

**ECON 8774: Development Economics I—Macro-Development**  
Syllabus

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Class Schedule: MWF 3 p.m. – 4:15 p.m. in Economics 5.

Office Hours: MW 9:30 – 11 a.m. and by appointment.

Textbook and Reading Materials:

There is no required text for this course. The lectures and discussion will be primarily based on journal articles and working papers in the reading list for this class (attached below). In some lectures, I will rely on some of the textbooks listed on the same reading list. Also, some of the references listed in Professor Mobarak's course reading list could be especially useful for more micro-oriented topics that we shall explore.

Course Objectives: This class, together with ECON8784, is part of a development economics sequence. The sequence is designed for second or third year Ph.D. students who intend to specialize in the field and plan to conduct original theoretical and empirical research. ECON8774 will cover both theoretical and empirical issues in economic development, but the primary focus will be on the theoretical, macroeconomic side (except when I will delve into some of my more recent research interests in the field that have more of a micro/labor/household blend).

University Policies

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities.

Contact: 303-492-8671, Willard 322, and  
[www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

We will make reasonable accommodations for students who have conflicts between religious observance dates and course examinations or assignments. Please talk to me at the beginning of the semester, if you think you may require such accommodation. For university policies on this and on other things such as classroom behavior, see [www.colorado.edu/policies/index.html](http://www.colorado.edu/policies/index.html).

### Assignments:

1. During the course of the semester, you will be required to present in class four papers (that you will select based on your interests) from the reading list. The presentation should last about 30 minutes and help your fellow students grasp the main ideas of the paper. Each paper should be summarized and critiqued in a three-page report that should be handed in to me at the end of the presentation. Your grade will mostly depend on your critique and analysis of the article assignment. At the end of the semester, these reports will serve as the basis of the review materials for the final test.
2. The class participation grade will be based on your willingness to contribute meaningfully to class discussion during the paper presentations. It will help if you read the papers in advance.
3. I will ask you to write referee reports for either 2 or 3 unpublished papers. Each referee report should be at least 3 pages double-spaced. The report should summarize the paper briefly and then critique it in detail. It should conclude with a publication recommendation and a justification for that decision.
4. You will develop a theoretical framework on a topic of your own choosing. Students taking Professor Mobarak's ECON8784 could use this assignment to develop the conceptual framework that will serve as the basis of their empirical research assignment for that class. The proposal should be as detailed as possible in outlining the research question and combine an appropriate literature review that will highlight why the question at hand is important. The proposal will be due towards the end of the semester; an exact due date will be announced. [For students taking ECON 8784 in conjunction with this class, this requirement could be satisfied jointly as long as the proposal has a theoretical component.]
5. There will be a short final exam based on the articles presented in class during the course of the semester.

Grading: The following weights will be used to compute your final grade:

Article Presentations	25%
Class Participation	15%
Referee Reports	20%
Research Proposal	20%
Final Exam	20%

## ECON 8774: Development Economics I

### Reading List

#### Books

1. **Landes, David.** (1999). *The Wealth and Poverty of Nations: Why Are Some Rich and Some So Poor?* (Norton).
2. **Easterly, William.** (2001). *The Elusive Quest for Growth.* (Cambridge, MIT Press).
3. **De Soto, Hernando.** (2000). *The Mystery of Capital.* (Basic Books).
4. **Diamond, Jared.** (1997). *Guns, Germs and Steel: The Fate of Human Societies.* (Norton).
5. **Diamond, Jared.** (2005). *Collapse: How Societies Choose to Fail or Succeed.* (Viking).
6. **Harrison, Lawrence E. and Samuel P. Huntington, eds.** (2003). *Culture Matters: How Values Shape Human Progress.* (Basic Books).
7. **Livi-Bacci, Massimo.** (1997). *A Concise History of World Population.* (Blackwell Publishers).
8. **Mokyr, Joel.** (1990). *The Lever of Riches: Technological Creativity and Economic Progress.* (Oxford University Press).
9. **North, D.** (1981). *Structure and Change in Economic History.* (Norton).
10. **North, D.** (1990). *Institutions, Institutional Change, and Economic Performance.* (Cambridge University Press).
11. **Olson, Mancur.** (1982). *The Rise and Decline of Nations: Economic Growth, Stagflation, and Economic Rigidities.* (New Haven, CT: Yale University Press).
12. **Rodrik, Dani.** (1999). *The New Global Economy and Making Openness Work.* (Johns Hopkins University Press).
13. **Rodrik, Dani.** (2003). *In Search of Prosperity.* (Princeton, NJ: Princeton University Press).
14. **Rosenberg, Nathan and L. E. Birdzell, Jr.** (1986). *How the West Grew Rich: The Economic Transformation of the Industrial World.* (Basic Books).

**15. Weil, David, N.** (2004). *Economic Growth*. (Addison-Wesley).

## Articles

### I. Cross-Country Income Differences

1. **Acemoglu, D. and J. Ventura.** (2002). "The World Income Distribution," *Quarterly Journal of Economics*, 117. (\*)
2. **Easterlin, R.** (2000). "Worldwide Standard of Living since 1800," *Journal of Economic Perspectives*. (\*)
3. **Easterly, W., M. Kremer, L. Pritchett, and L. Summers.** (1993). "Good Policy or Good Luck? Country Growth Performance and Temporary Shocks," *Journal of Monetary Economics*, 32. (\*)
4. **Galor, O.** (1996). "Convergence: Inference from Theoretical Models," *Economic Journal*, July.
5. **Hall, R. and C. I. Jones.** (1999). "Why do Some Countries Produce So Much More Output per Worker than Others?," *Quarterly Journal of Economics*, 114. (\*)
6. **Jones, C. I.** (1997). "On the Evolution of the World Income Distribution," *Journal of Economic Perspectives*, 11. (\*)
7. **Levine, R. and D. Renelt.** (1992). "A Sensitivity Analysis of Cross-Country Growth Regressions," *American Economic Review*. (\*)
8. **Lucas, R. E.** (2000). "Some Macroeconomics for the 21<sup>st</sup> Century," *Journal of Economic Perspectives*, 14. (\*)
9. **Mankiw, G. N., D. Romer, and D. N. Weil.** (1992). "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*, 107.
10. **Pritchett, L.** (1997). "Divergence, Big Time," *Journal of Economic Perspectives*, 11. (\*)
11. **Solow, R.** (1994). "Perspectives on Growth Theory," *Journal of Economic Perspectives*, 8. (\*)
12. **Temple, J.** (1999). "The New Growth Evidence," *Journal of Economic Literature*. (\*, Murat)

13. **Trefler, D.** (1993). "International Factor Price Differences: Leontieff Was Right!," *Journal of Political Economy*, 101. (\*, Murat)

## II. Explanations—Factor Accumulation vs. Technological Change

1. **Carroll, C. and D. N. Weil.** (1994). "Savings and Growth: A Reinterpretation," *Carnegie-Rochester Conference Volume*. (\*)
2. **Hsieh, C.** (2002). "What Explains the Industrial Revolution in East Asia: Evidence from the Factor Markets," *American Economic Review*, 92. (\*)
3. **Young, A.** (1993). "Invention and Bounded Learning-By-Doing," *Journal of Political Economy*, 101. (\*)
4. **Young, A.** (1994). "Lessons from the East Asian NICs: A Contrarian View," *European Economic Review*, 38. (\*)
5. **Young, A.** (1995). "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics*, 110. (\*)

## III. Explanations—Household Decision-Making and Demographics

### i) Household Models and Micro Evidence

1. **Becker, G. S.** (1981). *A Treatise on the Family*. (Cambridge, MA: Harvard University Press).
2. **Basu, K.** (2001). "Gender and Say: A Model of Household Behavior with Endogenously-Determined Balance of Power," Cornell University, mimeo, *Economic Journal*, forthcoming. (\*)
3. **Boulier, B. L. and M. R. Rosenzweig.** (1984). "Schooling, Search, and Spouse Selection: Testing Economic Theories of Marriage and Household Behavior," *Journal of Political Economy*, 92(4):712-732. (\*)
4. **Browning, M., F. Bourguignon, P. A. Chiappori, and V. Lechene.** (1994). "Income and Outcomes: A Structural Model of Intra-household Allocation," *Journal of Political Economy*, 102. (\*)
5. **Chiappori, P. A.** (1988). "Rational Household Labor Supply," *Econometrica*, 56.

6. **Chiappori, P. A.** (1992). "Collective Labor Supply and Welfare," *Journal of Political Economy*, 100 (Murat).
7. **Chiappori, P. A., B. Fortin, and G. Lacroix.** (2002). "Marriage Market, Divorce Legislation, and Household Labor Supply," *Journal of Political Economy*, 110. (\*)
8. **Chiappori, P. A., M. Iyigun and Y. Weiss.** (2005). "Spousal Matching, Marriage Contracts and Divorce," University of Colorado, mimeo (Murat).
9. **Galor, O. and D. Weil.** (1996). "The Gender Gap, Fertility, and Growth," *American Economic Review*, 86 (3), June, 374-87, (\*).
10. **Iyigun, M.** "A Collective Household Model with Choice-Dependent Sharing Rules," University of Colorado, Working Paper No: 04-08.
11. **Iyigun, M. and R. P. Walsh.** (2002). "Endogenous Gender Power, Labor Supply, and the Quantity-Quality Tradeoff," *Journal of Development Economics*, forthcoming (Murat).
12. **Iyigun, M. and R. P. Walsh.** (2004). "Building the Family Nest: A Collective Household Model with Competing Pre-Marital Investments and Spousal Matching," University of Colorado, Working Paper No: 04-01.
13. **Lundberg, S. and R. Pollak.** (1997). "Do Husbands and Wives Pool Their Resources?: Evidence from the U.K. Child Benefit," *Journal of Human Resources*, Summer, 463-80 (\*).
14. **Rosenzweig, M. and O. Stark.** (1989). "Consumption Smoothing, Migration and Marriage: Evidence from Rural India," *Journal of Political Economy*, 97(4):905-926. (\*)
15. **Samuelson, P.** (1956). "Social Indifference Curves," *Quarterly Journal of Economics*, 70.
16. **Sen, A.** (1983). "Economics and the Family," *Asian Development Review*, 1. (\*)
17. **Udry, C.** (1996). "Gender, the Theory of Production, and the Agricultural Household," *Journal of Political Economy*, 104. (\*)

## ii) Human Capital, Demographics and Economic Growth/Development

1. **Barro, R. J. and J. Lee.** (1996). "International Measures of Schooling Years and Schooling Quality," *American Economic Review*.

2. **Benhabib, J. and M. Spiegel.** (1994). "The Role of Human Capital in Economic Development: Evidence from Aggregate Cross-Country Data," *Journal of Monetary Economics*. (\*)
3. **Bils, M. and P. Klenow.** (2000). "Does Schooling Cause Growth or the Other Way Around?," *American Economic Review*, 90. (\*)
4. **Galor, O. and D. Weil.** (2000). "Population, Technology and Growth: From the Malthusian Regime to the Demographic Transition," *American Economic Review*, 90 (4), September, 806-28 (\*).
5. **Goldin, C. and L. Katz.** (1998). "The Origins of Technology-Skill Complementarity," *Quarterly Journal of Economics*, 113. (\*)
6. **Hanushek, E.** (2000). "Schooling, Labor Force Quality, and the Growth of Nations," *American Economic Review*. (\*)
7. **Iyigun, M.** (2000). "Timing of Childbearing and Economic Growth," *Journal of Development Economics*, 61 (Murat).
8. **Iyigun, M. and A. L. Owen.** (1999). "Entrepreneurs, Professionals, and Growth," *Journal of Economic Growth*, 1999, 4:2, June 211-30.
9. **Iyigun, M. and A. L. Owen.** (1998). "Risk, Entrepreneurship and Human Capital Accumulation," *American Economic Review*.
10. **Iyigun, M. and A. L. Owen.** (2005). "Experiencing Change and the Evolution of Adaptive Skills: Implications for Economic Growth," *European Economic Review* (Murat).
11. **Iyigun, M.** (forthcoming). "Geography, Demography, and Early Development," *Journal of Population Economics*.
12. **Kalemli-Ozcan, S., H. E. Ryder, and D. N. Weil.** (2000). "Mortality Decline, Human Capital Investment, and Economic Growth," *Journal of Development Economics*, 61. (\*)
13. **Kalemli-Ozcan, S.** (2002). "Does Mortality Decline Promote Economic Growth?," *Journal of Economic Growth*, 7 (\*).
14. **Lee, R.** (2003). "The Demographic Transition: Three Centuries of Fundamental Change," *Journal of Economic Perspectives*, 17. (\*)
15. **Pritchett, L.** (2001). "Where has All the Education Gone?," *World Bank Economic Review*. (\*)

**16. Strauss, J. and D. Thomas.** (1998). "Health, Nutrition and Economic Development," *Journal of Economic Literature*, June. (\*)

#### **IV. Explanations—Geography, Institutions and Political Economy**

- 1. Acemoglu, D., S. Johnson, and J. Robinson.** "The Colonial Origins of Comparative Development," *American Economic Review*, 91. (\*)
- 2. Albouy, D.** "The Colonial Origins of Comparative Development: A Reexamination Based on Improved Settler Mortality Data" University of California, Berkeley, unpublished manuscript.
- 3. Acemoglu, D., S. Johnson, and J. Robinson.** "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics*, 117. (\*)
- 4. Acemoglu, D. and S. Johnson.** "Unbundling Institutions," *Journal of Political Economy*, forthcoming. (\*)
- 5. Alesina, A. and D. Rodrik.** (1994). "Distributive Politics and Economic Growth," *Quarterly Journal of Economics*, 109, 2. (\*)
- 6. Alesina, A., E. Spoloare, and R. Wacziarg.** (2000). "Economic Integration and Political Disintegration," *American Economic Review*, 90. (\*)
- 7. Alesina, A. and R. Perotti.** (1996). "Income Distribution, Political Instability, and Investment," *European Economic Review*, 40. (\*)
- 8. Barro, R. J.** (1996). "Democracy and Growth," *Journal of Economic Growth*, 1. (\*, R)
- 9. Barro, R. J.** (2000). "Inequality and Growth," *Journal of Economic Growth*, 5. (\*)
- 10. Burnside, C. and D. Dollar.** (2000). "Aid, Policies and Growth," *American Economic Review*. (\*)
- 11. Forbes, K.** (2000). "Inequality and Growth," *American Economic Review*. (\*)
- 12. Galor, O. and J. Zeira.** (1993). "Income Distribution and Macroeconomics," *Review of Economic Studies*, January (\*).

13. **Galor, O. and O. Moav.** (2004). "From Physical to Human Capital Accumulation: Inequality in the Process of Development," *Review of Economic Studies*, October (\*).
14. **Iyigun, M. and A. Owen.** (2004). "Income Inequality, Financial Development and Macroeconomic Fluctuations," *Economic Journal*, 114 (Murat).
15. **Iyigun, M. and D. Rodrik.** (2005). "On the Efficacy of Reforms: Policy Tinkering, Institutional Change and Entrepreneurship," in *Institutions and Growth*, eds., Theo Eicher and Cecilia Garcia-Penalosa. (Cambridge: MIT Press) (Murat).
16. **Knack, S. and P. Keefer.** (1995). "Institutions and Economic Performance," *Economics and Politics*, 7. (\*)
17. **Minier, J.** (1998). "Democracy and Growth," *Journal of Economic Growth*, 3. (\*)
18. **Mobarak, M.** (2005). "Determinants of Volatility and its Implications for Economic Development," *Review of Economics and Statistics*. (\*)
19. **Mukand, S. and D. Rodrik.** (2005). "In Search of the Holy Grail: Policy Convergence, Experimentation, and Economic Performance," *American Economic Review*, March (\*).
20. **Persson T. and G. Tabellini.** (1994). "Is Inequality Harmful for Economic Growth?" *American Economic Review*, 84. (\*)
21. **Rodrik, D.** (2004). "Growth Strategies," in *Handbook of Economic Growth*, eds., Phillipe Aghion and Steven Durlauf. (North-Holland). (\*)
22. **Rodrik, D., A. Subramanian, and F. Trebbi.** (2004). "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development," *Journal of Economic Growth*, 9. (\*)
23. **Sachs, J.** (2003). "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income," NBER Working Paper 9490. (\*)
24. **Sachs, J.** (2001). "Tropical Underdevelopment," NBER Working Paper 9411. (\*)
25. **Sachs, J. and A. Warner.** (1997). "Fundamental Sources of Long-Run Growth," *American Economic Review*, 87. (\*)

\* Student presentation papers.