



**UNIVERSITÄT  
BAYREUTH**

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Outline

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## **Development Economics II**

### **1. Date & Times**

This course is held every Tuesday from 8:00-11:00. Exercises are held on Tuesday from 18:00-20:00. The dates for exercises are announced during the course.

### **2. Lecturer Prof. Dr. David Stadelmann**

David Stadelmann studied Economics and Mathematics at the University of Fribourg (Switzerland) where he received his PhD in Economics and Social Sciences in 2010. He has been teaching and researching as a professor at the University of Bayreuth (Germany) since 2013 (call at age of 29). He has authored over 35 peer-reviewed scientific publications and publishes the policy-relevant findings of his research in non-academic outlets such as newspapers, magazines, and blogs. He is a research fellow at CREMA—Center for Research in Economics, Management and the Arts (Switzerland), at QuBE—Queensland Behavioural Economics Group (Australia), and an editor of *Kyklos—International Review for Social Sciences*. He was awarded diverse research prizes including the “Reinhard-Selten-Preis” (German Economic Association), the “Ludwig-Erhard-Preis” (Ludwig Erhard Foundation) or the “Wissenschaftspreis” of the Region of Vorarlberg.

### 3. Content

Low and middle-income countries face many challenges in their quest for economic development. Although living standards have improved in many countries over the past decades, a significant part of the world's population still lives below the absolute poverty line. What distortions and market failures hinder people's quest to improve their economic situation and their well-being in the long-run? Which influence do geography, the disease environment, human capital, institutions and trade have on economic development? Why do the absence of functioning market solutions and the prevalence of informal institutions lead to the creation of important externalities hampering growth? In this course, we will analyze problems related to slow growth, unstable and informal institutions, human capital accumulation, intra-household allocation, productivity growth, among others. We also examine different drivers for economic development, incentive structures such as property rights and regulation, economic openness as well as lending facilities. The modern literature provides potential strategies for accelerating growth and attaining sustainable development which will be discussed. Finally, we analyze, synthesize and evaluate the literature's recommendations for policy-making with a focus on less-developed and transition economies.

The course is accompanied by exercises which focus on the literature presented during the course and present accompanying material.

### 4. Learning Objectives and Target Group

Students will be able to understand and evaluate part of the most important theoretical and empirical economic literature which highlights the challenges of economic development and the causal factors influencing it. They will be able to assess the quality of economic models of productivity growth, potential effects of institutional change on economic performance, the role of human capital accumulation as well as intra-household allocation and they can argue for and against policy reforms. Finally, they are able to discuss, synthesize and evaluate in detail how the literature has changed our understanding for economic development.

This course requires a good understanding of how to read and interpret econometric results as well as an understanding of the mathematics used in formal economic models. The lecture script focusses on theoretical and empirical articles published in scientific journals. Although not a prerequisite, students are strongly encouraged to have followed a course in quantitative economics (econometrics), in mathematics, and the introductory course in development economics "Entwicklungsökonomie I".

## 5. Access to Learning Material

Students can access the course material on the e-learning server: <https://elearning.uni-bayreuth.de/course/view.php?id=8236>

## 6. References (extract)

The course is based on the following list of theoretical and empirical articles. Some of the articles will be presented in detail in the lecture material. Additional articles may be added as the course and the exercises progress.

- Acemoglu, D.; Johnson, S. & Robinson, J. A. (2001), 'The Colonial Origins of Comparative Development: An Empirical Investigation', *American Economic Review* 91(5), 1369-1401.
- Aghion, P.; Howitt, P. & Mayer-Foulkes, D. (2005), 'The Effect of Financial Development on Convergence: Theory and Evidence', *Quarterly Journal of Economics* 120(1), 173-222.
- Aghion, P.; Blundell, R.; Griffith, R.; Howitt, P. & Prantl, S. (2009), 'The Effects of Entry on Incumbent Innovation and Productivity', *The Review of Economics and Statistics* 91(1), 20-32.
- Anderson, S. & Ray, D. (2010), 'Missing Women: Age and Disease', *Review of Economic Studies* 77(4), 1262-1300.
- Banerjee, A. V. & Duflo, E. (2010), 'Giving Credit Where It Is Due', *Journal of Economic Perspectives* 24(3), 61-80.
- Basu, K. & Van, P. H. (1998), 'The Economics of Child Labor', *American Economic Review* 88(3), 412-427.
- Beck, T.; Demirgüç-Kunt, A. & Levine, R. (2007), 'Finance, inequality and the poor', *Journal of Economic Growth* 12(1), 27-49.
- Burgess, R. & Pande, R. (2005), 'Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment', *American Economic Review* 95(3), 780-795.
- Dollar, D.; Fisman, R. & Gatti, R. (2001), 'Are women really the "fairer" sex? Corruption and women in government', *Journal of Economic Behavior & Organization* 46(4), 423-429.
- Duflo, E. (2001), 'Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment', *American Economic Review* 91(4), 795-813.
- Frankel, J. A. & Romer, D. (1999), 'Does Trade Cause Growth?', *American Economic Review* 89(3), 379-399.

- Glaeser, E. L.; Porta, R. L.; de Silanes, F. L. & Shleifer, A. (2004), 'Do Institutions Cause Growth?', *Journal of Economic Growth* 9(3), 271-303.
- Gorodnichenko, Y. & Roland, G. (2011), 'Which Dimensions of Culture Matter for Long-Run Growth?', *American Economic Review* 101(3), 492-498.
- Grossmann, V. & Stadelmann, D. (2011), 'Does international mobility of high-skilled workers aggravate between-country inequality?', *Journal of Development Economics* 95(1), 88-94.
- Krueger, A. B. & Maleckova, J. (2003), 'Education, Poverty and Terrorism: Is There a Causal Connection?', *The Journal of Economic Perspectives* 17(4), 119-144.
- Morduch, J. (1999), 'The Microfinance Promise', *Journal of Economic Literature* 37(4), 1569-1614.
- O'rouke, K. & Williamson, J. (2005), 'From Malthus to Ohlin: Trade, Industrialisation and Distribution Since 1500', *Journal of Economic Growth* 10(1), 5-34.
- Romer, P. M. (1994), 'The Origins of Endogenous Growth', *Journal of Economic Perspectives* 8(1), 3-22.