

University of Waterloo
Department of Economics
Econ 381: Economic Development for Fragile Countries
Fall 2014

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Office Hours: Fridays from 2.00 pm to 3.30 pm (Other times by appointment only)

Lecture Hours and Location: Thursdays from 6.30 pm to 9.20 pm in EV3 1408

Where to find this course outline: This course outline is available at LEARN web site <http://learn.uwaterloo.ca/>

Note:

Regarding e-mail communication, students should use the university e-mail address. When sending email, "ECON 381" must appear in the subject line and the message must include your full name and ID number.

Course Objectives:

Economic development is a gradual process by which the per capita income of a country increases over time given that the number of people below the poverty line does not increase and that the distribution of income does not become more unequal. Econ 381 is an introductory course in economic development. In this course, we will focus on several topics that are central and unique to the low income countries of Asia, Africa and Latin America. In the first part of the course, we will look into the internal dimensions of development; the economic structure of developing

countries. Topics will include the definitions of development and underdevelopment, the issue of poverty and inequality, population growth, the role of agriculture in development, land institutions and land markets, environment and climate change, rural-urban migration and urban unemployment. The second part of the course will highlight the external dimensions of development including the topics of international trade strategies and the effectiveness of foreign aid. Some questions of concern will include: What is the definition of development? How do we measure development? What are the underlying assumptions used by the development models and are they realistic? What are the similarities and differences among the developing nations? Do they have some common characteristics? Who are poor and what are their economic characteristics? What is so bad about high levels of inequality? What are the linkages between population growth and economic development? What is the economic rationale for migrating to cities? Is environmentally friendly development economically viable? After completion of this course, the students will be able to apply the tools of economic analysis to the problems and challenges faced by the low income countries.

Required Textbook:

The required textbook for this course is:

Todaro, P. Micheal and Stephen C. Smith, *Economic Development*, 12th Edition, Pearson Wesley Publishers Limited, 2013.

Note: earlier editions of the textbook can also be used for this course.

However, students are responsible for all materials covered from the new edition of the textbook.

Companion Website:

www.aw-bc.com/todaro_smith

Recommended Textbook (purchase not required):

Ray Debraj, *Development Economics*, Princeton University Press, 1998.

Other Useful Textbooks:

Meier, M. Gerald, *Leading Issues in Development Economics*, 8th edition, 2005.

Perkins, H. Dwight, Steven Radelet, David, L. Lindauer & Steven, A. Block, *Economics of Development*, W.W. Norton & Company, 2013.

Resources:

Course related materials including lecture notes will be posted on Learn at:
1149 ECON 381 Fall 2014

It is highly recommended that students attend the lectures and read the textbook. Lecture notes are provided as a supplement to the text book.

The content of the exams will be announced in class and on Learn. Students are responsible for visiting this site frequently.

Important Websites:

Countries and Regions (www.worldbank.org/html/extdr/regions.htm)

World Bank Development Data and Statistics (www.worldbank.org/data/)

International Monetary Fund (www.imf.org)

IMF World Economic Outlook

(www.imf.org/external/pubs/ft/weo/2012/01/index-htm)

United Nations Economic and Social Development (www.un.org/ecosocdev/)

United Nations Statistics Division (unstats.un.org/unsd/)

United Nations Development Program (www.undp.org)

Human Development Report (hdr.undp.org)

Course Evaluation:

Student evaluation for this course will consist of two in-class midterm exams and a final exam. Alternatively, students can choose to write a research paper on a particular topic in Economic Development and can substitute this paper for one of the midterm exams. **The due date for paper submission is November 27, 2014.** No late submission will be accepted. The guideline for the paper will be distributed in class. Midterms and final will consist of both multiple choice questions and short essay questions. Final exam will be comprehensive; it will include all materials covered in this course. The final exam date will be announced by the Registrar's Office. The final exam period for Fall 2014 term is from December 4 to December 19. Students are expected to be available during this time. An alternative final exam time is not allowed on the ground of travel plans.

The Exam Schedule:

Exams	Date	Time	Weight
Midterm 1	Thursday, October 16, 2014	In-class exam	25%
Midterm 2	Thursday, November 13, 2014	In-class exam	25%
Final	TBA	TBA	50%

Alternative Grading Scale:

25% paper, 25% midterm exam (1 or 2) and 50% final.

Policy for Missed Exams:

No make-up midterm exam will be provided for this course. Students who do not have a relevant medical certificate will receive a mark of zero on any missed exam and their final grade will be assigned in accordance with the formula specified above. For students who have valid medical certificate

(approved by the instructor), the weight of the missed exam will be transferred to the final exam. Policy regarding the missed final exam can be found at: <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources>

Students are advised to notify the instructor in person about the missed exam as soon as they are better. E-mail notification about the missed exam is not accepted.

Grades:

Exam marks will be posted on Learn. Posting grades in public places or sending grades by e-mail are prohibited by university regulations.

Remarking Policy:

If any student feels that the exam is not marked properly, he/she must inform the instructor within 6 days of the date on which the grades are posted on Learn. Please be advised that the entire test will be remarked and the grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

Topics covered:

*******This course schedule is tentative. There may be addition or slight modification in this schedule given the pace of the class. *******

1. Development and Underdevelopment

1.1. Todaro - Chapters 1 & 2

1.2. Ray - Chapter 2

*1.3. Amartya Sen (December 1983), "Development: Which way now?"
The Economic Journal, vol. 93 (372), p. 745-62.

*1.4. Bardhan, P. (1993) "Economics of Development and the Development of Economics" *Journal of Economic Perspectives*, vol. 17(2), p. 129-142.

1.5. Dulfo, E. (2003) "Poor but Rational" MIT working paper

- *1.6. Stavros.Theofanides (1988), "The Metamorphosis of Development Economics", *World Development*, vol. 16 (12), p. 1455-63.
- *1.7. Robert Dorfman (January 1991), "Economic Development from the Beginning to Rostow", *Journal of Economic Literature*, vol. 29(2), p. 573-591.
- 1.8. Paul R. Krugman (1995), "The Fall and Rise of Development Economics", Chapter 1 in *Development, Geography and Economic Theory*, Boston: MIT press, p. 1-30.

2. Alternative Theories of Development

2.1. Todaro - Chapters 3 & 4

*2.2. Martin Ravallion (1997), "Good and Bad Growth: The Human Development Reports", *World Development*, vol. 25(5), p. 631-638.

2.3. Brian Crisp (Spring 1998), "Development Strategy and Regime Type: Why Doesn't Democracy Matter?", *Studies in Comparative International Development*, vol. 33(1), p. 8-41.

<p>Midterm 1: Thursday, October 16, 2014. In-class exam.</p>

3. Inequality, Poverty and Underdevelopment

3.1. Ray - Chapters 7 & 8

3.2. Todaro - Chapter 5

3.3. Meier - Chapter VIII

*3.4. D.L. Blackwood and R.G. Lynch (April 1994), "The Measurement of Inequality and Poverty: A Policy Maker's Guide to the Literature." *World Development*, 22(4), pg. 567-578.

*3.5. Bourguignon, F. and C. Morrison (2002), "Inequality among World Citizens: 1820-1992" *American Economic Review*, Vol. 92(4): 727-744.

*3.6. Chen, S. and M. Ravallion (2010), "The developing world is poorer than we thought, but no less successful in the fight against poverty", *Quarterly Journal of Economics*, vol.125 (4), p. 1577-1625.

4. Internal Dimensions of Development

4.1: Population

4.1.1. Todaro - Chapter 6

4.1.2. Ray - Chapter 9

*4.1.3. Ashraf, N., E. Field and J. Lee (2010), "Household Bargaining and Excess Fertility: An Experimental Study in Zambia" Harvard Working Paper.

*4.1.4. R. Amin et al (April 1994), "Poor women's Participation in Income-generating Projects and their Fertility Regulation in Rural Bangladesh: Evidence from a Recent Survey." *World Development*, vol. 22(4), p 555-565.

4.1.5. Gita Sen (January 1995), "A New Paradigm for Population Policy", *Environment*, vol. 37(1), p. 10.

*4.1.6. J.R. Hicks on the Economics of Population, (June 1999), *Population and Development Review*, vol. 25(2), p. 345-353.

4.2: Agriculture

4.2.1. Todaro - Chapter 9

4.2.2. Ray - Chapter 11

*4.2.3. Donald K. Freebairn (February 1995), "Did the Green Revolution Concentrate Incomes? A Quantitative Study of Research Reports", *World Development*, vol. 23(2), p. 265-279.

4.2.4. Michael Collinson and Kari Wright (March 1992), "Biotechnology and the Developing World", *Finance and Development*, vol. 29(1), p. 34-36.

4.2.5. Brian Halweil (July/August 1999), "The Emperor's New Crops", *World Watch*, vol. 12(4), p. 21-9.

4.2.6. Shaban, Radwan Ali (1987), "Testing between models of sharecropping", *Journal of Political economy*, vol. 95 (5), p. 893-920.

4.2.7. Dulfo, E., M. Kremer and J. Robinson. 2011. "Nudging farmers to use fertilizer: Theory and experimental evidence from Kenya" *American Economic Review*, vol.101 (6), p. 2350-2390.

4.2.8. Evenson, R. and D. Gollin (2003), "Assessing the impact of the green revolution" *Science* 300: 758.

4.2.9. Goldstein, M. and C. Udry (2008), "The Profits of Power: Land Rights and Agricultural Investment in Ghana" *Journal of Political Economy*, vol.116 (6), p. 981-1022.

Midterm 2: Thursday, November 13, 2014. In-class Exam.

4.3: Urbanization and Rural Urban Migration

4.3.1. Todaro - Chapter 7

4.3.2. Ray - Chapter 10

4.4: The Environment and Development

4.4.1. Todaro - Chapter 10

4.4.2. Markandya, Anil and David Pearce (July1991),"Development, the Environment and the Social Rate of Discount." *World Bank Research Observer*, vol.6(2), p. 137-152.

5. External Dimensions of Development

5.1: Foreign Finance, Investment and Aid

5.1.1. Todaro - Chapter 14

5.1.2. J. Browett (1985), "Newly industrialised countries and radical theories of Development", *World Development*, 13(7), pg. 789-80.

5.1.3. Dollar, D., and A. Kraay (2004), "Trade, Growth, and Poverty," *The Economic Journal*," vol.114 (493), p. F22-F49.

*5.5.4. Easterly, W. (2003), "Can Foreign Aid Buy Growth?," *Journal of Economic Perspectives*, vol. 17(3), p. 23-48.

******The journal articles with an * sign in front of them are required reading for this course. These articles will be discussed at the end of each topic in class and will be posted periodically on Learn.******

Notes:

Although it is not mandatory, attendance is highly recommended. Some of the materials covered in the class will not be included in the lecture notes so it is strongly advised that students attend classes regularly. Student participation in class is also highly encouraged. Since, the course contents are technical in nature; a person to person communication is preferred to answer questions. Students are welcome to ask any questions during the regular office hours. Regarding e-mail communication, students should use the university e-mail address. **When sending an e-mail, write ECON 381 on the subject line and include your name and student ID number.**

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Academic Integrity:

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the UWaterloo Academic Integrity Webpage (<https://uwaterloo.ca/academic-integrity/>) and the Arts Academic Integrity Office Webpage (<http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility>) for more information.

Grievance:

A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70, Student Petitions and Grievances, Section 4 (<https://uwaterloo.ca/secretariat/policies-procedures->

guidelines/policy-70). When in doubt please be certain to contact the department's administrative assistant who will provide further assistance.

Discipline:

A student is expected to know what constitutes academic integrity to avoid committing academic offenses and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about "rules" for group work/collaboration should seek guidance from the course professor, academic advisor, or the undergraduate associate dean. For information on categories of offenses and types of penalties, students should refer to Policy 71, Student Discipline

(<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>).

For typical penalties check Guidelines for the Assessment of Penalties (<http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm>).

Appeals:

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to Policy 72, Student Appeals (<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>).

Academic Integrity website

(Arts):http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html

Academic Integrity Office (uWaterloo):<http://uwaterloo.ca/academic-integrity/>

Note for students with disabilities:

The AccessAbility Services (AS) Office, located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS Office at the beginning of each academic term.