

Development Economics: Critical Concepts in Development Studies

edited by Christopher B. Barrett
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DESCRIPTION

With its focus on understanding how resource allocation, human behavior, institutional arrangements and private and public policy jointly influence the evolution of the human condition, development economics is arguably the most fundamental field within the discipline of economics. As the opening sentence of T.W. Schultz's 1979 Nobel Prize lecture declared, "Most of the people in the world are poor, so if we knew the economics of being poor, we would know much of the economics that really matters."

Development economics research ultimately explores why some countries, communities and people are rich and others poor. Rapid economic growth is, in historical terms, a recent phenomenon confined to the past three hundred years for less than one-quarter of the world's population. Growing and seemingly persistent gaps in prosperity between rich and poor peoples – within and between countries – contributes to sociopolitical tensions, affects patterns of human pressure on the natural environment, and generally touches all facets of human existence. Understanding the process of economic development is thus central to most research in economics and the social sciences more broadly. Development economics nonetheless emerged as a distinct field of analytical, empirical and institutional research only in the past half century or so, with especially rapid progress in the past generation.

Edited by a well-established scholar who has published broadly in the field, this four volume collection provides a thorough review of the evolution and current state of the art of the field of development economics, covering development microeconomics, meso-level institutional phenomena associated with communities and markets, as well as development macroeconomics, in each case integrating theoretical and empirical research. The papers chosen for inclusion have been selected for their clarity and complementarity to the rest of the collection, as well as for their impact on thinking within the field. An extensive introductory essay summarizes the state of the field and the history of thought in

development economics for those new to the area and explains the importance of the articles selected. The collection will interest academic researchers, policy practitioners and students alike.

The four volumes, each approximately 400 pages in length, are organized as follows.

Volume 1: The Economics of Development

The introductory volume begins with a substantive introductory essay that traces out the history of thought in development economics, identifies and briefly explains the central issues that permeate all levels of analysis (poverty, welfare dynamics, technological change and market participation), as well as the primary methods employed in modeling the microeconomics of development, and describes the chief contributions of each of the selected readings. The readings explain how different scales of analysis (micro, meso and macro) link together, explaining the structure of the four volume set.

1. C.B. Barrett, "Development Economics: An Overview", original essay.

Development, poverty and welfare dynamics

2. A Sen (1988). 'The concept of development', in H. Chenery and T.N. Srinivasan, eds., *Handbook of Development Economics*. Amsterdam: Elsevier.
3. J. Foster, J. Greer and E. Thorbecke (1984), 'A class of decomposable poverty measures,' *Econometrica* 52 (3): 761-766.
4. J.Y. Duclos, D.E. Sahn and S.D. Younger (2006), 'Robust Multidimensional Poverty Comparisons,' *Economic Journal* 116(514): 943-968.
5. P. N. Rosenstein-Rodan (1943), 'Problems of industrialisation of Eastern and South-Eastern Europe', *Economic Journal*, 53(210/211):202-211.
6. A.V. Banerjee and A. F. Newman (1993), 'Occupational choice and the process of development,' *Journal of Political Economy*, 101(2):274-298.
7. P. Dasgupta (1997), 'Nutritional status, the capacity for work, and poverty traps', *Journal of Econometrics*, 77(1):5-37.
8. M. R. Carter and C. B. Barrett (2006), 'The economics of poverty traps and persistent poverty: An asset-based approach', *Journal of Development Studies*, 42(2):178-199.

Technological change and market participation

9. V. W. Ruttan (1997), 'Induced innovation, evolutionary theory and path

- dependence: Sources of technical change', *Economic Journal*, 107(444): 1520–1529.
10. G. Feder, R. E. Just, and D. Zilberman (1985), 'Adoption of agricultural innovations in developing countries: A survey', *Economic Development and Cultural Change*, 33(2):255–298.
 11. T. Besley and A. Case (1993), 'Modeling technology adoption in developing countries', *American Economic Review*, 83(2):396–402.
 12. N. Key, E. Sadoulet, and A. de Janvry (2000), 'Transactions costs and agricultural household supply response', *American Journal of Agricultural Economics*, 82(2):245–259.

Household and intrahousehold models

13. I. Singh, L. Squire, and John Strauss (1986). 'The Basic Model: Theory, Empirical Results, and Policy Conclusions, in *Agricultural Household Models*. Baltimore: Johns Hopkins University Press.
14. A. De Janvry, M. Fafchamps, and E. Sadoulet (1991), 'Peasant household behavior with missing markets: Some paradoxes explained', *Economic Journal*, 101(409):1400–1417.
15. L. Haddad and R. Kanbur (1990), 'How serious is the neglect of intrahousehold inequality?', *Economic Journal*, 100(402):866–881.
16. M. M. Pitt, M. R. Rosenzweig, and M. N. Hassan (1990), 'Productivity, health, and inequality in the intrahousehold distribution of food in low-income countries', *American Economic Review*, 80(5):1139–1156.
17. C. Udry (1996), 'Gender, agricultural production, and the theory of the household', *Journal of Political Economy*, 104(5):1010–1046.

Volume 2: Development Microeconomics

This first of the scale-specific volumes focuses on micro-level phenomena associated with financial services and risk management, investment in human capital, labor supply and labor markets, as well as with firm-level phenomena associated with productivity and the organization of production and exchange.

Financial services and risk management

18. J. Morduch (1995), 'Income smoothing and consumption smoothing', *Journal of Economic Perspectives*, 9(3):103–114.
19. M. R. Rosenzweig and H. P. Binswanger (1993), 'Wealth, weather risk and

the composition and profitability of agricultural investments', *Economic Journal*, 103(416):56–78.

20. R. M. Townsend (1994), 'Risk and insurance in village India', *Econometrica*, 62(3):539–591.
21. F. J. Zimmerman and M. R. Carter (2003), 'Asset smoothing, consumption smoothing and the reproduction of inequality under risk and subsistence constraints', *Journal of Development Economics*, 71(2):233–260.

Investment in human capital: nutrition, health and education

22. J. R. Behrman and A. B. Deolalikar (1987), 'Will developing-country nutrition improve with income? A case-study for rural South-India', *Journal of Political Economy*, 95(3):492–507.
23. S. Subramanian and A. Deaton (1996), 'The demand for food and calories', *Journal of Political Economy*, 104(1):133–162.
24. J. R. Behrman, A. D. Foster, and M. R. Rosenzweig (1997), 'The dynamics of agricultural production and the calorie-income relationship: Evidence from Pakistan', *Journal of Econometrics*, 77(1):187–207.
25. P. Gertler and J. Gruber (2002), 'Insuring consumption against illness', *American Economic Review*, 92(1):51–70.
26. T. W. Schultz (1975), 'Value of ability to deal with disequilibria', *Journal of Economic Literature*, 13(3):827–846.

Labor supply and labor markets

27. M. Eswaran and A. Kotwal (1985), 'A theory of 2-tier labor-markets in agrarian economies', *American Economic Review*, 75(1):162–177.
28. H. G. Jacoby (1993), 'Shadow wages and peasant family labor supply: An econometric application to the Peruvian Sierra', *Review of Economic Studies*, 60(4):903–921.
29. A.D. Foster and M. R. Rosenzweig (1994), 'A test for moral hazard in the labor-market: Contractual arrangements, effort, and health', *Review of Economics and Statistics*, 76(2):213–227.

Agrarian contracts and small farmer productivity

30. K. Basu (1983), 'The emergence of isolation and interlinkage in rural markets', *Oxford Economic Papers*, 35(2):262–280.
31. M. Eswaran and A. Kotwal (1985), 'A theory of contractual structure in agriculture', *American Economic Review*, 75(3):352–367.

32. J. J. Laffont and M. S. Matoussi (1995), 'Moral hazard, financial constraints and sharecropping in El Oulja', *Review of Economic Studies*, 62(3):381–399.
33. G. Feder (1985), 'The relation between farm size and farm productivity: The role of family labor, supervision and credit constraints', *Journal of Development Economics*, 18(2-3):297–313.
34. S. M. Sherlund, C. B. Barrett, and A. A. Adesina (2002), 'Smallholder technical efficiency: Controlling for environmental production conditions', *Journal of Development Economics*, 69(1):85–101.

Volume 3: Development Meso-economics

This volume explores the too-often “missing middle” in development economics, the meso-level phenomena that occur at scales smaller than nation states but among aggregates of individuals. These meso-level phenomena intermediate between the microeconomic behaviour of individuals, households and firms and the macroeconomic phenomena on which so much attention focuses. Key topics include the institutional underpinnings of markets, social identity and networks, and intersectoral linkages.

Markets and Institutions

35. J. P. Platteau (2000), 'Endogeneity in the rise of market order,' chapter 6 in *Institutions, Social Norms and Economic Development*. Harwood Academic Publishers.
36. M. Fafchamps and B. Minten (2001). 'Property rights in a flea market economy', *Economic Development and Cultural Change*, 49(2):229–267.
37. T. Besley (1995), 'Property-rights and investment incentives: Theory and evidence from Ghana', *Journal of Political Economy*, 103(5):903–937.
38. M. R. Carter and P. Olinto (2003), 'Getting institutions “right” for whom? Credit constraints and the impact of property rights on the quantity and composition of investment', *American Journal of Agricultural Economics*, 85(1):173–186.

Social Identity and Networks

39. K. Basu (1986), 'One kind of power', *Oxford Economic Papers*, 38(2):259–282.
40. M. R. Rosenzweig and O. Stark (1989), 'Consumption smoothing, migration, and marriage: Evidence from rural India', *Journal of Political Economy*, 97(4):905–926.

41. J. De Weerd and S. Dercon (2006), 'Risk-sharing networks and insurance against illness,' *Journal of Development Economics*, 81(2): 337-356.
42. A.D. Foster and M. R. Rosenzweig (1995), 'Learning by doing and learning from others: Human capital and technical change in agriculture', *Journal of Political Economy*, 103(6):1176–1209.
43. T. Mogue and M. Carter (2005), 'Social capital and the reproduction of economic inequality in polarized societies', *Journal of Economic Inequality*, 3(3):193–219.
44. K. Munshi (2003), 'Networks in the modern economy: Mexican migrants in the US labor market', *Quarterly Journal of Economics*, 118(2):549–599.

Intersectoral linkages

45. B. F. Johnston and J. W. Mellor (1961), 'The role of agriculture in economic-development', *American Economic Review*, 51(4):566–593.
46. S. Haggblade, J. Hammer, and P. Hazell (1991), 'Modeling agricultural growth multipliers', *American Journal of Agricultural Economics*, 73(2):361–374.
47. R. E. B. Lucas and O. Stark (1985), 'Motivations to remit: Evidence from Botswana', *Journal of Political Economy*, 93(5):901–918.

Volume 4: Development Macroeconomics

The readings in the final volume of the set cover core theories of and empirical evidence on economic growth at the level of nation states and international regions, the relationships between growth and inequality and trade, and issues of political economy and institutions.

Endogenous growth and growth empirics

48. R. E. Lucas (1993), 'Making a miracle', *Econometrica*, 61(2):251–272.
49. P. Romer (1993), 'Idea gaps and object gaps in economic-development', *Journal of Monetary Economics*, 32(3):543–573.
50. D. T. Quah (1996), 'Twin peaks: Growth and convergence in models of distribution dynamics', *Economic Journal*, 106(437):1045–1055.
51. S. N. Durlauf and P. A. Johnson (1995), 'Multiple regimes and cross-country growth-behavior', *Journal of Applied Econometrics*, 10(4):365–384.

Inequality and growth

52. K. M. Murphy, A. Shleifer, and R. W. Vishny (1989), 'Industrialization and

- the big push', *Journal of Political Economy*, 97(5):1003–1026.
53. O. Galor and J. Zeira (1993), 'Income-distribution and macroeconomics', *Review of Economic Studies*, 60(1):35–52.
54. Alesina and D. Rodrik (1994), 'Distributive politics and economic-growth', *Quarterly Journal of Economics*, 109(2):465–490.
55. A.V. Banerjee and E. Duflo (2003), 'Inequality and growth: What can the data say?', *Journal of Economic Growth*, 8(3):267–299.

Trade and growth

56. P. Romer (1994), 'New goods, old theory, and the welfare costs of trade restrictions', *Journal of Development Economics*, 43(1):5–38.
57. S. Edwards (1998), 'Openness, productivity and growth: What do we really know?', *Economic Journal*, 108(447):383–398.
58. D. Dollar and A. Kraay (2004), 'Trade, growth, and poverty', *Economic Journal*, 114(493):F22–F49.

Political economy of development and institutional history

59. A.O. Kreuger, M. Schiff, and A. Valdes (1988), 'Agricultural incentives in developing-countries: Measuring the effect of sectoral and economy-wide policies', *World Bank Economic Review*, 2(3):255–271.
60. K. L. Sokoloff and S. L. Engerman (2000), 'History lessons: Institutions, factor endowments, and paths of development in the new world', *Journal of Economic Perspectives*, 14(3):217–232.
61. P. Bardhan (2002), 'Decentralization of governance and development', *Journal of Economic Perspectives*, 16(4):185–205.
62. D. Acemoglu, S. Johnson, and J. A. Robinson (2001), 'The colonial origins of comparative development: An empirical investigation', *American Economic Review*, 91(5):1369–1401.