

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON857
ECONOMIC DEVELOPMENT AND WORLD
ECONOMIC ORDER

Semester 1, 2011

Department of Economics

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
ECON857: ECONOMIC DEVELOPMENT AND WORLD ECONOMIC
ORDER 2011 SEMESTER 1**

Unit Convenor: Mr Craig MacMillan

Prerequisites: ECON632 or ECON633 or admission to MCom or MIB or MEc or MActPrac prior to 2011

Credit point: 4

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

Unit Description

The study of poverty and development in low income countries is attracting more attention around the world than ever before. International development organizations and agencies and academic institutions increasingly recognize that the study of economic development in a world that is experiencing rapid globalization requires an approach that is analytically rigorous and at the same time problem and policy oriented.

The goal of this unit is to introduce the student to some of the fundamental concepts in the field of development economics. Though in relation to mainstream economics, development economics has a short history, the subject has advanced considerably in the last four decades in both analytical and empirical content. Unlike many other branches of economics, however, the gap between the analytical and empirical branches of development economics remains very wide, making a systematic treatment of the two in an integrated framework almost impossible. This unit will seek to strike a balance between the analytical and empirical literature on economic development. The main aim of this unit will be to instil in the student an awareness of some of the main characteristics of a developing economy, and to present and discuss empirical findings from the literature on some issues that are of primary concern in large parts of the developing worlds.

The unit emphasises the development of research skills that are essential, not only for further study in the field of development economics, but also in practical development work, preparing students for employment with government ministries, national and international development agencies, NGOs and private sectors. The unit is also likely to be useful to non-

economics students, for example, those studying sociology, anthropology, philosophy, law, health and nutrition.

Aims

The unit aims to provide a thorough review and critical assessment of contemporary issues in the field of economic development, covering not only the main analytical approaches and empirical evidence but also policy issues.

Prior Knowledge

- Logical thinking and analytical skills

TEACHING STAFF

Name	Contact information		Consultation time during teaching weeks
Craig MacMillan Unit Coordinator	Room Telephone email	E4A-427 9850 7290 craig.macmillan@mq.edu.au	Tuesday 3-6

Consultation Time: Please restrict consultations to the announced times whenever possible. Students unable to attend at these times are free to contact the lecturer to arrange a mutually convenient time.

Email: To maintain students' privacy and confidentiality, students should only use their Macquarie University email address to correspond with staff. Emails emanating from other sources may not be responded to or may get caught up in a SPAM filter and not arrive. It is essential that you check your university email on a regular basis as this is our primary means to contacting individual students.

The unit 'Blackboard' website can be entered via <http://learn.mq.edu.au>. You will find most, if not all, of the information about the course at this site. For ECON857 the primary function of the discussion board on Blackboard is for students to communicate with each other. Student queries to the unit coordinator should be sent by email.

CLASSES

The subject will be presented face to face (every Tuesday 6-9 PM, Room: E6A 131) via a two hour lecture and a one hour seminar presentation (on selected weeks only) and will largely be based on printed material with integrated assessment exercises. Timetable information is also available at: www.timetables.mq.edu.au

Blackboard will also be used to post the unit guide, lecture notes and other materials. E-learning tools, including the discussion forum and the use of announcement board will also be used.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Prescribed Textbook

Michael P. Todaro and Stephen C. Smith (2008), *Economic Development*, Tenth Edition. Pearson Addison-Wesley: New York.

Recommended Textbook

James M. Cypher and James L. Dietz, (2009) *The Process of Economic Development*, 3rd Edition. Routledge: London.

Other Useful Books

Yusuf, S. (2009) *Development Economics Through the Decades: A Critical Look at 30 years of the World Development Report*. World Bank: Washington.

Jeffrey Sachs, *The End of Poverty: How We can make it happen in our lifetime*, Penguin Books, 2005.

Dwight Perkins, Malcolm Gillis, Michael Roemer, Donald Snodgrass, *Economics of Development*, Fifth Edition, W. W. Norton, 2001.

Hendrik Van Den Berg, *Economic Growth and Development*, McGraw-Hill Irwin, 2001.

Yujiro Hayami, *Development Economics*, Clarendon Press, Oxford, 1997

Pranab Bardhan and Christopher Udry, *Development Micro Economics*, Oxford University Press, 1999

Debraj Ray, *Development Economics*, Princeton University Press, 1998.

Stuart R Lynn, *Economic Development, Theory and Practice for a Divided World*, Prentice Hall, 2003.

O'Hara Phillip Anthony (1999), *Encyclopedia of Political Economy*, Vol. 1 & 2, Rutledge, London and New York.

Other References

David Colman and Frederick Nixon, *Economics of Change in Less Developed Countries*, Second Edition, Philip Allan, 1986.

John Eatwell, Murray Milgate and Peter Newman (eds.), *The New Palgrave: Economic Development*, Macmillan, London 1989.

R.M. Sundrum, *Development Economics*, Wiley, 1983.

Michael P. Todaro (Ed.) *The Struggle for Economic Development: Readings in Problems and Policies*, Longman, 1983.

A.P. Thirwall, *Growth and Development With Special Reference to Developing Economies*, Macmillan, Fifth Edition, MacMillan, 1994.

The World Bank, *Trends in Developing Economies 1996*, Johns Hopkins University Press for the World Bank, 1996.

The World Bank, *World Development Reports* (Various)
<http://econ.worldbank.org/wdr/>

United Nation Development Programme, *Human Development Reports* (Various): <http://www.undp.org/>

UNICEF, *The State of World Children 2007, Women and Children: The double Dividend of Gender Equity*. 2007.

A List of Useful Journals Pertaining to Economic Development

Developing Economies
Development and Change
Economic Development and Cultural Change
Foreign Affairs
Journal of Developing Areas
Journal of Development Studies
Journal of Development Economics
Journal of Economic Perspective
Journal of Political Economy
Oxford Economic Papers

Rivista Internazionale di Scienze Economiche e Commerciali/ International Review of Economics and Business
Weltwirtschaftliches Archiv/ Review of World Economics
World Development

Resources on the Internet

The following online resources will prove to be very useful.

(i) The World Bank web site:

<http://www.worldbank.org/>

(ii) The International Development Research Centre (IDRC):

<http://www.idrc.ca/library/world/>

(iii) The World Factbook:

<http://www.odci.gov/cia/publications/factbook/index.html>

(iv) International Monetary Fund: ***<http://www.imf.org/>***

(v) United Nations Development Programme: ***<http://www.undp.org/>***

(vi) World Trade Organisation: ***<http://www.wto.org/>***

(vii) Oneworld.net: ***<http://www.oneworld.org/>***

(viii) Center for International Development at Harvard University:

<http://www.cid.harvard.edu/>

(ix) Institute of Development Studies: ***<http://www.ids.ac.uk/ids/>***

(x) Asian Development Bank: ***[http:// www.adb.org](http://www.adb.org)***

LEARNING OBJECTIVES AND OUTCOMES

Objectives

The learning objectives of the unit are to develop an understanding of the following topics:

- Concept of Development and measurement
- Historical Experience and Major Theories of Economic Development and Policy
- Trade and Development
- Population and Development
- Agriculture and Development
- Income Distribution and Poverty: Concept and measurement
- Some Development models
- Trade Policies in Developing Countries

- The World Bank, the IMF and the Third World Debt Crisis
- Nutrition, Health and Development
- Democracy and Development

Outcomes

On completion of this unit students will be able to:

1. Understand and apply the main measures and theories of economic development
2. Understand the role of markets and institutions in facilitating economic development
3. Develop analytical skills relevant to the assessment of these different theories and models of economic development, including drawing out the predictions and implications of economic models and making inferences from empirical data
4. Search, access and examine the main sources of economic and social data relevant to economic development
5. Apply the knowledge and skills acquired to the study of the main forces sustaining and limiting economic development today, and the design of effective policy interventions

Generic Graduate Attributes

This unit adds to the generic attributes of graduates in the following ways:

- Relating theory to policy
- Ethical underpinning of economics
- Ability to relate the knowledge learnt in economics to the wider social issues
- At the end of the unit, the student will be well equipped to contribute to debates in the area of development.

LEARNING AND TEACHING STRATEGY

There will be two-hour lectures each week and nine seminar meetings held for each group during the semester. Attendance at seminars, preparation for seminars and participation in class discussion are compulsory. To re-emphasise, attendance at seminars and contribution to seminar discussion are partial requirements for completing this course satisfactorily. At each seminar meeting a class roll will be taken.

The teaching strategy in ECON857 recognises that students learn independently and assume responsibility for the learning process. The teaching philosophy is articulated as follows:

Lectures – large group learning (2 hour each teaching week)

Lectures are intended to provide an overview and where relevant a critical review of important topics in development economics.

Independent learning – learning by doing (about 6 hours each teaching week)

ECON857 relies heavily on independent learning where students read the relevant key references, and annotate and revise the lecture notes in the light of the key references.

Seminars – group presentations (1 hour on nine teaching weeks)

Seminars are presented by groups of students. This gives students the opportunity to develop their (i) communication skills (ii) research skills and (iii) ability to work in a team context.

Week	Lecture Topic	Seminar Topic	Assessment tasks
1 & 2	Economic and Human Development: Definition and Measurement		
3	Theories of Economic Development	Poverty & Inequality	
4	Theories of Economic Development (cont.)		In-Class Test – 15 March 2011
5	Trade and Development	New (Endogenous) Growth Theory	
6	Agriculture and Development	The East Asian Miracle	
7	Balance of Payments and Macroeconomic Stabilization	Population and Development	
8	The World Bank & IMF: Structure and Function	External Debt	
9	The World Bank & IMF: Effectiveness of Policies	The Informal Sector	Essay Due – 3 May 2011
10	Human Capital Formation & Development: Education & Health	Child Labour	
11	Human Capital Formation & Development: Nutrition	Famines	
12	Democracy and Development	Kerala	
13	Revision		

Weeks 1 & 2: Economic and Human Development: Definition and Measurement

Basic References:

Todaro & Smith, Chs. 1 & 2

Cypher & Dietz, Chs 1 & 2

Other References:

Ingham, B. (1993) "The Meaning of Development: Interactions Between 'New' and 'Old' Ideas", *World Development*, 21(11), 1803-1821.

Sen, A. (1999) *Development as Freedom*. Oxford: University Press.

Nicholas, S. (1989) "Economic Development: a Survey," *Economic Journal*, Vol. 99, pp. 597-685.

Dijkstra, A. G., (2002) "Revisiting UNDP's GDI and GEM: Towards and Alternative", *Social Indicators Research* 57: 301-338.

Craft, N. (1997) "The Human Development Index and Changes in Standard of Living: Some Historical Comparisons", *European Review of Economic History*, Vol 1, 1997: 299-322.

Weeks 3 & 4: Theories of Economic Development

Basic References:

Todaro and Smith, Chs. 3 & 4.

Cypher & Dietz, Chs 3 – 6 & 8.

Other References:

Rodrik, Dani (ed.) (2003). *In Search of Prosperity: Analytic Narratives on Economic Growth*, Princeton: Princeton University Press.

Lucas, Robert E., Jr. (2002). *Lectures on economic growth*, Cambridge and London: Harvard University Press.

Easterly, William (2001). *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. MIT Press, July.

Durlauf, Steven N. and Quah, Danny T. (1999). The New Empirics of Economic Growth. In *Handbook of Macroeconomics. Volume 1A*. Amsterdam, New York and Oxford: Elsevier Science, North-Holland, 235-308.

Temple, Jonathan (1999), "The New Growth Evidence", *Journal of Economic Literature*, 37(1), March, 112-156.

Easterly, W. (1999) "The Ghost of the Financing Gap: Testing the Growth Model Used in the International Financial Institutions", *Journal of Development Economics*, 60, 423-438.

Kenny, Charles and David Williams (2001) What Do Economists Know About Economic Growth ? Or Why Don't They Know Very Much? *World Development*, 29(1).

Solow, Robert M. (2000). *Growth Theory: An Exposition* (2nd edition). Oxford University Press, Oxford. This book brings together his Radcliffe lectures on exogenous growth theory, his Nobel Prize lecture, and his Siena Lectures on endogenous growth theory.

Week 5: Trade and Development

Basic References:

Todaro and Smith Ch.12.

Cypher & Dietz Chs. 9 & 10.

Other References:

Edwards, Sebastian (1998), "Openness, Productivity, and Growth: What Do We Really Know?" *Economic Journal*, 108, March, pp.383-98.

Frankel, Jeffrey and Romer, David (1999) "Does Trade Cause Growth?" *American Economic Review*, 89, no.3 June, pp. 379-99

Greenway, David and Milner, Chris (1987) "Trade theory and the less developed countries," in Norman Gemmell (ed.) *Surveys in Development Economics*, Oxford: Blackwell

Greenaway, David, Morgan, Wyn & Wright, Peter (2002) "Trade Liberalisation and Growth in Developing Countries", *Journal of Development Economics*, Vol 67, pp229-244.

Global Economic Prospects and the Developing Countries (2001) Report No. 21596, *World Bank Report*, <http://www-wds.worldbank.org/>.

Lewis, W. Arthur (1980) "Slowing Down of the Engine of Growth," *American Economic Review*, September, pp. 555-564

Singer, Hans and Gray, Patricia (1988) "Trade Policy and Growth of Developing Countries: Some New Data," *World Development*, Vol. 16, March, pp. 395-403.

Week 6: Agriculture and Development

Basic References:

Todaro and Smith, Chs. 6 & 7.

Cypher & Dietz, Ch. 12.

World Bank (2008) *Agriculture for Development*. New York: University of Oxford Press.

Pincus, J. (2001) "The Post-Washington Consensus and Lending Operations in Agriculture: New Rhetoric and Old Operational Realities" in B. Fine, C. Lapavitsas and J. Pincus (Eds), *Development Policy in the Twenty-First Century*, Routledge: London

Sem Terra Movement: is a movement of landless Brazilian workers.
See web site: www.mstbrazil.org

Stidile, J. P. (2002) "Landless Battalions: The Sem Terra Movement of Brazil", *New Left Review*, 15(May-June), 76 –104.

Week 7: Balance of Payments and Macroeconomic Stabilization

Basic References:

Todaro & Smith, Ch. 13.

Cypher & Dietz, Ch. 15.

Weeks 8 & 9: The World Bank and the IMF: Origins, Functions and Policy Effectiveness

Basic References:

Todaro, Ch.13 especially the appendix

Cypher & Dietz, Ch. 17.

Other References:

World Bank web site; www.worldbank.org

IMF web site; www.imf.org

Bretton Woods Project web site; www.brettonwoodsproject.org

Bird, G. (2001) "IMF Programs: Do They Work? Can They Be Made to Work Better?", *World Development*, 29(11), 1849-1865.

Ferreira, F. H. G. & Keely, L. C. (2000) "The World Bank and Structural Adjustment: Lessons from the 1980s" in Gilbert, C. L. & Vines, D. (eds) *The World Bank: Structure and Policies*. Cambridge Uni Press: Cambridge.

Kapur, D, Lewis, J. P. & Webb, R.(1997) *The World Bank: Its First Half Century*. Brookings: Washington D. C.

Mosley, P., Harrigan, J. & Toye, J. (1991) *Aid and Power: The World Bank and Policy-Based Lending Volume 1*. Routledge: London.

Mussa, M. & Savastano, M (1999) "The IMF Approach to Economic Stabilization", *IMF Working Paper*, 99/104

Pastor, M. Jr., (1987) , " The Effects of IMF Programs in the Third World: Debate and Evidence from Latin America" *World Development*, 15(2), 249-262. [In Library Reserve]

Przeworski & Vreeland (2000) "The Effect of IMF programs on Economic Growth", *Journal of Development Economics*, (62), 385-421

Summers, L. H. & Pritchett, L (1993), "The Structural Adjustment Debate", *American Economic Review*, May, 383-9.

Stewart, F. (1991) "The Many Faces of Adjustment", *World Development*, 19(Dec), 1847-1864.

Ul Haque, N. & Khan, M.S. (1998) "Do IMF Supported Programs Work? A Survey of the Cross-Country Empirical Evidence", *IMF Working Paper*, 98/169.

Vreeland, J.R. (2002) "The Effects of IMF Programs on Labor", *World Development*, 30(1), 121-139.

Wade, R. (2001) "Showdown at the World bank", *New Left Review*, 7, Jan/Feb, 124-37.

White, H. (1996) "Adjustment in Africa", *Development and Change*, 27, 785-815.

World Bank (2000) *Social Dimensions of Adjustment Programs*. Available from www.worldbank.org

World Bank (2001) *Adjustment Lending Retrospective*. Available from www.worldbank.org/oed.

World Bank (2001) *World Bank Lending Instruments: Resources for Development Impact*. Available from www.worldbank.org.

Weeks 10 & 11: Human Capital Formation and Development

Basic References:

Todaro & Smith, Ch 8.

Cypher & Dietz, Ch 12

World Bank (2006) *Repositioning Nutrition as Central to Development: A Strategy for Large-Scale Action*. Free download from;
<http://siteresources.worldbank.org/NUTRITION/Resources/281846-1131636806329/NutritionStrategy.pdf>

Leathers, H. D & Foster, P. (2004) *The World Food Problem* (Third Edition). Boulder : Lynne Rienner.

Other References:

World Bank, (1993) *World Development Report: Investing in Health*, New York: Oxford University Press.

Behrman, J. (1993), " The Economic Rationale for Investing in Nutrition in Developing Countries", *World Development*, Vol.21 (11), 1749-1771.

Websites for Food & Agricultural Organization (FAO) - www.fao.org and for the World Health Organization (WHO) - www.who.int. Both the FAO and the WHO are UN organizations and their websites are full of lots of information, reports and papers that can be accessed for free. You can also check the World Bank website again as it has information on health and nutrition. In particular, the FAO's *The State of Food Insecurity in the World Reports* 1999-2004 are referenced regularly in the lectures.

Svedberg, P. (1999) "841 Million Undernourished?", *World Development*, 27(12), 2081-98.

Bush, R. (1996), "The Politics of Food and Starvation", *Review of African Political Economy*, no. 68, pp 169-195.

Epprecht, M. (1997), "Investing in Amnesia, or Fantasy and Forgetfulness in the World Bank's Approach to HealthCare Reform in Sub-Saharan Africa", *Journal of Developing Areas*, vol. 31, pp337-56.

Week 12: Democracy and Development

Basic References:

UNDP (2002) *Human Development Report 2002: Deepening Democracy in a Fragmented World*. New York: Oxford University Press

A. Przeworski & F. Limongi (1993), "Political Regimes and Economic Growth", *Journal of Economic Perspectives*, vol.7 (3), pp51-69.

A. Przeworski & F. Limongi (1997), "Modernization: Theories and Facts", *World Politics*, 49 (Jan.) pp 155-83.

A. Alesina & R. Perotti (1994) "The Political Economy of Growth: A Critical Review of the Recent Literature", *World Bank Economic Review*, 8(3), pp351-371.

M. A. Nelson & R. D. Singh (1998) "Democracy, Economic Freedom, Fiscal Policy, and Growth in LDCs: A Fresh Look", *Economic Development and Cultural Change*, pp 677-696.

M. Pastor & J. H. Sung (1995) "Private Investment and Democracy in the Developing World", *Journal of Economic Issues*, XXIX (1), pp 223-43.

E. Huber, D. Rueschemeyer & J.D. Stephens (1993), "The Impact of Economic Development on Democracy", *Journal of Economic Perspectives*, vol.7 (3), pp71-85.

M.R. Thompson (1996), "Late Industrialisers, Late Democratisers: Developmental States in the Asia-Pacific", *Third World Quarterly*, vol.17 (4), pp.625-647.

A. Leftwich (1996), "On the Primacy of Politics in Development", in A. Leftwich (Ed), *Democracy and Development: Theory and Practice*, Polity Press: Cambridge, M.A.

S. Ersson & J. E. Lane (1996), "Democracy and Development: A Statistical Exploration" in A. Leftwich (Ed), *Democracy and Development: Theory and Practice*, Polity Press: Cambridge, M.A.

A. Leftwich (1993), "Governance, Democracy and Development in the Third World", *Third World Quarterly*, vol.14 (3), pp.605-624.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Assessment	%	Learning Outcome
Mid-Semester test (15/03/11 Wk 4)	10 %	1
Essay (03/05/11 Wk 9)	15 %	1, 2, 3, 4 & 5
Seminar Presentation	15 %	1, 2, 3, 4 & 5
Final Examination	60 %	1, 2, 3, 4 & 5

Compulsory Mid Semester Test

The Mid Semester test will be held during your normal lecture times in the first hour of **Week 4 (March 15, 2011)**. The test will account for 10 % of the total marks used to assess your grade for the course. Attendance at the test is **compulsory**. If you fail to attend the test you will be awarded a **zero** mark. Students who experience *serious misadventure* and are unable to attend the test should:

(i) fill in and submit the special consideration form available at

<http://www.reg.mq.edu.au/Forms/APScons.pdf>

(ii) contact the lecturer-in-charge Craig MacMillan – E4A 427, phone 9850 7290, email: craig.macmillan@mq.edu.au.

In this test you will be asked to answer one or two content related numerical problem(s) and/or short essay question(s) based on generic

understanding from the material covered in the first two weeks of the course. This assessment will be used as an early low risk diagnostic of content related and generic skills. Feedback will be provided within 14 days of the test.

Essay

This part of the assessment involves students undertaking an individual research project. This project will be a **maximum of 2000 words** (excluding tables, diagrams and reference list) and is DUE ON TUESDAY THE 3rd of MAY 2011. Late submission will incur a penalty of

1 business day late = 10% penalty

2-5 business day late = 25% penalty

More than 5 business day late = 100% penalty

In the evaluation of the written work the following factors will be taken into account.

- The standard displayed in English expression and sentence construction and the level attained in the written articulation of ideas
- The ability to exhibit critical analysis in the subject area.
- The ability to develop ideas in a logical or sequential fashion.

Essay Question:

Does foreign aid generate development in developing countries?

Suggested Readings:

Cypher & Dietz pp 583-89.

Easterly, W. (2006) *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin

Easterly, W. (Ed) (2008) *Reinventing Foreign Aid*. Cambridge, Mass.: MIT Press.

Moyo, D. (2009) *Dead Aid: Why Aid Is Not Working and How There is Another Way For Africa*. London: Allen Lane.

Todaro & Smith pp 728 – 39.

World Bank (1998) *Assessing Aid*. Washington, DC: World Bank.

Students must do their own extra research on this topic.

Note:

The research essay should be typed (font size at least 12) double spaced, contain full bibliographic references and a word count.

All references to books, articles and other sources, are to be referenced using the Harvard system (author-date system) of referencing. Students unsure about this system of referencing are directed to:

Publication Manual of the American Psychological Association, 6th edn.
Washington: APA. Available in the reference section of the library – call
number: [BF76.7 .P83 2010](#)

Seminar presentations

There will be nine seminar meetings held for each group during the semester on selected weeks during the last one hour of the lecture time. Attendance at seminars, preparation for seminars and participation in class discussion is compulsory. To re-emphasise, attendance at seminars and contribution to seminar discussion are partial requirements for completing this course satisfactorily. At each seminar meeting a class roll will be taken.

Each student will be allocated to one group in which the group will be required to present their allocated topic. In addition, each group will be required to submit a formal report on the seminar in which they are presenting. This report is a **GROUP** submission and therefore students in each seminar group should meet several times before the seminar presentation to discuss the topic and to make arrangements for the seminar presentation as well as the submission of the report. These arrangements should include the division of the topic so that each student can play a role in the joint presentation.

The submission of the seminar report on the day of your allocated seminar is **compulsory** and each student must participate in a verbal presentation on their allocated topic at the appropriate seminar. Failure to fulfil any one of these conditions will mean that course requirements will not have been met and will involve automatic failure in the unit. The non-attendance at a seminar meeting when an individual is due to present a paper is clearly regarded as unacceptable. If you do have genuine problems or misadventure which affect the presentation of your seminar please let us know before the relevant seminar meeting is due to be held.

In the evaluation of a group's seminar presentation and report the following factors will be considered:

1. The standard displayed in English expression and sentence construction and the level attained in the written articulation of ideas.
2. The ability to exhibit critical analysis in the subject area.
3. The ability to develop ideas in a logical or sequential fashion.
4. Presentation Style
5. Contribution of individual presenter

(Note: We encourage the group to look beyond the supplied readings list).

Seminar 1 (Week 3) – Poverty and Inequality

Discuss and describe the different measures of inequality. Discuss and describe the different definitions and measures of poverty. What is the relationship between the different definitions of poverty and the concept of development? What does research tell us about the characteristics of poverty groups? What are some of the policy options for reducing inequality and poverty in developing countries?

Starter References:

Todaro & Smith Ch 5.

Kanbur, R. & Squire, L. (1999) "The Evolution of Thinking About Poverty: Exploring the Interactions", in G. M. Meier & J. E. Stiglitz (Eds) *Frontiers of Development Economics: The Future in Perspective*. Oxford University Press: New York.

Seminar 2 (Week 5) – The New (Endogenous) Growth Theory and Development

Describe the features of the new (endogenous) growth theories. How do these theories differ from traditional growth theories? What are the implications of the new growth theories for developing countries?

Starter references:

Todaro and Smith, Ch. 3, especially Appendix 3.3

Cypher & Dietz, Ch 8.

Fine, B. (2006), "New Growth Theory: More Problem than Solution", in Jomo, K.S. & Fine, B. (Eds) *The New Development Economics: After the Washington Consensus*. Zed Books: London.

Howard Pack (1994), "Endogenous growth theory: Intellectual appeal and empirical shortcomings," *Journal of Economic Perspectives*, Vol. 8, Winter, pp. 55-72.

Paul Romer (1994), "The origins of endogenous growth," *Journal of Economic Perspectives*, Vol. 8, Winter, pp. 3-22.

Robert Solow (1994), "Perspectives on Growth Theory," *Journal of Economic Perspectives*, Vol. 8, Winter 1994, pp. 45-54.

Aghion, Philippe; Caroli, Eve; Garcia-Penalosa, Cecilia (1999), "Inequality and Economic Growth: The Perspective of the New Growth Theories", *Journal of Economic Literature*, vol. 37, no. 4, December, pp. 1615-60

Seminar 3 (Week 6) – The East Asian Miracle

What is the “East Asian Miracle”? Outline the different accounts of the “East Asian Miracle”. Discuss the implications of the “East Asian Miracle” for policy makers in developing countries.

Suggested Readings

World Bank, “The East Asian Miracle: Economic Growth and Public Policy”. Washington DC: The World Bank, 1993

Ahuja, V., B. Bidani, F. Ferreira and M. Walton, “Everyone’s Miracle? Revisiting Poverty and Inequality in East Asia”, Washington DC: The World Bank, 1997.

Bhagwati, J., “The ‘Miracle’ that did happen: Understanding East Asia in a comparative perspective” in Eric Thorbecke and Henry Wan, eds, *Taiwan’s Development Experience: Lessons on Roles of Government and Market*. Boston: Kluwer Academic Publishers, 1999

Chang, H-J. (2003) “The East Asian Development Experience”, in Chang, H-J. (Eds), *Rethinking Development Economics*. Anthem Press: London.

Krugman, P. (1994) “The Myth of the East Asian Miracle”, *Foreign Affairs*, 73(6), 62-78.

Stiglitz, J. E. & Yusuf, S. (Eds). (2001) *Rethinking the East Asian Miracle*. Oxford University Press: New York.

What do you understand by “Informal Sector”? How significant is the “informal sector” in developing countries? Discuss the role of the “informal sector” in the process of economic and human development.

Todaro & Smith, Ch 7 especially. pp 335-341.

Michael Roemer and Christine Jones eds, *Markets in Developing Countries: Parallel, Fragmented, and Black*. San Francisco, Calif.: ICS Press; Lanham, Md.: Distributed to the trade by National Book Network, c1991.

de Soto, H. (1989) *The Other Path: The Invisible Revolution in the Third World*. Harper & Row: New York.

M. Estellie Smith. Lanham, MD eds, *Perspectives on the informal economy*. University Press of America; Society for Economic Anthropology, c1990.

David Turnham, Bernard Salomé, Antoine Schwarz eds, *The Informal sector revisited*. Paris: Development Centre of the Organisation for

Economic Co-operation and Development; Washington, D.C: OECD Publications and Information Centre, distributor, 1990.

Seminar 4 (Week 7) – Population and Development

What is the relationship between population growth and economic development? Outline the arguments in favour of and against the idea that population growth is a serious problem in developing countries? What are some of the policy options available to Less Developed Country (LDC) governments in their attempt to limit the rate of population growth.

Starter references:

Todaro & Smith, Ch. 6.

Cypher & Dietz, Ch. 12.

Nancy Birdsall (1988-89), "Economic Approaches to Population Growth," in Hollis B. Chenery and T. N. Srinivasan (eds.), *Handbook of Development Economics*, North Holland, vol. 1, 478-542.

Partha Dasgupta (1995), "The Population Problem: Theory and Evidence," *Journal of Economic Literature*, 33(4), December, 1879-1902.

Caldwell, John C and Scindlmayr, Thomas (2002) "Historical Population Estimates: Unravelling the Consensus", *Population and Development Review*, vol. 28, no. 2, pp. 183-204

Seminar 5 (Week 8) – The External Debt Crisis

Newspapers regularly carry major articles about the high levels of external (foreign) indebtedness in the developing world. Moreover, people take to the streets in cities of both the developed and developing worlds to protest against the intolerable burden that foreign debt imposes on struggling nations and demanding the forgiveness or cancellation of debts by the richer countries. This seminar is designed to examine how the debt crisis began, what has been done about it and to consider whether a debt crisis still exists today.

Describe the evolution of the Third World debt crisis of the 1980s. Students should look at such things as the causes of the debt crisis and also at what regions of the developing world were most effected by the crisis?

Briefly describe the key initiatives that have been pursued to deal with the debt crisis? Students should look at initiatives **such as** the Brady Plan and the Heavily Indebted Poor Countries (HIPC) initiative.

Compare the arguments of Easterly and Hertz on the proposal that Third World debt should be cancelled 100%?

Starter References:

Corbridge, S. (1993) *Debt and Development*. Oxford. U.K.: Blackwell

Cypher J. M. & Dietz, J. L. (2009) Ch 16

Todaro M. & Smith. S. C. (2003) Ch 13

Easterly, W. (2001) *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge MA : MIT Press. See Ch 7

Hertz, N (2004) *I.O.U. The Debt Threat and Why We Must Defuse It*. London : Fourth Estate. Especially Chs 1, 7, 8 & 11.

World Bank and IMF web sites have lots of material on external debt, in particular, information on the HIPC. See www.worldbank.org and www.imf.org.

Other useful websites include; www.jubileeplus.org, www.eldis.org and www.dri.org.uk.

World Bank (2003) *Global Development Finance*. Washington, D.C: World Bank. See previous years. In particular, the statistical appendix to Volume 1 is very useful for debt statistics. Prior to 1997 this publication was called **World Debt Tables**.

Seminar 6 (Week 9) – The Informal Sector

What do you understand by “Informal Sector”? How significant is the “informal sector” in developing countries? Discuss the role of the “informal sector” in the process of economic and human development.

Todaro & Smith, Ch 7 especially. pp 335-341.

Michael Roemer and Christine Jones eds, *Markets in Developing Countries: Parallel, Fragmented, and Black*. San Francisco, Calif.: ICS Press; Lanham, Md.: Distributed to the trade by National Book Network, c1991.

de Soto, H. (1989) *The Other Path: The Invisible Revolution in the Third World*. Harper & Row: New York.

M. Estellie Smith. Lanham, MD eds, *Perspectives on the informal economy*. University Press of America; Society for Economic Anthropology, c1990.

David Turnham, Bernard Salomé, Antoine Schwarz eds, *The Informal sector revisited*. Paris: Development Centre of the Organisation for

Economic Co-operation and Development; Washington, D.C: OECD Publications and Information Centre, distributor, 1990.

Seminar 7 (Week 10) – Child Labour

Child labour and its elimination has become a big topic in the study of development and a big issue politically at both the national and the international level.

What is the extent of the problem of child labour? Students should distinguish between the different classifications of working children: “economically active children”, “child labour”, “children in hazardous work” and “children in unconditional worst forms of child labour”. Students should also look at the problem globally, regionally, by age, by gender and by country if interesting and possible.

Describe and explain the relevance to the problem of child labour of the ILO’s Minimum Age Convention 1973 (No. 138), the UN’s Convention for the Rights of the Child and the ILO’s Worst Forms of Child Labour Convention 1999 (No. 182).

What are the costs and benefits associated with the elimination of child labour? What are the different policy approaches to the problem of child labour? Provide examples of policy initiatives which have been used to combat the problem of child labour.

Starter references:

Todaro & Smith Ch 8

Grimsrud, B (ed) (2002) *The Next Steps: Experiences and Analysis of How to Eradicate Child Labour*. Oslo, Norway: Institute of Applied Social Science (FAFO).

Available for free at: www.fafo.no/pub/rapp/932/932.pdf.

International Labour Office (ILO) (2002) *Every Child Counts: New Estimates on Child Labour*. Geneva: ILO. Available for free at:

www.ilo.org/public/english/standards/ipecc/simpoc/others/globalest.pdf

ILO (2003) *Investing in Every Child: An Economic Study of the Costs and Benefits of Eliminating Child Labour*. Geneva: ILO. Available for free at:

www.ilo.org/public/english/standards/ipecc/pubeducation/edu_costben_2003.htm

ILO International Programme for the Elimination of Child Labour (IPEC) web site:

www.ilo.org/public/english/standards/ipecc/

and

www.ilo.org/public/english/standards/ipecc/about/factsheet/index.htm

for factsheets on child labour and policy initiatives.

UNICEF web site: www.unicef.org

Also see the collection of papers in the World Bank Economic Review (2003), vol. 17, No. 2. This journal is available electronically from the library.

Seminar 8 (Week 11) - Famines

What is famine? How is the extent of famine measured? Describe the World's experience of famine in the 20th and 21st centuries – where was famine most prevalent, and who was most effected? What are the different theories accounting for famine? And what can be done to prevent famine in the future?

Starter references:

Devereaux, S. (2000) "Famine in the Twentieth Century", *IDS Working Paper 105*

Dreze, J. & Sen, A (1989) *Hunger and Public Action*. Oxford : Oxford University Press.

O Grada, C. (2007) "Making Famine History", *Journal of Economic Literature*, 45, 5-38.

O Grada, C. (2008) "The Ripple that Drowns: Twentieth-Century Famines in China and India as Economic History", *Economic History Review*, 61(S1), 5-37.

Ravallion, M. (1997) "Famines and Economics", *Journal of Economic Literature*, 35, 1205-1242.

Leathers, H. D & Foster, P. (2004) *The World Food Problem* (Third Edition). Boulder : Lynne Rienner, Ch 2.

Seminar 9 (Week 12) - Kerala

The development experience of the Indian state of Kerala has been the subject of considerable interest among development economists particularly and development scholars more generally.

What has been the development experience of Kerala? What are the causes of this experience? Why has it stimulated so much interest and controversy? What are the future prospects for Kerala?

Starter references:

G. Parayil (1996), "The 'Kerala model' of Development: Development and Sustainability in the Third World", *Third World Quarterly*, Vol. 17(5), 941-957.

G. Parayil (ed) (2000) *Kerala: The Development Experience*. London: Zed Books.

R. Veron (2001) "The 'New' Kerala Model: Lessons for Sustainable Development", *World Development*, 29(4), 601-617.

Final Examination

A two hour closed book final examination for this unit will be held during the semester 1 final exam period. All course content is examinable. Students are required to answer three long answer questions from a choice of five questions.

Students are expected to present themselves for examination at the time and place designated in the unit guide for this unit.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, the final day of the official examination period.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties.

You must read the University's practices and procedures on plagiarism. These can be found on the web at:
<http://www.student.mq.edu.au/plagiarism/>.

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

DETERMINATION OF OVERALL GRADE

The following range of standardized numerical grades (SNG) applies as follows:

HD	High Distinction	85-100
D	Distinction	75-84
Cr	Credit	65-74
P	Pass	50-64
F	Fail	0-49

Raw marks are given on each assessment task. The SNG are then derived from raw marks. The student's grade of achievement in a unit is based on an assessment of all relevant work in the unit including performance at examinations.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at
<http://www.student.mq.edu.au>.