

Syllabus

Econ 181. Economic Development: Theory and Policy

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University of California, Riverside

Fall 2009

General information

Time and location: TR 12:40 - 2:00 p.m. BRHNL A125
Office hours: TR 10-11am (4108 Sproul Hall)
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Course description

The goal of the course is to introduce the main issues of development economics. How is economic *development* measured? How is that different from economic *growth*? What affects economic growth, inequality, and poverty? Why do some countries achieve high levels of economic development and others do not? What are the policies governments can implement to change the growth path of their countries? In this course we will initially approach these questions from a “macro” perspective and later introduce a “microeconomic” view of the problems.

The contract

Requirements

All assignments mentioned below must be turned in at the beginning of the class or left in my office before the class meets. Only under extreme circumstances (such as medical emergencies) will late assignments be accepted at the discretion of the instructor. The dates for all exams (once established) and assignments are final.

Four problem sets	5% each.
Two midterm exams (around week 3.5 and week 6.5)	25% each
One final (Friday December 11, 11:30am - 01:30pm)	30%.

Grades

To convert your overall numeric grade to a letter grade use the following rule:

Number	Letter
90 or above	A
80-89.9	B
70-79.9	C
60-69.9	D
Below 60	F

Sub-letter grades (eg., A+, B-, C) will be determined later in the quarter but they usually correspond to breaks of the same magnitude within the bracket.

Communications

Most communication will take place during class. Otherwise I will send an email through ilearn. It is the student's responsibility to make sure that the email listed on ilearn is valid. If you do not use your UCR account make the appropriate changes to have your UCR emails sent to your preferred account.

Textbooks

Required

Perkins, D., S. Radelet, and Lindauer (2006) *Economics of Development*, Sixth Edition. Norton. [PRL].

Suggested

Ray, D. (1998) *Development Economics*. Princeton University Press. [HD75 .R39 1998].

Banerjee, A., R. Bènabou, and D. Mookherjee (2006) *Understanding Poverty*. 6th edition. Oxford University Press. [BBM, HC79.P6 U534 2006].

Todaro, M. and S. Smith (2006) *Economic Development*. 9th edition. Pearson.

Plagiarism

The appropriate ways for referencing the material used to write the paper will be discussed in class. Any student found committing plagiarism, not handing in original work of his/her own, or cheating, will be given an F in the course and will be subject to disciplinary action by the University.

Course outline and readings

Each of the following topics should take us one week, on average. The [*] symbol indicates the required readings. All others are suggested but some/most of them will be covered in class.

I. Measurement of economic development

What is economic *development* and how does it differ from economic *growth*? What is the best way to measure well-being across countries? What are the observed patterns of development? What are the Millennium Development Goals?

- PRL: chapters 1 and 2. [*]
- BBM: chapters 1 and 4.
- Ray: chapter 2.

II. Economic growth

Is it possible for an economy to grow forever? What is the role of capital accumulation and technology on economic growth? Are the variables that lead to short-term and long-term growth the same? Can we find evidence to support the models?

- PRL: chapter 3[*] and 4[*].
- BBM: chapters 2, 3 and 5.
- Ray: chapters 3 and 4[*].

III. Poverty and inequality

How is poverty defined and measured? What is a poverty line? Why should the proportion of people living with less than the poverty line cannot be an adequate guideline for policy? How can we measure inequality?

- PRL: chapter 6. [*]
- BBM: chapters 12.
- Ray: chapters 6 and 7.

IV. Population

What are the demographic transitions? What is the demographic future? Why do birth rates decline? Does lower births lead to “better” children? Is there a link between population and market failures?

- PRL: chapter 7. [*]
- BBM: chapters 9 and 10.
- Ray: chapter 9.

V. Education

What are the main trends and patterns? Are boys and girls treated similarly? What are the benefits of education? How can we measure the returns to education? How can we improve schools and motivate parents to send their children to school?

- PRL: chapter 8. [*]
- BBM: chapter 18.

VI. Health and nutrition

What are the recent trends in health? What factors improve health? How does health affect productivity and growth? What works in health?

- PRL: chapter 9. [*]
- BBM: chapters 20 and 21.
- Ray: chapter 8 and 13.

VII. Savings and credit

What theories could explain the relation between income and savings? What is the relation between savings and growth? What does the data say?

- PRL: chapter 10. [*]
- BBM: chapter 22 and 23.
- Ray: chapter 14.

VIII. Trade and development

What are the recent trends and patterns? Which are the main policies implemented in the recent decades? Can more trade promote growth? Is the theory supported by the facts?

- PRL: chapter 19. [*]
- BBM: chapters 6 and 7.
- Ray: chapters 16 and 17.

IX. Foreign aid

What is foreign aid? Who are the main donors and recipients? What is the relationship between aid, growth and development?

- PRL: chapter 14. [*]
- Moss, T. (2007) *African Development. Making Sense of Issues and Actors*. Lynne Rienner Publishers. Chapters 8 and 9. [On reserve]