

University of Waterloo
Department of Economics
Econ 207 - 001
Economic Growth and Development
Winter 2020
MWF 11:30am - 12:20pm, AL 211

Instructor Information

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Course Description

This course reviews major economic questions relevant to the growth and development of nations. The essence of the course will be to highlight the disparities in growth and development standards between countries, thus, addressing the quintessential question of why some countries are richer than others or what makes some countries grow while others stagnate. The emphasis will be on features common to developing countries and the development process as well as understanding growth mechanisms or the absence thereof that have hindered their development. To that end, the course is divided into two parts. In the first part, the concept of development will be reviewed and thereafter, macroeconomic analysis will be used to explore development related issues in developing countries. In part two, the focus will be on different growth theories and the key variables (factor accumulation, human capital, technology, efficiency). Other factors like the role of culture, geography, population growth, rule of law and history will be looked into.

Course Goals and Learning Outcomes

The two main goals of the course are that by the end of the term, students should be able to make the distinction between economic growth and economic development and be capable of calculating and understanding the different measurement index for development. They will also be expected to be capable of explaining the different growth models and how the key variables of each model drives growth and development. An additional goal of this course is that students will also be expected to look at growth and development data, explore trends and be able to communicate their findings in short briefs.

Required Text

- 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.

Recommended Textbook (purchase not required)

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

Other Useful Textbooks

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

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

Readings Available on LEARN

- Lecture overhead slides and/or additional course materials will be posted on the LEARN web site <http://learn.uwaterloo.ca>
- The LEARN site is down occasionally. Save the course materials to your computer as soon as they are posted. Always be prepared!
- Students writing test and exams are responsible to save course materials on LEARN before the access to their courses is shut off (normally on the first day of classes of the next term).

Attendance Policy

An extraordinary degree of student participation is required for this course. You must be prepared to engage in critical discussions of theories in economic development and present critical viewpoints. Although it is not mandatory, attendance is highly recommended. Some of the materials covered in class will not be included in the lecture notes so it is strongly advised that students attend classes regularly.

Course Outline

This is a tentative class schedule. Modifications and/or eliminations of certain content might be required given our limited time together. Any necessary modifications or eliminations to the course content will be communicated to you in the regular class period.

Part I. Introduction

1. Introduction:

- What is development?
- Income, Poverty, Freedom Approach
- Measures and indicators of development

Required reading:

1. Todaro, Chapters 1 and 2
2. Debraj Ray Pg. 7 – 33, Development Economics.
3. Meier G. Pg. 5-17, Leading Issues in Economic Development (8th edition)
 - (a) Easterlin R.: Will Raising the Incomes of all Increase the happiness of all? Journal of Economic Behaviour and Organization.
 - (b) Richard Easterlin , “The Worldwide Standard of Living Since 1800”

2. Theories of economic growth and development

- Harrod-Domar model
- 2 sector model
- Solow growth model
- New growth theories

Required reading:

1. Todato, Chapters 3 and 4
2. Debraj Ray Chapter 3* and 4*, Development Economics
 - (a) Mankiw, Roemer, and Weil: A Contribution to the Empirics of Economic Growth*, Quarterly Journal of Economics May 1992

3. Inequality and development

- Measuring inequalities – Gini, Lorenz curve / other measures of inequalities
- Inequality and growth - the inverted-U hypothesis (Kuznets)

1. Debraj Ray Chapter 6 and 7
2. Todaro: Chapter 5

- (a) Deininger and Squire: New Ways of Looking at Old Issues: Inequality and Growth (1998), Journal of Development Economics (57): 259-287
- (b) Forbes: A Reassessment of the Relationship between Inequality and Growth. American Economic Review Sept. 2000.

4. Population growth and development

- Population concepts (birth/death/growth rates)
- Population growth theories
- Cost and benefits of population growth

1. Debraj Ray: Chapter 9
2. Todaro: 6

- (a) Bloom and Williamson: Demographic Change and Economic Miracles in Asia. World Bank Economic Review*
- (b) Klasen und Nestmann (2004): Population, Population Density, and Technological Change. CESifo Working Paper No. 1209 available at: <http://www.cesifo.de>

5. Trade and development

- Comparative advantage
- Heckscher-Ohlin model
- Import and Export Substitution

1. Debraj Ray: Chapter 16*,17*,18
2. Todaro: Kapitel 12, 13

- (a) Bruton H. (1998), " A Reconsideration of Import Substitution" Journal of economic Literature.
- (b) Guo K. and Ndiaye P. (2009), "Is China's Export-Oriented Growth Sustainable? IMF Working Paper.
- (c) Shafaeddin M. and Pizarro J. (2007), "From Export Promotion To Import Substitution; Comparative Experience of China and Mexico"

6. Development Aid

- Theories of development Aid
- Bilateral and multilateral Aid
- Role and impact of development Aid

1. Todaro: Chapter 15

- (a) Alesina and Dollar (2000): Who gives Foreign Aid and Why? Journal of Economic Growth* World Bank. Assessing Aid. 1998. Overview*,Kap. 1*, 3* available at: <http://www.worldbank.org/research/aid/aidtoc.htm>
- (b) Dollar and Burnside: Aid, Policies, and Growth. AER September 2000.
- (c) Hansen and Tarp: Aid and Growth Regressions (2001). Journal of Development Economics

6. Agriculture

- 1. Todaro - Chapter 9
- 2. Ray - Chapter 11

7. The Environment and Development

- 1. Todaro - Chapter 10

8. Review of Selected papers*

* In addition to the ones listed in the course outline, some papers will be posted on LEARN for review.

Course Requirements and Assessment

The midterms will be written in the class period on the dates specified below and each midterm will be worth 15% of your final grade. The final exam, which will be scheduled by the registrar,s office during the examination period in April, will constitute 55% of your final grade and will be comprehensive (i.e., cover all course material from beginning to end).

Examinations in this course are based on the material contained in the assigned textbook readings and presented as lecture contents (which are strong complements, not substitutes).

Assessment	Date of Evaluation	Weighting
Midterm I	wed Jan 29, 11:30 - 12:20am	15%
Midterm II	wed Feb 26, 11:30 - 12:20am	15%
Midterm III	wed Mar 18, 11:30 - 12:20am	15%
Final Exam	TBA	55%
Total		100%

Examination Policy

- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their section. Students writing exams in the wrong section will be assessed a 20% penalty on the final exam grade. There will be no accommodation for possible differences in exam material or content.

Missing a Midterm Due to Illness During the Term

- Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.
- **The midterm exam schedule has been set and will not be changed for whatever reason.**

Missing the Final Exam Due to Illness

- Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. Please carefully read the Economics Department policy on deferred final exams for instructions.
- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course.

Submission of Exam Papers

- Late submission of exam papers is not accepted and missed submissions will receive a zero mark for whatever reason.
- Exam papers must be submitted in whole and on time in the exam room. Exam papers
 - (a) not submitted on time,
 - (b) submitted with missing pages,
 - (c) submitted elsewhere, with the exception of students with permission to write in the AS Office,
 - (d) not received at all
 will receive a grade of zero for whatever reason.
- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their sections. Students writing exams in the wrong section are considered not writing exams at all and will receive a zero mark.

Fee-Arranged Issues

- Students are responsible for administrative matters concerning their course registration including fee arrangements with the Registrar's Office. No make-up work or other remedies will be given for loss of access to LEARN and academic consequences arising from administrative issues with the Registrar's Office.

Electronic Device Policy

THE CLASSROOM IS A HANDHELD-DEVICE-FREE ZONE.

- Turn off all handheld devices and put them away for the duration of the lecture.
- Laptop computers may only be used to view lecture material.
- Photographic devices are not permitted in class due to copyright and privacy issues.
- Audio or video recording devices are not permitted in class due to copyright and privacy issues.

Attendance Policy

- Class attendance is an integral part of your educational experience. While attendance is not a graded component of this course, it is an important component in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.

Classroom Protocols

- I do NOT lend my lecture notes to students for any reason.
- In order to maintain a productive learning environment in the classroom, we all need to show the highest level of courtesy and professional behaviour. In particular, please be punctual and turn off all audible ringers on all devices during class.
- As a courtesy to the custodial staff, if you have coffee, water, etc., please dispose of your garbage when you leave the classroom.
- Please leave your private conversations for after the class.

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

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity](#) webpage and the [Arts Academic Integrity](#) webpage for more information.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, 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 professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check [Guidelines for the Assessment of Penalties](#).

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. When in doubt, please be certain to contact the department's administrative assistant who will provide further assistance.

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](#).

Accommodation for Students with Disabilities

Note for students with disabilities: [The AccessAbility Services office](#), located on the first floor of the Needles Hall extension (1401), 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.

If you are using Turnitin® in your course

Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. Students will be given an option if they do not want to have their assignment screened by Turnitin®. In the first week of the term, details will be provided about arrangements and alternatives for the use of Turnitin® in this course.

Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin®. See [guidelines for instructors](#) for more information.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655
- **MATES:** one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- **Good2Talk:** Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- **Here 24/7:** Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- **OK2BME:** set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe](#) app to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.