press.
- Perkins, Dwight Heald et al. (2013), *Economics of Development*, n.p.: New York : W.W. Norton.
- Ray, Debraj (1998), *Development Economics*. Princeton University Press.
- Schaffner, Julie (2013), *Development economics: theory, empirical research, and policy analysis*. Wiley Global Education.
- Szentes, Tamás (2005), *World Economics 1: Comparative theories and methods of international and development economics: A historical and critical survey*. Akadémiai Kiadó.
- Todaro, Michael and Smith, Stephen (2012), *Economic Development*. Pearson Addison Wesley, (11<sup>th</sup> edition)

Further recommended readings:

- Acemoglu, Daron, Robinson, James A. (2012), *Why nations fail. The Origins of Power, Prosperity and Poverty*, Nueva York.
- Bhagwati, Jagdish (2002), 'Democracy and Development: Cruel Dilemma or Symbiotic Relationship?' *Review of Development Economics*, 6(2), 151–162.
- Hanushek, Eric and Woessmann, Ludger (2009), 'Do Better Schools Lead to More Growth? Cognitive Skills, Economic Outcomes, and Causation'. NBER Working Paper Series 14633.
- Szent-Iványi, B., and Lightfoot, S. (2015), *New Europe's New Development Aid*. Routledge.

Essential and useful course resources and lecture slides will be available through the University electronic learning platform 'Moodle.' These resources include required readings where necessary, exam questions, guidance and materials for seminar preparation.

Please note however, that these slides are only crude outlines of the lectures, and they do not substitute notes taken in class or reading the textbook.

Students should check the course site on Moodle on a regular basis as some required readings will be uploaded as well as other important information. Students are encouraged to form reading groups in which they can discuss the readings before class.

It is in our interest that you receive the best possible grade on this course. Due to this, we will both be available throughout the semester for consultation, either by e-mail, during our office hours or by appointment.

All comments and feedback concerning lectures, slides, selected readings etc. are welcome.