

**PAPER NO- 12**

**DEVELOPMENT THEORY AND EXPERIENCE-I**

**Course Description**

This is the first part of a two-part course on economic development. The course begins with a discussion of alternative conceptions of development and their justification. It then proceeds to aggregate models of growth and cross-national comparisons of the growth experience that can help evaluate these models. The axiomatic basis for inequality measurement is used to develop measures of inequality and connections between growth and inequality are explored. The course ends by linking political institutions to growth and inequality by discussing the role of the state in economic development and the informational and incentive problems that affect state governance.

**Course Outline**

**1. Conceptions of Development**

Alternative measures of development, documenting the international variation in these measures, comparing development trajectories across nations and within them.

**2. Growth Models and Empirics**

The Harrod-Domar model, the Solow model and its variants, endogenous growth models and evidence on the determinants of growth.

**3. Poverty and Inequality: Definitions, Measures and Mechanisms**

Inequality axioms; a comparison of commonly used inequality measures; connections between inequality and development; poverty measurement; characteristics of the poor; mechanisms that generate poverty traps and path dependence of growth processes.

**4. Political Institutions and the Functioning of the State**

The determinants of democracy; alternative institutional trajectories and their relationship with economic performance; within-country differences in the functioning of state institutions; state ownership and regulation; government failures and corruption.

**Readings**

1. Debraj Ray, *Development Economics*, Oxford University Press, 2009.
2. Partha Dasgupta, *Economics: A Very Short Introduction*, Oxford University Press, 2007.
3. Abhijit Banerjee, Roland Benabou and Dilip Mookerjee, *Understanding Poverty*, Oxford University Press, 2006.
4. Kaushik Basu, editor, *The New Oxford Companion to Economics in India*, Oxford University Press, 2012.
5. Amartya Sen, *Development as Freedom*, Oxford University Press, 2000.
6. Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, 2006.
7. Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, 1994.
8. S Subramanian (ed), *Measurement of Inequality and Poverty*, Oxford University Press, 2005