

Economic Development and policy

ECON 3784-001

fall 2013

Professor Akacem

Monday 5:00:7:30 p.m.

ECON 117

Office: Econ 216-A

Office hours: Monday 3:00 to 4:50 p.m. or by appointment

Course material posted on: <https://learn.colorado.edu>

Please Note: I generally do not encourage the use of lap tops in class. If you have a documented need for them, please do see me so that we can make sure that your use of the lap tops does not interfere with others. The evidence shows that these are used for things that have nothing to do with class and they distract others. The same goes for the use of **cell phones and texting. There is zero tolerance for their use.**

Email: Please email me at: akacem@colorado.edu if you need to reach me. Generally speaking, it is much easier to come to my office and or right after or before class if times allows. Avoid messages such as “I missed class, what did I miss”. If you do miss, make sure and get the lecture notes from another student. When sending an email message, please do include a subject such as our class, question etc... Messages without anything on the subject line will not be answered. We get too much spam so please help by simply adding something relevant on the subject line.

Prerequisites: Econ 2010 and Econ 2020

Required Books:

Michael P. Todaro and Stephen C. Smith Economic Development, Tenth Edition, 2009, Addison Wesley

William Easterly. The Elusive Quest for Growth. MIT Press, 2001, paperback edition.

Glossary: posted on D2L. Please consult and review these. They will be assigned for one or more of the exams. You will be notified prior to each exam as to how much to study.

Three assigned chapters posted on D2L from the following:

William Easterly. The White's Man Burden, Why the West's efforts to aid the rest have done so much ill and so little good, Penguin Books, 2006.

Back to basics series: posted on D2L. You can use it as background material or refresher for key concepts that you may wish to review.

Purpose of the Course:

The purpose of the course is to acquaint the student with the major issues in development economics and policies. By the end of the course the student should be acquainted with most of the major issues in economic development policy and what both developing countries and international institutions are doing to confront the major constraints facing poor countries.

Schedule of Readings and Topics:

The class meets once a week for two and half hours. The outline below is tentative and may change somewhat depending on the pace of the class and case studies shown. The material covered in class may be more than what your outline shows and additional readings will be assigned during the semester.

Attendance and general exam policy: Attendance is required. You are given the exam dates in advance so do plan ahead. There are no make up for missed exams. No exception. (Travel plans, etc.. will not do). If you have a documented medical excuse for the specific day of the exam, then we will consider it. Attendance means being there for the whole class period. The same applies for the exams. Once the exam starts, students are required to stay in the classroom during the whole exam period.

Course outline:

Below is the course outline. Some material may be added during the semester so be in class and stay informed. If and when we have a guest speaker, the date and topic will be announced in class as well.

Note about the mid-term exams and the final:

1. Some CU courses that do not meet at the same time and day as ours, do give evening exams and it may conflict with our mid-terms. Please note that our exam will be given as scheduled by CU on Monday evenings during our class time, and will not be changed.
2. Please bring a calculator to the exam. No cell phone use in place of a calculator.

T=Todaro

WE = Easterly

Part I:

Week One:

Todaro: Chapter 1

WE, Prologue “The Quest” and Chapter 1 “To help the poor” and “Intermezzo: In Search of a River,” pp. xi-19

On D2L:

Chapter one “Planners versus Searchers” by William Easterly.

Week 2:

No class on this Monday, but you are required to read the assigned readings below. We cannot afford to lose a whole week, so make sure you cover the material.

Todaro: Chapter 2:

WE, Chapter 2 “Aid to Investment” pp. 25-45

View Episode Two on D2L under documentaries: **The Agony of Reforms**, from The Commanding Heights series.

Week Three:

Todaro: Chapter 3:

WE, Chapter 3 “Solow’s Surprise: Investment is not the key to growth” pp. 47-70.

WE, Chapter 9 “Creative destruction: The power of technology” pp. 171-193

Under assigned readings in D2L: “Trading for Development: The Poor’s Best Hope,” by Jagdish Bagwati

Part II: Problems and Policies: Domestic**Week Four:**

Todaro: Chapter 5 : Poverty, Inequality and Economic Development

Inequality: Now you see it, now you don’t from back to basics series:

<http://www.imf.org/external/pubs/ft/fandd/2003/09/pdf/basics.pdf>

Micro Finance and the Poor from back to basics series:

<http://www.imf.org/external/pubs/ft/fandd/2007/06/basics.htm>

Audio file folder in D2L: India Microcredit meltdown:

Global War on Poverty from back to basics series:

<http://www.imf.org/external/pubs/ft/fandd/2003/12/pdf/basics.pdf>

Week Five:

Exam 1: Monday September 23rd. All of the material assigned/covered from Week 1 to Week 4. Pls remember that there are NO make up for missed exams. There may be other classes that schedule a night exam on the same day and time because of their size. Please note that our exam will not be rescheduled. It will be given on the assigned day and time of the class.

We will **NOT** take the whole class session for the exam. Lectures will continue on that day. We will first start the readings below and then take the exam. The material below is **NOT** assigned for exam 1.

Todaro: Chapter 6: Population and economic development

WE, Chapter 5 “Cash for Condoms”, pp: 87 to 99

Investing in the youth bulge

<http://www.imf.org/external/pubs/ft/fandd/2006/09/jimenez.htm>

Global demographic trends

<http://www.imf.org/external/pubs/ft/fandd/2006/09/picture.htm>

India Tries Using Cash Bonuses to Slow Birthrates

<http://www.nytimes.com/2010/08/22/world/asia/22india.html?ref=world&pagewanted=print>

Week Six:

We will finish the material from week Five this week.

Todaro: Chapter 8: Human Capital and Education

WE, Chapter 4 “Education for What,” pp. 71-85.

Why Quality Matters in Education by Eric A. Hanushek in Finance and Development, June 2005

<http://www.imf.org/external/pubs/ft/fandd/2005/06/hanushek.htm>

Week Seven:

Todaro: Chapter 9: Agriculture

WE, Chapter 10 “Under and Evil Star,” pp. 195-215

WE, Chapter 11 “Governments Can Kill Growth,” pp. 217-240

Global Warming and agriculture, Finance and development March 2008

<http://www.imf.org/external/pubs/ft/fandd/2008/03/cline.htm>

Week Eight:

Todaro: Chapter 11: Development Policy and Role of Markets

Recipe for success

<http://www.imf.org/external/np/exr/BForums/2007/summary/112907.htm>

Goodbye Washington consensus, hello Washington confusion

<http://www.hks.harvard.edu/fs/drodrik/Research%20papers/Lessons%20of%20the%201990s%20review%20JEL.pdf>, should also be in D2L.

Audio files folder in D2L: Inside the IMF part one and two.

Week Nine:

Todaro: Chapter 12: Trade Policy Debate

Why Nations Trade from Back to basics:

<http://www.imf.org/external/pubs/ft/fandd/2009/12/pdf/basics.pdf> (and D2L)

A trade policy perspective on capital controls

<http://www.imf.org/external/pubs/ft/fandd/1999/03/schuknec.htm>

Trade policy by Anne Krueger

<http://www.imf.org/external/np/speeches/2005/041905.htm>

Week Ten:

Todaro: Chapter 13: International Debt, capital flows, International Currency crises

WE, Chapter 6 “The Loans That Were, the Growth that Wasn’t,” pp. 101- 122;

WE, Chapter 7 “Forgive Us Our Debts,” pp. 123-139.

Audio file: Financial crises throughout history in the audio folder

Case study viewed in class time permitting: The Crash: The Asian crisis, IMF and implications to development.

Week Eleven:

Exam 2: Monday November 4th. Material from week 5 to week 10 and any material assigned. As with Exam 1, we will start on the new material for this week and then take the exam. Pls note: there are NO make up for missed exams.

Todaro: Chapter 14, Foreign Finance and Aid

WE, Chapter 2, Aid for Investment (repeat), pp: 25-45

Under assigned readings in D2L: Chapter 2, “The legend of the big Push” by William Easterly

Under assigned readings in D2L: Chapter 3, “You can’t plan a market” by William Easterly.

Improving the effectiveness of aid

<http://www.imf.org/external/pubs/ft/fandd/2008/09/deutscher.htm>

Week 12th: We will finish the material from week 11th.**Todaro: Chapter 15: Financial Markets and Development**

Financial liberalization: How well has it worked for developing countries?

<http://www.frbsf.org/publications/economics/letter/2005/el2005-06.html>

Quo vadis Islamic Finance?

<http://www.voxeu.org/index.php?q=node/2593>

Audio file: Micro-finance (Audio file folder in D2L)

Week 13th: Todaro: Chapter 15: Currency markets, exchange rates

Exchange rate regimes: Fix or Float?

<http://www.imf.org/external/pubs/ft/fandd/2008/03/pdf/basics.pdf>

A new Bretton Woods

<http://www.imf.org/external/pubs/ft/fandd/2009/03/boughton.htm>

Week 14th: Fall Break: No class**Week 15th:****Globalization, Institutions and Development**

Institutions matter but not for everything, by Jeffrey Sachs

<http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/sachs.pdf>

Under documentaries: The Market Maker

Week 16th:**Institutions and Economic Development, governance and its role**

WE, Chapter 12 Corruption and growth, pp. 241-252

WE, Chapter 14 Conclusion, pp. 285-291

Root Causes, in Finance and Development, found at:

<http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/acemoglu.pdf>

The primacy of institutions by Dani Rodrik and Arvin Subramanian

<http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/rodrik.pdf>

Under documentaries: Property rights and economic development by Hernan De-Soto

Final Exam will cover material starting with week 5 to week 16 with emphasis on the last part. Any material assigned for the third part and or any material added during the course of the semester.

The final will be given on the date listed on MyCUInfo as well as on the finals' exams schedule posted on the CU website: http://registrar.colorado.edu/calendar/pdf/fall_2013_final_exam_schedule.pdf. Please check the final's date and make a note of it. Make sure that you do not have any conflict. It will not be given on any other day or time.

There are no make ups for missed exams.

Grading Policy

Grades will be earned on the following basis:

Exams: You will have 2 mid-terms and one final exam. The weights are 25% for the first mid-term, 35% for the second mid-term and 40% for the final exam. Remember that there are NO MAKE UP's for missed exams. Travel plans, wedding, etc... will not do. Only a documented medical excuse for the specific day of the exam may be considered.

Grade 100% scale

A 93.4-100
 A- 90.0-93.3
 B+ 86.7-89.9
 B 83.4-86.6
 B- 80.0-83.3
 C+ 76.7-79.9
 C 73.4-76.6
 C- 70.0-73.3
 D+ 66.7-69.9
 D 63.4-66.6
 D- 60.0-63.3
 F less than 60

Your final grade will be according to the percentage of total points that you earn based on the above apportionment. For instance, if you earn 83.3 points of the total available points then your grade will be a B-.

Disabilities: Any student with a documented disability who needs to arrange accommodations must contact both the instructor and Disability Services at the beginning of the term

If you have not already done so, please get familiar with the Honor code and the policies at CU by visiting : <http://honorcode.colorado.edu/>. Violation of the Honor code will result in an F for the whole course.