

Economic Development and policy  
 ECON 3784-001  
 summer 2012  
 Professor Akacem  
 Office: Econ 216-A  
 Office hours: Monday 12:45 pm to 2:45 pm  
 The course can be accessed at:  
<http://Culearn.colorado.edu>

**Please Note:** I generally do not allow 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 a zero tolerance for their use.**

**Email:** Please email me at: [akacem@colorado.edu](mailto: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 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 on the subject line. When you do email me, please identify yourself. I have more than one class so It helps if you start your email with: This is John Smith from Econ Development.

### **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 CULearn. 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.

### **Optional:**

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 CULearn under learning modules.

### **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:**

Tentative schedule. The outline below is tentative and may change somewhat depending on the pace of the class and case studies shown.

**Attendance and general exam policy:** Attendance is required. You are given all of 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.

**T=Todaro**

**WE = Easterly**

**FD=Finance and Development**

### **Week One:**

#### **1. Todaro: Chapter 1**

**WE**, Prologue, "Why Growth Matter," "Intermezzo: In Search of a River," pp. 1-19

### **On Reserve:**

Chapter one "Planners versus Searchers" from 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.

### **Audio files:**

You will also have some audio files on Blackboard. I will assign those when they are transferred to our home page. Some may be there already. These are from the BBC.

#### **2. Todora: Chapter 2:**

**WE**, "panacea that failed," pp. 21-45

View Episode Two: **The Agony of Reforms**, from The Commanding Heights series on course reserve. You need your normal log in and password in addition to the class password: dev 2012

#### **3. Todaro: Chapter 3:**

**WE**, "Solow's Surprise," pp. 47-70.

"Trading for Development: The Poor's Best Hope," Jagdish Bagwati

Council on Foreign Relations <http://www.cfr.org/publication.html?id=4631>

The Quality of growth by Antoinette Sayeh, Finance and Development December 2011  
<http://www.imf.org/external/pubs/ft/fandd/2011/12/straight.htm>

## **Part II: Problems and Policies: Domestic**

### **Week Two:**

#### **4. 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>

India Microcredit meltdown: Audio file on Blackboard under Audio files folder

Global War on Poverty from back to basics series:

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

**Exam 1:** All of the material assigned/covered under 1-4. In addition, terms in the glossary on blackboard under learning modules from page 1 to page 6 ending with fascism. Pls note: there are NO make up for missed exams.

The exam will be on Friday June 15<sup>th</sup>, 2012.

#### **5. Todaro: Chapter 6: Population and economic development**

WE, "Cash for Condoms", pp: 87 to 99

WE, "Tales of Increasing Returns," pp. 143-170.

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>

Audio file on blackboard: Women empowerment

### **Optional reading:**

From Back to Basics "Demographic Dividends", found in Blackboard under the Back to Basics folder

## **6. Todaro: Chapter 8: Human Capital and Education**

WE, “Creative Destruction: The Power of Technology,” pp. 171- 193

WE, “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 Three:**

## **7. Todaro: Chapter 9: Agriculture**

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

## **8. Todaro: Chapter 11: Development Policy and Role of Markets**

Recipe for success

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

One economics many recipes

<http://www.imf.org/external/np/tr/2007/tr071129a.htm>

Goodbye Washington consensus, hello Washington confusion

<http://ksghome.harvard.edu/~drodrik/Lessons%20of%20the%201990s%20review%20JEL.pdf>

Audio files: Inside the IMF part one and two from the Audio files folder on Blackboard

## **9. Todaro: Chapter 12: Trade Policy Debate**

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>

Trade: An engine of growth for Africa

<http://www.imf.org/external/pubs/ft/fandd/1999/12/sharer.htm>

Trade, growth and poverty

<http://www.imf.org/external/pubs/ft/fandd/2001/09/dollar.htm>

### **Week Four:**

## **10. Todaro: Chapter 13: International Debt, capital flows, International Currency crises**

WE, “The Loans That Were, the Growth that Wasn’t,” pp. 101- 122; “Forgive Us Our Debts,” pp. 123-139.

The challenge of predicting economic crises

<http://www.imf.org/external/pubs/ft/fandd/1999/06/sharma.htm>

Audio file: Financial crises throughout history in the audio folder

Case study: The Crash: The Asian crisis, the IMF and implications to development.

**Exam 2:** Material from 5-10 and any material assigned. In addition, glossary terms page 7 to page 12 ending with NAFTA. These are on blackboard under learning modules. Pls note: there are NO make up for missed exams.

**Exam two will be on June 27<sup>th</sup>, 2012.**

### **11. Todaro: Chapter 14, Foreign Finance and Aid**

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

#### **On Reserve:**

Chapter 2, “The legend of the big Push”, from 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.

Chapter 3, “You can’t plan a market” from 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. rve

Role of remittances in development:

[http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MD\\_Brief8.pdf](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MD_Brief8.pdf)

Improving the effectiveness of aid

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

Optional:

From Back to Basics “Remittances”

### **12. Todora: Chapter 15: Financial Markets and Development**

Financial Markets and Economic Development in Africa

[http://info.worldbank.org/etools/docs/library/83611/Africa\\_PERI.pdf](http://info.worldbank.org/etools/docs/library/83611/Africa_PERI.pdf)

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 Blackboard)

#### **Week 5:**

### **13. Todaro: Chapter 15: Currency markets, exchange rates**

Exchange rate regimes: Is the bipolar view correct.

<http://www.imf.org/external/pubs/ft/fandd/2001/06/fischer.htm>

Exchange rate regimes: Fix or Float?

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

A new Bretton Woods

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

Audio file: Global imbalances and currency crises (Audio folder Blackboard)

#### **14. 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>

The IMF on Globalization found at:

<http://www.imf.org/external/np/tr/2004/tr040922a.htm>

The Market Maker: case study to be viewed in class time permitting

Optional:

The Globalization website:

<http://www.sociology.emory.edu/globalization/>

#### **15. Institutions and Economic Development, governance and its role**

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>

The World Bank: Governance matters 2008

<http://info.worldbank.org/governance/wgi/index.asp>

There is one case study that we will view in class-time permitting- this week on property rights and economic development from the work of Hernan De-Soto "The Mystery of Capital". If there is no time, it will be assigned to be viewed outside of class.

**Final Exam** will cover material 5-15 but the majority of it will be from the very last part and any additional material assigned for the third part and glossary terms from page 13 to page 18 on CULearn under learning modules.

You will be given an exam review prior to each one of the exams.

**The Final will be on July 6<sup>th</sup>, 2012.**

**The final will be given on the last day of class.**

## Grading Policy

Grades will be earned on the following basis:

**Exams:** 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 this link: <http://honorcode.colorado.edu/>

Violation of the honor code will result in an F for the whole course.