

Development Economics

Sara Savastano , University of Rome Tor Vergata – DEF

Furio Camillo Rosati, UCW and DEF

LM in Economics - DEF

2015-2016

LECTURERS



Furio Camillo Rosati is a Professor of Public Finance at the University of Tor Vergata, Rome in the Faculty of Economics. He received a B.A. in Economics from the University of Rome, Faculty of Law (1976), a Master of Science in Economics (1979) and a Philosophy Doctor in Economics, both from the London School of Economics and Political Science (1984).

In addition to his position at the University of Tor Vergata, Professor Rosati is currently the Project Manager for "Understanding Children's Work" (UCW) an inter-agency research initiative on child labor involving the International Labor Organization, UNICEF and the World Bank. UCW was established in 2000 and is aimed at improving information and research capacity in the area of child labor and youth employment.

His research interests include public economics, household economics and development economics, and he has published in leading international journals.

Sara Savastano



Sara Savastano, PhD, is Assistant Professor of Economics at the University of Rome Tor Vergata – Department of Economics and Finance. She is Board member of CEIS-Tor Vergata and Secretary General of [ICABR](#), the International Consortium of Applied Bioeconomy Research. After working at the Development Research Group of the World Bank, from 2001 to 2005, Sara served as Economist in the Italian Ministry of Economy and Finance.

Her research covers several topics in development economics and rural development and agriculture, and in particular agriculture efficiency and productivity analysis.

Sara consults for FAO, the World Bank, IFPRI, UNIDO, and several private and public national institutions such as: Enam, Ambrosetti s.r.l., Sichelgaita, Alpetunnel GEIE,; Italian Ministry of Labor, Italian Ministry of Development, and Mediocredito Centrale. She is coordinator and member of international projects targeted on agriculture and policies issues in developing countries in collaboration with important international organizations.

Course description:

To understand why countries, regions and individuals lag behind others in terms of material well-being and to design effective policies to close such gaps, is the objective of development economics.

Development economics is a very broad subject, ranging to design incentive compatible emergency interventions to save lives in flood affected areas, to changing the structure of agricultural production, to reform education systems, to design effective trade policies. Practically every area in economics has a counterpart in development economics.

A 6 credit course cannot cover all the areas, and the course therefore will focus on the microeconomics aspect of the discipline: studying the factors and constraints influencing individual-level, household-level, or farm-level decision-making in developing countries. In particular the course will focus on human capital accumulation, labor market and migration, and physical capital accumulation. The area of focus will reflect, as far as possible, the actual research interest of the lecturer of DEF, so to promote participation in research projects and field activities.

The course will also provide the basics of Impact Evaluation techniques, if not previously covered.

This course is designed for students with graduate level training in microeconomics and econometrics and an interest in international development.

Objectives

This course on Development Economics has the following objectives:

- To provide an in depth survey of the research frontiers in various areas of microeconomics of development. Students from other fields are welcome and prior background will be taken into consideration in evaluating students' course papers.
- To acquaint students with the relevant parts of the literature, to explain the mechanics of key theories and methods, to encourage students to think critically about what the existing literature tells us about microeconomic behavior in developing countries or of vulnerable groups in high income countries, and to help train them on how to undertake original research as well as to offer constructive criticism of others' research.

Contents

Development economics is a six credits course, with six hours of lecture per week including a series of seminars by representatives of international organizations involved in development economic research and in policy design and implementation.

The course, following an introduction, is divided into three parts covering the following topics:

- Introduction: development economics
- Human Capital
- Labor markets and migration
- Physical Capital

The introduction will critically discuss what development economics is, give a bird eye overview of the field.

The determinants of the investment in education and health will be subject of the first part of the course. Good health and the ability of understand the world we live in are objective in themselves, but health and education are also key factors in determining economic growth and in improving individual welfare.

We will then discuss the characteristics of the labour market(s), the role and challenges of migration in development and growth, the meaning and implications of labour standards. The role of self employment and of the informal sector will bring us into the third part of the course concerned with production and physical capital in the agricultural sector.

The third part will concern physical capital: agriculture productivity, agrarian contracts and factor markets . Since the majority of poor households live in rural areas, agricultural productivity is central determinant of income for most of the world' poor. How do the land distribution, property rights and access to technology matter for agricultural productivity?

Course Outline

From September 21, 2015 to October 28, 2015

Monday and Tuesday from 2 pm-4pm

Wednesday: from 11 am to 1 pm

Building B – First Floor Room A

Examinations:

January 22, 2016

June 7, 2016

September 7, 2016

Course Format, Requirements and Grading

The course is structured around 3 themes and will include lectures, case studies, applied group work , seminars, and classroom discussion.

Students can choose between two types of exams.

Type 1: A written examination of 1.5 hours with 4 questions. Essays' answer should not be longer than half a page for each question. Students are expected to synthesize the key concepts of each theme and show familiarity with the relevant literature. The exam will test the understanding of concepts taught in the lectures and review sections, and the ability to apply these insights to policy situations. Exam material will be taken from both the lectures and the reference sections.

Type 2: A short essay of 15 pages maximum (including graphs, tables, and references). A list of topic will be given during the course. Students should apply their knowledge and

understanding of economic concepts, combined with the specific elements to the topic chosen from a given list. Students will be given guidance on the economic background to the topic, and help to identify the main issues, problems and possible research areas. Students will then be expected to do most of reading, research and applied work on their own, but the work will be supported by the opportunity to discuss progress, report findings and ask questions.

Reading List

Introduction: Development, growth and destitution

- Dornbush et. al (1987), Korean Growth Policy, Brooking papers on economic Activity, n.2 pp. 389-454
- Sen, A. (1981), Poverty and Famines: An Essay on Entitlement and Deprivation, Oxford University press
- See also the review from Reutlinger, Economic Development and Cultural Change, Vol. 32, No. 4 (Jul., 1984), pp. 881-886

Human Capital: the economics of investing in education and health

- Becker, G , (1981,1991) A treatise on the Family, Chapter 2 and supplement to Chapter 7, Harvard University Press
- Rosati, F.C. and Z. Tzannatos (2003), Child work: an expository framework, World Bank Social Protection Discussion Papers
- Cigno, A and F.C. Rosati (2005), The Economics of child labour, Oxford University Press
- Guarcello, Mealli Rosati (2010) Household Vulnerability and Child Labor: the effect of shocks, credit rationing and insurance, Journal of Population Economics, 23, 1

Social protection policies to support human capital accumulation

- Fiszbein A. and Norbert Schady (2009), Conditional Cash Transfers: Reducing Present and Future Poverty, the World Bank
- De Hoop, J and F.C. (Rosati 2014), Cash Transfers and Child Labor ,World Bank Research Observer Volume 29, Issue 2 Pages: 202 - 234
- Rosati F.C. (2015), The effects of partial education subsidies, draft
- De Hoop, J and F.C. Rosati 2014. "Does promoting school attendance reduce child labor? Evidence from Burkina Faso's BRIGHT project," Economics of Education Review, Elsevier, vol. 39(C), pages 78-96.

Credit Markets

- Eswaran, M and Kotwal A. (1986) Access to capital and agrarian production organization, The Economic Journal, 96
- Collins d. et al. (2009), Portfolio of the Poor, Princeton University Press

Gender

- Becker, G , (1981,1991) A treatise on the Family, Supplement to Chapters 2 and 7, Harvard University Press
- Soares, R. and B. Falcao (2008), The Demographic Transition and the Sexual Division of Labour, Journal of Political Economy, Vol.116
- Duflo, E. (2012), Women Empowerment and Economic Development, Journal of Economic Literature, December
- Rosati (2015), Women empowerment and school attendance: an example from Nicaragua.

Assessing policy effectiveness: causality, probabilistic causality, counterfactual causality and the rest

- Lee, M J (2005), Micro- econometrics for policy, program, and treatment effects, Chapter 2 and Appendix 1, Oxford University Press
- Khandker et al (2010), Impact evaluation, The World Bank
- Ravallion M (2008), Evaluation in the practice of development, Policy Research WP, The World Bank

Population Growth and Evolution of Farming Systems: The Boserup and Ruthenberg Model

- Boserup, E. ,(1965), The Conditions of Agricultural Growth. The Economics and Agrarian Change under Population Pressure, Chicago, Aldine.
- Ruthenberg, H., (1980), Farming Systems in the Tropics. 3rd ed., Oxford: Clarendon Press
- Binswanger, Hans P. and John McIntire, "Behavioral and Material Determinants of Production Relations in Land-abundant Tropical Agriculture." Economic Development and Cultural Change, 1987, Vol. 36, No. 1 (October): 73-99
- Pingali, Prabhu, Yves Bigot, and Hans P. Binswanger. (1987), Agricultural Mechanization and the Evolution of Farming Systems in Sub-Saharan Africa. Baltimore, Md.: Johns
- Binswanger-Mkhize, Hans P. & Savastano, Sara, (2014) "Agricultural intensification : the status in six African countries," Policy Research Working Paper Series 7116, The World Bank

Agriculture and Rural Development

- Deininger, K. and G. Feder, (2000), "Land Institutions and Land Markets", in Handbook of Agricultural Economics (B. Gardner and G. Raussser, Eds), Elsevier Amsterdam: 288-331.
- Deininger, K. and H. Binswanger, (2000), "The Evolution of the World Bank's Land Policy: Principles, Experience, and Future Challenges", World Bank Research Observer 14(2) 2000: 247-76.
- Deininger, K., (2003), Land Policies for Growth and Poverty Reduction, World Bank Policy Research Report Series, Washington DC. Oxford University Press
- De Janvry A., Byerlee, D, (2007), Agriculture for Development. World Development Report 2008. Washington D.C.: The World Bank.
- Deininger, Klaus & Byerlee, Derek, (2012), "The Rise of Large Farms in Land Abundant Countries: Do They Have a Future?," World Development, Elsevier, vol. 40(4), pages 701-714.

Land Market Development and Agricultural Production Efficiency

- Mathijs, E., Swinnen, J.F.M., (1998), "The Economics of Agricultural Decollectivization in East Central Europe and the Former Soviet Union". Economic Development and Cultural Change 47, 1-26.
- Swinnen, J.F.M. (1999): The Political Economy of Land Reform Choices in Central and Eastern Europe. In: Economics of Transition 7 (3): 637-664
- Lerman, Zvi & Csaki, Csaba & Feder, Gershon, (2002), "Land policies and evolving farm structures in transition countries," Policy Research Working Paper Series 2794, The World Bank.
- Deininger, Klaus & Savastano, Sara & Carletto, Calogero, (2012), "Land Fragmentation, Cropland Abandonment, and Land Market Operation in Albania," World Development, Elsevier, vol. 40(10), pages 2108-2122.
- Carletto G., Savastano S., and A. Zezza, (2013), "Fact or Artefact: The Impact of Measurement Errors on the Farm-Productivity Relationship", Journal of Development Economics, Volume 103, July 2013, Pages 254–261, and World Bank Policy Research Working Paper 5908, December 2011
- Deininger, K., and G. Carletto, Savastano S., Muwongue, J., (2012), "Can diaries help in improving agricultural production statistics? Evidence from Uganda" Journal of Development Economics, Volume 98, Issue 1, Pages 42-50 (May 2012)

Agriculture in Africa at the Dawn of the 21st Century – Telling Facts from Myths

- Calogero C. & Dean J. & R. Banerjee, (2015), "From Tragedy to Renaissance: Improving Agricultural Data for Better Policies," *Journal of Development Studies*, Taylor & Francis Journals, vol. 51(2), pages 133-148, February.
- Sheahan, M. & Barrett, C. B., (2014). "Understanding the agricultural input landscape in Sub-Saharan Africa : recent plot, household, and community-level evidence," Policy Research Working Paper Series 7014, The World Bank.
- Deininger, K., Xia, F., Savastano S, (2015) Determinants of agricultural productivity & land market participation in Africa: Evidence from LSMS-ISA surveys, World Bank Project 2012-2014 "Agriculture in Africa at the Dawn of the 21st Century – Telling Facts from Myths"
- Larson, D. F. & Savastano, S. & Murray, S. & Palacios-Lopez, A., (2015) "Are women less productive farmers ? how markets and risk affect fertilizer use, productivity, and measured gender effects in Uganda," Policy Research Working Paper Series 7241, The World Bank

General reference text: Ray D, *Development Economics*, (1998) Princeton University Press