

University of Waterloo
Department of Economics
Econ 383: Economic Development for Fragile Countries
Winter 2011

Instructor: Nafeez Fatima

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Office Hours: Fridays from 1.00 pm to 4.00 pm

(Other times by appointment only)

Lecture Hours and Location: Thursdays from 6.00 pm to 8.50 pm in MC 4040

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 383 is an introductory course in economic development. In this course, we will focus on several topics that are central and unique to low the 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 development and underdevelopment, the issue of poverty and inequality, population growth, the role of agriculture in development, land institutions and land markets, 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 facing the low income countries.

Prerequisites: Econ 201 & Econ 202.

Required Textbook:

Todaro, P. Micheal and Stephen C. Smith, *Economic Development*, 10th Edition, Pearson Wesley Publishers Limited, 2009.

Recommended Textbook (purchase not required):

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

Other Useful Textbook:

Gillis, Malcolm, Dwight Perkins, Micheal Roemer and Donald Snodgrass, *Economics of Development*, 5th edition, 1996.

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

Resources:

Course related materials including lecture notes will be posted on UW-ACE at:

1111 ECON 383: Special Topics

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 UW- ACE. 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/2005/01/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)

Companion Website:

www.aw-bc.com/todaro_smith

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 for one of the midterm exams. **The due date for paper submission is March 24, 2010.** No late submission will be accepted. The guideline for the paper will be distributed in

class. Final exam will be comprehensive; it will cover all materials covered in this course. The final exam date will be announced by the Registrar's Office. The final exam period for Winter 2011 term is from April 4 to April 21. 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	February 10	In class exam	25%
Midterm 2	March 17	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. 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.

Policy for Missed Final Exam:

Normally, a student who has been ill (documentation required) and missed the scheduled final exam must petition the Department of Economics Undergraduate Office within five calendar days to write the Departmental Deferred Examination. If the student has failed to write the departmental deferred examination, the student will automatically receive a grade of 0% for the missed deferred final examination. For detailed instruction, visit the following webpage:

<http://www.economics.uwaterloo.ca/DeferredExams.html>

Grades:

Exam marks will be posted on UW-ACE. 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 UW-Ace. 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.

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 383 on the subject line and include your name and student ID number.

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. Meier - Chapter I

1.3. Ray - Chapter 2

1.4. Amartya Sen (December 1983), "Development: Which way now?"

The Economic Journal, 93(372), pg. 745-62.

1.5. Stavros.Theofanides (1988), "The Metamorphosis of Development Economics",

World Development, 16 (12), pg. 1455-63.

1.6. Robert Dorfman (January 1991), "Economic Development from the Beginning to Rostow", *Journal of Economic Literature*, 29(2), pg. 573-591.

1.7. Paul R. Krugman (1995), "The Fall and Rise of Development Economics", Chapter 1 in *Development, Geography and Economic Theory*, Boston: MIT press, pg. 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*, 25(5), pg. 631-638.

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

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.

4. Internal Dimensions of Development

4.1: Population

4.1.1. Todaro - Chapter 6

4.1.2. Ray - Chapter 9

4.1.3. 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*, 22(4), pg 555-565.

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

4.1.5. J.R. Hicks on the Economics of Population, (June 1999), *Population and Development Review*, 25(2), pg. 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*, 23(2), pg. 265-279.

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

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

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

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. Meier - Chapter X

4.4.3. Markandya, Anil and David Pearce (July 1991), "Development, the Environment and the Social Rate of Discount." *World Bank Research Observer*, 6(2), pg. 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.

Notes on Avoidance of Academic Offences:

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. [Check www.uwaterloo.ca/academicintegrity/ 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, www.adm.uwaterloo.ca/infosec/Policies/policy70.htm. 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 [check www.uwaterloo.ca/academicintegrity/] to avoid committing an academic offence and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course instructor, academic advisor, or the undergraduate Associate Dean. For information on categories of offences and types of penalties, students should refer to Policy 71, Student Discipline, www.adm.uwaterloo.ca/infosec/Policies/policy71.htm. For typical penalties check Guidelines for the Assessment of Penalties, 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) www.adm.uwaterloo.ca/infosec/Policies/policy72.htm.