

**Economic Development and policy**  
**ECON 3784-001**  
**SPRING 2010**  
**Professor Akacem**  
**Monday 5:00:7:30 p.m.**  
**ECON 117**  
**Office: Econ 216**  
**Office hours: Monday 3:00 to 4:50 p.m. or by appointment**  
**The course will have a home in [CuLearn](#) and can be accessed at:**  
**<http://Culearn.colorado.edu>**  
**[akacem@colorado.edu](mailto:akacem@colorado.edu)**

**Please Note: Leave your laptops at home.** I generally do not encourage their use in class. If you have a documented need for them, please do see me. Otherwise, the evidence shows that these are used for things that have nothing to do with class and they distract others. The same goes for **cell phones and texting. There will be 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 was not in class yesterday, 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.

**Books:**

**Michael P. Todaro and Stephen C. Smith Economic Development, Ninth Edition, 2005, Addison Wesley**

**You are welcome to buy the latest edition if you wish**

**William Easterly. The Elusive Quest for Growth. MIT Press, 2001, paper back edition.**

**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. Please consult the calendar within CuLearn for updates and stay informed through the class home page. The material covered in class may be more than what your outlines shows.

**T=**Todaro

**WE =** Easterly

**FD=**Finance and Development

**Monday January 11<sup>th</sup>: Week One:** Introduction

**Todaro:** Chapter 1

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

**Monday January 18<sup>th</sup>: 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;

**Monday January 25<sup>th</sup>: 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>

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

**Monday February 1<sup>st</sup>, Week Four:**

**Todaro:** Chapter 5 : Poverty, Inequality and Economic Development

The rising inequality of world income distribution

<http://www.imf.org/external/pubs/ft/fandd/2001/12/wade.htm>

Micro Finance and the Poor, in Finance and Development, found at:

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

Global War on Poverty, in Finance and Development, found at:

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

**February 8th: Week Five:**

**Exam 1: All of the material assigned/covered from Week 1 to Week 4. Monday February 8<sup>th</sup>, 2010.** We will not take the whole class session for the exam. Lectures will continue on that day. We will first cover 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>

**February 15<sup>th</sup>: 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.

**February 22<sup>nd</sup>: Week Seven:**

**Todaro: Chapter 9: Agriculture**

WE, “Under and Evil Star,” pp. 195-215; “Governments Can Kill Growth,” pp. 217-240

**March 1<sup>st</sup>: 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%20\\_JEL.pdf](http://ksghome.harvard.edu/~drodrik/Lessons%20of%20the%201990s%20review%20_JEL.pdf)

**March 8<sup>th</sup>: 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>

**March 15<sup>th</sup>: 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>

Case study: The Asian crisis and implications to development.

**March 22<sup>nd</sup> to March 26<sup>th</sup>: Week Eleven Spring Break****March 29<sup>th</sup>: Week Twelve****Exam 2: March 29<sup>th</sup>, 2010 The exam will cover week 5 to week 10****Todaro: Start of Chapter 14, Foreign Finance and Aid**

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

**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)

**April 5<sup>th</sup>: Week Thirteen**

**Todora: Chapter 15: Financial Markets and Development and we will finish material from the previous week**

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)

**April 12<sup>th</sup>: Week 14**

**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 as Inflation Anchors  
<http://www.imf.org/external/pubs/ft/fandd/1996/03/pdf/quirk.pdf>

Exchange rate regimes: Fix or Float?  
<http://www.imf.org/external/pubs/ft/fandd/2008/03/basics.htm>

Why Real Exchange rates?  
<http://www.imf.org/external/pubs/ft/fandd/2007/09/basics.htm>

**April 19<sup>th</sup>: Week 15: chapter 16 on Globalization and readings on institutions and development**

**The IMF on Globalization found at:**  
<http://www.imf.org/external/np/tr/2004/tr040922a.htm>

**The World Bank on Globalization:**  
<http://www1.worldbank.org/economicpolicy/globalization/>

**The Globalization website: (optional)**  
<http://www.sociology.emory.edu/globalization/>

**April 26<sup>th</sup>: Week 16<sup>th</sup>:**

**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>

**Comprehensive Final Exam will cover material from week 5 to week 16<sup>th</sup>. The Final will be on Monday May 3rd, 2010 7:30 p.m. to 10:00 p.m.**

**The final exam date will not be changed so please make a note of it. 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**

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

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.