

Economic Development and policy
ECON 3784-001
fall 2012
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 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.

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.

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 D2L.

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 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.

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.

T=Todaro

WE = Easterly

FD=Finance and Development

Week One:

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 D2L. These will assigned as events warrant. Some may be there already. These are from the BBC.

Week 2:

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

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: devfall 2012

Week Three:

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 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>

India Microcredit meltdown: Audio file on D2L 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>

Week Five:

Exam 1: Monday September 24th. All of the material assigned/covered from Week 1 to Week 4. In addition, terms in the glossary on D2L from page 1 to page 6 ending with fascism. Pls note: 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, “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>

Optional reading:

From Back to Basics "Demographic Dividends", found in D2L under the Back to Basics folder

Week Six:

We may finish the material from week Five this week since part of the time was taken by exam 1.

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 Seven:

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>

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>

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 in D2L.

Week Nine:

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 Ten:

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.

Week Eleven:

Exam 2: Monday November 5th. Material from week 5 to week 10 and any material assigned. In addition, glossary terms page 7 to page 12 ending with NAFTA. These are on D2L. 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

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.

Role of remittances in development:

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”

Week 12th: We will finish the material from week 11th.

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

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: November 19th to 23rd Fall Break: No Class

Week 14th:

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 in D2L)

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>

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/>

Week 16th:

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 starting with week 5 to week 16 with emphasis on the last part. Any material assigned for the third part and glossary terms from page 13 to page 18 on D2L under learning modules and or any material added during the course of the semester.

The final will be given on the date listed on MyCUInfo. Please make a note of it. 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: 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/>