

DEPARTMENT OF ECONOMICS

Spring Semester 2010
Profesor Maria S. Floro

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Ofc. Hours: Mon 2:00-5:00 pm
8:00-9:00 pm
Wed 1:00-2 :00 pm
5:00-6:00 pm

ECON 361 ECONOMIC DEVELOPMENT

COURSE SYLLABUS

WHAT THIS COURSE IS ABOUT

The economics of development is one of the most exciting and challenging subjects in social science. The aim of this course is to convey as much of the excitement as well as challenges by providing the student with an informed understanding of the process of economic development and with analytical models, measurements and indicators, data as well as insights into the social and economic conditions of people in the developing world. We will learn about the varied attempts of countries in Africa, Asia, and Latin America, now and in the past, in dealing with the forces of globalization, economic crises, poverty, unemployment and inequality. We will also learn the various theories, models and approaches that reflect different perspectives on how economic development should proceed. These include growth, dualism and dependence models as well as capability and feminist paradigms. These approaches have influenced, at one time or the other, policy thinking and hence, the direction of development process. They serve as theoretical foundations for economic and social policies implemented in the developing countries.

Throughout this course, we will explore the meaning and varied dimensions of "economic development" and "human development" at the level of the individual, the household, and the economy in which they live. We will examine issues such as poverty, inequality, financial systems and financial crises, agricultural development, migration, labor markets and informal sector and microfinance among others. In this way, you are in a position to adequately understand, formulate and evaluate policies to alleviate poverty, promote development and improve people's well-being.

I COURSE REQUIREMENTS

A. PREREQUISITES

Students taking this course are expected to have already taken either:

Econ 100 (Microeconomics) and Econ 200 (Macroeconomics)

The level of discussion as well as the set of assigned readings presupposes familiarity with economic concepts and analysis. I should like to note that the use of mathematics, graphs and statistics in this course is unavoidable. I suggest the use of macroeconomics and microeconomics textbook for review.

B. TEXTBOOKS AND READINGS

There are three main textbooks for this course, which are available in the campus bookstore and the library reserve. They are:

REQUIRED:

1. **(TODARO-SMITH)** Michael Todaro and Stephen Smith, *Economic Development*, eighth edition, 2003, Addison-Wesley, New York and Boston.

2. **(COETZEE)** Coetzee, J. M., *The Life and Times of Michael K*, Penguin Books, 1983.

RECOMMENDED:

3. **(CYPHER-DIETZ)** James Cypher and James Dietz, *The Process of Economic Development*, 2005, Routledge, Milton Park, UK.

There are also supplementary required readings that will be made available in the classroom blackboard or as handouts.

C. ACADEMIC INTEGRITY

I take plagiarism, cheating and academic dishonesty very seriously, and I am required to report cases to the Dean of the College of Arts and Sciences, whose policy is to fail students for the course. Please read the university's Academic Integrity Code closely, and be sure to ask me if you have any questions. The code is available online at <http://www.american.edu/academics/integrity/index.htm>.

In doing your homework and writing papers, you must properly cite all sources (1) directly quoted, (2) paraphrased, or (3) consulted in any fashion. Sources include all printed material as well as the Internet. Proper citation means using a standard citation format: MLA, APA, or Chicago.

It is also considered plagiarism if you merely rework source material, placing an author's thoughts in other words without contributing your own ideas. For that reason, you must include some kind of source note whenever drawing on someone else's interpretation. A source note can be a sentence or more in your paper, or it can be a footnote. A source note should clarify the extent to which your interpretation is indebted to your source, explaining both (1) what you use and (2) where you depart or differ from the source.

It is also considered plagiarism to submit drafts, response papers, and other informal assignments without properly citing sources and acknowledging intellectual debts. Failure for the course is the typical sanction in such cases.

D. CLASSROOM RULES AND OFFICE HOURS

This class will meet each Wednesday during the fall semester from 2:10 to 4:50 pm. Each class will include lecture and discussion, often on case studies. You are expected to attend class and participate in class discussion.. Note that there will be occasional “pop attendance checking.”

You are also expected to read the assigned readings AHEAD before coming to class. Written homeworks are to be submitted in class. Students are held responsible for everything covered in class and in the assigned readings.

Blackboard will be used to communicate with you about assignments and changes in the class schedule. You should check it on a regular (weekly) basis. I appreciate it if you observe strictly my office hours (see above). If this is not convenient, you may set up an appointment ahead of time during other times (please send advanced notice for this). My teaching assistant and I are available to help you in going through some of the more difficult/technical part of this course.

E REQUIREMENTS AND GRADING

Your grade will be based on:

- Midterm and Final exams (50%)
- Assignments and Case Studies (30%)
- Reaction Papers (10%)
- Class Attendance and Participation (10%)

1. Exams (50%)

There will be two exams, each is worth 25%% of your grade.

2. Assignments and Case Studies (30%)

There will be assignments and case studies which constitute 30% of your grade. They involve exercises on concepts learned in class, problem solving, reaction essay and policy evaluation/recommendations. Each student will write a 1 page reaction essay on any 4 case studies and post them in the BB. To get full marks, the essay must be posted by 9 am in the BB discussion forum week folder on the day it is assigned. There will also be group presentations on the case studies. Groups will make a 15 minute presentation and lead the discussion on a case study of their choice in class.

Please note that each assignment will have 3 points (out of 10) lowered for each day past beyond the due date (class period). Details will given in class

3 Reaction Essay (10%)

You are required to write a reaction essay on Coetzee, J. M., *The Life and Times of Michael K*, Penguin Books, 1983.

Guidelines for writing a reaction paper:

A reaction paper is an informed analysis and thoughtful commentary of the development issues discussed in class using the life of Michael K. It consists of:

- 1) A brief summary of the critical points (3-5) addressed in the novel that relates to the development issues discussed in class. How does the life of Michael K reflect the problems of poverty, inequality, unemployment, and powerlessness?
- 2) A discussion of each of the critical points(s) in your own words using incidents in the life of Michael to reflect on the development issues or concerns. In what ways are these more complex than one initially assume from reading the textbook and articles? What makes these issues challenging to solve or address, from the point of view of the policymakers?.

The paper should be typewritten, double-spaced and have a maximum length of 4 (four) pages (in 12 inch font) and submitted in hard copy (No emails). Be sure to include a list of references if you use other materials in addition to the book.

The reaction paper will be graded based on

- (i) student's ability to integrate class reading materials and economic concepts/reasoning into his/her analysis of the novel (40%),
- (ii) clarity and logic of the analysis of the economic problem and use of specific examples in the life of Michael K (30%),
- (iii) organization and adherence to the guidelines of the reaction paper (including citation of references, etc) (20%) and
- (iv) writing skill and general appearance of the paper (spelling, etc, (10%). Make sure that proper citations of references are made as this will be part of the grading.

Due dates and grades: The due dates for all class activities along with the weights of the requirements in the final grade are as follows:

Requirements	Weight	Due date
Midterm exam	30%	March 3
Assignments and Case Studies	20%	TBA
Reaction Papers	10%	April 7
Class Participation & Attendance	10%	
Final exam	30%	April 28
Total	100%	

GRADING

Students must submit **all required homeworks, reaction papers and meet other course requirements** to receive a passing grade for the course. Grades are calculated as follows:

- A (90-100)
- B (80-89%)
- C (70-79%)
- D (60-69%).
- F (59% and below).

Do note that each letter category includes both pluses and minuses.

COURSE SCHEDULE AND ASSIGNED READINGS

[This schedule and assigned readings are subject to change. You will be notified ahead of time if there are any changes. Please check the announcement section of the BB on a weekly basis.]

Week 1, Jan 13 Course Overview, Nature and Meaning of Development Monitoring Development Progress

- TODARO-SMITH, Chaps 1-2

Additional Resources:

- The United Nations' Human Development Report 2009(*) contains its human development index for every member nation. The report can be downloaded as a [PDF](http://www.undp.org/hdr2009/back.pdf) file at: <http://www.undp.org/hdr2009/back.pdf>

Week 2. Jan 20 Who Benefits from Development? Measuring Growth, Poverty and Inequality

- TODARO_SMITH, Chapter 5.
- Reddy, S. and T. Pogge (2005) "How Not to Count the Poor", Paper Version No.4.5, Columbia University: New York. <http://www.columbia.edu/~sr793/count.pdf>
- Banerjee, A and E. Duflo (2006), "The Economic Lives of the Poor", MIT Dept of Economics Working Paper (BLACKBOARD)

Supplementary Reading:
CYPHER-DIETZ Chap 3

Week 3-4 Jan 27, Feb 3 Growth Theories

- TODARO-SMITH, Chap 3

Supplementary Reading:
CYPHER-DIETZ, Chap 4, 6

Week 5 Feb 10 Contemporary Theories of Development

- TODARO-SMITH, Chap 4, pp. 158-173.

CASE STUDY 1: South Korea

- TODARO_SMITH , pp. 133-136
- Dani Rodrik (1995), "Getting Interventions Right: How South Korea and Taiwan Grew Rich", Kennedy School of Government, Harvard University. [BLACKBOARD]

Week 6. Feb 17 Capability Approach and Feminist Economics Perspective

- David Clark (2005) "The Capability Approach", Working Paper No. 032, Global Poverty

Research Group, Economic and Social Research Council, New York [BLACKBOARD]

- Agarwal, Bina (1997). "Bargaining' and Gender Relations: Within and Beyond the Household." *Feminist Economics* 3(1): 1-51.[JSTOR/BB]

Case Study 2: GUATEMALA

- Elizabeth Katz (1995), "Gender and Trade within the Household: Observations from Rural Guatemala", *World Development*, Vol. 23, No. 2. [BLACKBOARD]

Week 7 Feb 24 Agricultural Transformation, Rural Development and Livelihood Strategies

- Todaro and Smith, Chapter 9
- Ellis F. 1998. "Household Strategies and Rural Livelihood Diversification." *Journal of Development Studies* 35(1):1-38.[JSTOR; BLACKBOARD]

Case Study 3: Promise of Bio-Technology

- Glover, D. (2009) '[Undying Promise: Agricultural Biotechnology's Pro-poor Narrative, Ten Years on](#)', *STEPS Working Paper* 15, Brighton: STEPS Centre

Week 8 : March 3 MIDTERM

March 10 NO CLASSES SPRING BREAK

Week 9-10: March 17, 24 Finance and Microfinance

- TODARO-SMITH Chap 15
- Jonathan Murdoch and Beatriz Aghion, *The Economics of Microfinance*, MIT Press, Chaps 1-2 [BLACKBOARD]

Case Study 4: Impact of Global Financial Crisis in Developing Countries

- **FILM: INSIDE THE MELTDOWN**

Discussion Question: What has been the impact of the recent global financial crises on developing countries? Evidence from a developing country.

Case Study 5: GRAMEEN BANK, BANGLADESH

- Anne Marie Goetz and Gupta, R. S. (1996) Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programs in Bangladesh, *World Development* 24 (1), pp. 45-63. [BLACKBOARD]

Week 11: March 31 Urbanization and, Migration

- TODARO-SMITH, Chap 7.
- Taylor, J. Edward, 1999. "The New Economics of Labor Migration and the Role of Remittances in the Migration Process." *International Migration* 37(1)63-88.

Case Study 6: BOTSWANA

- TODARO-SMITH, Chap 7, pp. 355-359
- Lucas, R. 1985. "Migration amongst the Botswana." *Economic Journal* 95(2):358-82.

Week 12: April 7 Labor Markets and Employment

- Josh Bivens and Sarah Gammage (2005) "Will Better Workers Lead to Better Jobs in the Developing World?" In Tony Avignon et al (eds), *Good Jobs, Bad Jobs, No Jobs: Labor Markets and Informal Work in Egypt, El Salvador, India, Russia and South Africa*, Global Policy Network, Economic Policy Institute, Washington DC.

Case Study 7: SOUTH AFRICA

- Banerjee et al, (2007) " Why Has Unemployment Risen in the New South Africa?" NBER Working Paper 13167, June [<http://www.nber.org/papers/w13167>]
- UNDP (2003), "Chapter 7: Creating Jobs", *South African Human Development Report* [BLACKBOARD]

DISCUSSION: THE LIFE AND TIMES OF MICHAEL K. REACTION PAPER DUE APRIL 7

Week 13: April 14 The Informal Sector

- ILO, *Decent Work and the Informal Economy*, International Labor Organization, June 2002., Chaps 1-2 (pp. 1-38). [BLACKBOARD]
- Marilyn Carr, Marty Chen and Jane Tate, 2000. "Globalization and Home-Based Workers," *Feminist Economics*, Vol. 6, No. 3, November: 123-142.
- Kucera, David and Leanne Roncolato (2008) "Informal Employment: Two Contested Policy Issues", *International Labour Review*, Vol 147, No. 8. [BLACKBOARD]

Case Study 8: GHANA

- C. Levin et al, (1999) Working Women in an Urban Setting: Traders, Vendors and Food Security in Accra", *World Development*, Vol. 27, No. 11. [BLACKBOARD]

Week 14 APRIL 21- Education and Health Policies

- TODARO-SMITH, Chap 8

CASE STUDY 9: PROGRESA/OPORTUNIDADES

- Paul Winters, Marco Stampini and Benjamin Davis. "Do conditional cash transfers influence migration? A study using experimental data from the Mexican PROGRESA program." *Demography* Vol. 42(4), November 2005, pp. 769-790. [BLACKBOARD]

April 28 Wed – Final Exam [No make up exam will be given.]