



**Department of Economics
Division of Economic and Financial Studies**

ECONOMIC DEVELOPMENT (ECON235)

SEMESTER 1, 2004

STUDY GUIDE

MACQUARIE UNIVERSITY

SCHOOL OF ECONOMIC AND FINANCIAL STUDIES

ECON235 ECONOMIC DEVELOPMENT 2004

1. COURSE DESCRIPTION:

This course is designed to give students an appreciation of the problems facing underdeveloped and developing countries, and the measures which may be taken to encourage economic development.

2. LECTURERS:

Weeks 1 – 6 Joseph Macri (Lecturer-in-Charge)
Room: C5C-301
Tele: 9850 9469
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Weeks 7 - 10 Dr Wylie Bradford
Room: C5C-372
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Weeks 11 - 13 Craig Macmillan
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3. ASSESSMENT

Statistical Exercise	Compulsory (Due Week 3 in allotted Seminars)
Seminars	15%
Multiple Choice Test 1	10% (Week 6 in Lectures)
Multiple Choice Test 2	10% (Week 12 in Lectures)
Final Examination	65%

IMPORTANT NOTICE: It is the policy of the Department of Economics that students **MUST** pass the **FINAL EXAMINATION** in order to satisfactorily complete an economics unit. Failure to fulfil this condition will involve automatic failure in the unit.

(a) Compulsory Multiple Choice Tests

Two (2) Multiple Choice tests will be held during your normal lecture times in the first hour of **Week 6** and **Week 12** of lectures. The tests will account for 20% 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 contact Joseph Macri – C5C 301 (phone 9850 9469) and provide full documentation explaining their non-attendance. As a matter of justice to all students, flimsy excuses will be rejected outright.

4. PRESCRIBED TEXTBOOK FOR COURSE

Michael P. Todaro and Stephen C. Smith (2002), *Economic Development*, Eighth Edition, Addison-Wesley Longman.

5. OTHER USEFUL RECENT BOOKS

James M. Cypher and James L. Dietz (2004), *The Process of Economic Development*, 2nd Edition, New York: Routledge.

James M. Cypher and James L. Dietz (1997), *The Process of Economic Development*, New York: Routledge.

Stiglitz, J (2002) *Globalization and Its Discontents*, W.W. Norton & Company, June 2002.

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

A.P. Thirlwall (1999), *Growth and Development with Special Reference to Developing Economies*, Sixth Edition, Basingstoke: Macmillan.

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

Stuart Corbridge (ed.) (1995), *Development Studies: A Reader*, London: Edward Arnold.

Malcolm Gillis, Dwight Perkins, Michael Roemer, Donald Snodgrass (2001), *Economics of Development*, Fifth Edition, New York: W. W. Norton.

Peter Hess and Clark Ross (1997), *Economic Development: Theories, Evidence and Policies*, Fort Worth, TX: The Dryden Press.

Jan S. Hogendorn (1996), *Economic Development*, Third Edition, New York: HarperCollins College Publishers.

Gerald Meier (1995), *Leading Issues in Economic Development*, Sixth Edition, New York: Oxford University Press.

Charles Wilber and Kenneth Jameson (1996), *Political Economy of Development and Underdevelopment*, Sixth Edition, New York: McGraw Hill.

6. OTHER REFERENCES

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

The World Bank (2004), *World Development Report 2004: Making Services work for Poor People* (available free on the World Bank Internet Site, <http://econ.worldbank.org/wdr/wdr2004/text-30023/>)

The World Bank (2002), *World Development Report 2003: Sustainable Development in a Dynamic World*, New York: Oxford University Press for the World Bank. (Available free on the World Bank Internet Site, <http://econ.worldbank.org/wdr/wdr2003/>)

7. 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: <http://www.un.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)
- (xi) World Institute for Development Economic Research <http://www.wider.uni.edu>

8. A LIST OF USEFUL ECONOMIC DEVELOPMENT JOURNALS

Developing Economies
Development and Change
Economic Development and Cultural Change
Indian Economic Review
Indian Economic Journal
Journal of Developing Areas
Journal of Development Studies
Journal of Development Economics
Journal of Economic Perspective
Journal of Peasant Studies
Oxford Economic Papers
Population and Development Review
Rivista Internazionale di Scienze Economiche e Commerciali/ International Review of Economics and Business
Weltwirtschaftliches Archiv/ Review of World Economics
World Development

9. COURSE OVERVIEW

- (a) Historical Experience and Major Theories of Economic Development
- (b) Income Distribution and Poverty
- (c) Population Growth and Economic Development and Rural-Urban Migration
- (d) Issues of Education and the Agricultural Sector in Development
- (e) International Aspects of Development: The Structure of World Trade: The Classical Arguments for International Trade - Static Allocative Effects and Dynamic Growth Effects.
- (f) Trade Policies in Developing Countries: Export Promotion, Import Substitution, and Economic Integration
- (g) Economic Growth and Development
- (h) Sustainable Development
- (i) The World Bank, IMF and Structural Adjustment
- (j) Third World Debt and Foreign Aid
- (k) Health, Nutrition and Development

10. LECTURE OUTLINE

Week 1 (4th of March).

Historical Experience and Classic Theories of Economic Development

Todaro and Smith, Chs. 1-4.

Cypher and Dietz, Chs. 3-4

Gillis *et al.*, Chs. 1-4.

Hogendorn, Chs. 1, 3

Meier, Chs. 1-2.

Week 2 (11th of March).

Income Distribution and Poverty

Todaro and Smith, Ch. 6.

Gillis *et al.*, Ch. 4.

Hogendorn, Ch. 2.

Meier, Ch. 1.

François Bourguignon and Christian Morrisson (2002), "Inequality Among World Citizens: 1820-1992", *American Economic Review*, Vol. 92(4), September, pp. 727-744.

Forbes, Kristin J. (2000) "A reassessment of the relationship between inequality and growth," *American Economic Review* 90(4), 869-887.

Schultz, T Paul (1998), "Inequality in the Distribution of Personal Income in the World: How It Is Changing and Why", *Journal of Population Economics*, Vol.11 (3), August, pp. 307-44.

Alesina, Alberto and Dani Rodrik (1994), "Distributive politics and economic growth," *Quarterly Journal of Economics* 108: 465-90.

Week 3 (18th of March).

Population Growth and Economic Development and Rural-Urban Migration

Todaro and Smith, Chs. 7 & 8.

Cyper and Dietz, Ch. 12

Gillis *et al*, Ch. 8

Hogendorn, Ch. 9.

Meier, Ch. 6.

Ronald Lee (2003), "The Demographic Transition: Three Centuries of Fundamental Change", *Journal of Economic Perspectives*, Vol 17 (4), pp.167-190. Note: Excellent article which outlines the issues on population growth and Demographic Transition.

Week 4 (25th of March)

Issues of Education and the Agricultural Sector in Development

Todaro and Smith, Chs. 9 &10.

Cyper and Dietz, Chs. 11 &12

Gillis *et al*, Ch. 10 & 16.

Hogendorn, Chs. 10 & 11.

Krueger, Alan B. and Mikael Lindahl "Education for growth" *Journal of Economic Literature*, 2001

Benhabib, J. and M. Spiegel (1994). "Role of Human Capital in Economic Development: Evidence from Aggregate Cross-Country Data," *Journal of Monetary Economics*, 34: 143-73.

Week 5 (1st of April)

International Aspects of Development: The Structure of World trade: The Classical Arguments for International Trade - Static Allocative Effects and Dynamic Growth Effects.

Todaro and Smith, Ch. 12.

Hogendorn, Ch. 13.

Thirlwall, Ch. 16.

G.M. Meier, *The International Economics of Development*, Harper and Row, revised edition, 1968, Ch. 8.

Week 6 (8th of April)

Mid – Semester Multiple Choice Test

Trade Policies in Developing Countries: Export Promotion, Import Substitution, and Economic Integration

Todaro and Smith, Ch. 13

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

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

Global Economic Prospects and the Developing Countries (2003), World Bank Report <http://www.worldbank.org/prospects/gep2003/toc.htm>

MID SEMESTER BREAK (Saturday the 9th of April to Monday the 26th of April)

Weeks 7 (29th of April)

Economic Growth and Development

Todaro and Smith Ch. 4

Thirwall Ch.4

Additional references to be advised

Week 8 (6th of May)

Economic Growth and Development (cont'd)

Todaro and Smith Ch.5

Thirwall Ch.4

Additional References to be advised

Week 9 (13th of May)

Sustainable Development

Todaro and Smith Ch. 11

Thirwall pp. 284-90

Additional References to be advised

Week 10 (20th of May)

Sustainable Development (cont'd)

Todaro and Smith Ch.11

Thirwall pp.284-90

Additional References to be advised

Week 11 (27th of May)

The World Bank, The IMF and Structural Adjustment

Todaro & Smith Ch.14 & pp. 702-05.

J.M. Cypher & J.L. Dietz (2004) chs 16 & 17 in, *The Process of Economic Development*. London: Routledge.

J.M. Cypher & J.L. Dietz (1997) chs 17 & 18 in, *The Process of Economic Development*. London: Routledge.

Finance & Development, Sept. 1990 (Mexico), Dec. 1991, Sept. 1992, Mar. 1994 (East Asian miracle), Jun. 1994 (Africa), Mar. 1999 (Africa) and Mar. 2000 (Latin America and the Caribbean).

Bretton Woods Project: is an NGO dedicated to monitoring developments within the IMF and the World Bank. See the web site: www.brettonwoodsproject.org

Operations Policy and Country Services (2001) *Adjustment Lending Retrospective: Final Report*. Available free of charge from the World Bank web site.

S. George & F. Sabelli (1994), *Faith and Credit: The World Bank's Secular Empire*, Penguin; London

S. George (1988 & 1994), *A Fate Worse Than Debt*, Penguin, London

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

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

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

Killick, T., Malik, M. & Manuel, M. (1992) "What Can We Know About the Effects of IMF Programmes?" *World Economy*, 15, pp.575-597.

F. Stewart (1991), "The Many Faces of Adjustment", *World Development*, Vol.19 (12), 1847-1864.

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

Week 12 (3rd of June)

Third World Debt and Foreign Aid

Todaro, Ch.14 & 15 (pp.647-661).

J.M. Cypher & J.L. Dietz (2004) chs 16 & 17 in, *The Process of Economic Development*. London: Routledge.

J.M. Cypher & J.L. Dietz (1997) chs 17 & 18 in, *The Process of Economic Development*. London: Routledge.

Daseking, C. and Powell, R. (1999) 'From Toronto terms to the HIPC initiative: A brief history of debt relief for low-income countries', *IMF Working Paper*, October, WP/99/142 (This paper is available on the IMF website, www.imf.org).

World Bank (2002) *Global Development Finance 2002: Analysis and Summary Tables*. Washington: World Bank Group [In Library Law Reference Section HG8899.G563/2002] Also see earlier years.

IMF 2001, *Debt Relief under the Heavily Indebted Poor Countries (HIPC) Initiative: A Factsheet*, (www.imf.org/external/np/exr/facts/hipc.htm).

World Bank 2001, *The HIPC Debt Initiative*, (www.worldbank.org/hipc/about/hipcbr/hipcbr.htm).

World Bank (1998) *Assessing Aid: What Works, What Doesn't and Why*. This critically important report is available in PDF on the World Bank website.

Week 13 (10th of June)

Health, Nutrition and Development

Todaro & Smith, Ch 9.

Hess & Ross, Ch 7.

Hogendorn, Ch 10.

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

A. Austin (1993) "State of Grace", *Earthwatch*, Mar/Apr 1993(on Kerala).

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.

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

Health a Key to Prosperity; Success Stories in Developing Countries, (2000). A joint by production WB, WHO, UNICEF, UNAIDS, UNESCO & UNFPA. Available as a free PDF download from web site: www.who.int/inf-new/

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

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

M. Ravallion (1992), "On 'Hunger and Public Action'; a review article on the book by Jean Dreze and Amartya Sen", *The World Bank Research Observer*, Vol.7 (1), 1-16

M. Epprecht (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. [A very interesting critique of WDR 1993- in Reserve]

J. Brunet-Jailly (1999) "Has the World Bank a strategy on Health", *International Social Science Journal*, 161(Sept.), 347-361.

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 read the FAO's The State of Food Insecurity in the World Report 2000.

11. SEMINARS

There will be two-hour lectures each week and six seminar meetings held for each group during the semester. Attendance at lectures, 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 lecture and seminar meeting a class roll will be taken. **For each seminar missed, you will lose 1% of the TOTAL assessment marks. PLEASE NOTE: SEMINAR MATERIAL IS EXAMINABLE FOR BOTH THE MID-TERM AND FINAL EXAMINATION.**

There will be a meeting for each seminar group during the third week of the semester the purpose of which is to simply allocate seminar topics. Each student will be allocated to one group in which the group will be required to present their allocated topic to the tutorial. In addition, each group will be required to submit a 5-6 page 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 of misadventure which affect the presentation of your seminar please let us know before the relevant seminar meeting is due to be held. The slipping under staff members doors of notes of explanation or merely a seminar paper when non-attendance has taken place is not acceptable. Also note that turning up late after the seminar has started, on the day you are due to present your seminar paper is also clearly not acceptable.

In the evaluation of a student's seminar presentation/ 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.

Seminar 1 (Week 3)

The purpose of this seminar is to allocate seminar topics, **submission of the Compulsory Statistical Exercise** and the remainder of the time for the first seminar will be devoted to the following questions:

- (i) Why is an understanding of development crucial to policy formulation in developing nations? Do you think it is possible for a nation to agree on a rough definition of development and orient its strategies accordingly?
- (ii) What are the main points raised in Barbara Ingham's article? Do you agree?

Today, Chs. 1-4.

Barbara Ingham (1995) "The meaning of development: Interactions between 'New' and 'Old' Ideas," *World Development*, 27(11), 1803-21 (This article will be placed in ERIC). Note: it will be in your interest to read this article as it will be examinable in the final examination.

Seminar 2 (Week 5)

What is the relationship between population growth and economic development? Is population growth as serious a problem as many people believe, or is it just a problem of underdevelopment and the unequal use of resources between rich and poor nations? If it is a problem, should the government therefore try to limit population growth?

Suggested Readings:

Todaro, Ch. 6.

Gillis *et al*, Ch. 7

Hogendorn, Ch. 9.

Meier, Ch. 6.

Thirwall, Ch. 8

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.

Ronald Lee (2003), "The Demographic Transition: Three Centuries of Fundamental Change", *Journal of Economic Perspectives*, Vol 17 (4), pp.167-190.

Seminar 3 (Week 7)

"The effects of international trade on a country's development are often related to four basic economic concepts: efficiency, growth, equity and stability. Explain what is meant by each of these concepts as they relate to the theory of trade."

Suggested Readings:

Todaro, Ch. 13.

Gillis et al, Ch. 18.

Hogendorn, Chs. 13, 14 & 15.

David Dollar, Aart Kraay, (2004), "Trade, Growth and Poverty", *Economic Journal*, Vol. 114 (493), February.

Mohsen Bahmani-Oskooee et al. (1991) "Exports, Growth and Causality in LDCs: A Reexamination," *Journal of Development Economics*, 36, October, 505-15.

Bela Balassa (1985) "Exports, Policy Choices and Economic Growth in Developing Countries After the 1973 Oil Shock", *Journal of Development Economics*, 18, January, 23-35.

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

David Greenaway, Wyn Morgan and Peter Wright (2002), Trade Liberalisation and growth in developing countries, *Journal of Development Economics*, Vol. 67, pp.229-244.

Seminar 4 (Week 9)

Consider the term 'sustainable development'. What should be 'sustained', and how does it relate to 'development'? What potential conflicts arise between standard ideas of 'development' and the demands of 'sustainability'? What can be done to reconcile the two?

Suggested Readings:

Bartlett, A.A. (1994) "Reflections on Sustainability, Population Growth, and the Environment", *Population and Environment: A Journal of Interdisciplinary Studies*, 16(1), reprinted in David Durham (ed) *The Carrying Capacity Briefing Book Vol I* (Washington D.C., Carrying Capacity Network) pp. 85-115.

Bradford, W.D. (2000) "Global Capitalism and Sustainable Development", *Macquarie Economics Research Papers* 10/2000 (Sydney, Macquarie University).

Keyfitz, N. (1992) "Population and Development Within the Ecosphere: One View of the Literature", *Population and Environment: A Journal of Interdisciplinary Studies*, 13(4), reprinted in David Durham (ed) *The Carrying Capacity Briefing Book Vol I* (Washington D.C., Carrying Capacity Network) pp. 37-52.

Holland, A. (1999) "Sustainability: Should We Start From Here?", in Dobson, A. (ed.) *Fairness and Futurity: Essays on Environmental Sustainability and Social Justice* (Oxford, Oxford University Press) pp. 46-68.

World Commission on Environment and Development (1990) [Brundtland Report] *Our Common Future* (Oxford, Oxford University Press) [Australian Edition] Chapter 2 "Towards Sustainable Development".

Seminar 5 (Week 11)

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?

What initiatives 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.

What debt conversion instruments have been used to assist countries in the management of external debt? Students should look at instruments like debt buy-backs, debt-for-development swaps, debt-for-equity swaps and debt-for-equity swaps.

Does the debt crisis still exist? Students should consider external debt levels for the developing world as whole, by region, by income group and special category such as the severely indebted category.

Suggested Readings:

These should be regarded as starting references.

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

Cypher J. M. & Dietz, J. L. (2004) Ch 16

Moye, M. (2001) *Overview of Debt Conversion*. Debt Relief International Ltd.
Available for free at: www.dri.org.uk/pdfs/EngPub4_DebtConv.pdf

Todaro M. & Smith. S. C. (2003) Ch 14

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.jubileepius.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 13)

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.

Selected readings

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.faf.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

Todaro & Smith Ch 9

ECON235

ECONOMIC DEVELOPMENT

COMPULSORY STATISTICAL EXERCISE

2004

DUE: SEMINAR 1, WEEK 3 IN ALLOTTED SEMINAR CLASS

Compulsory Statistical Exercise

Part A:

1. For any low or middle-income country listed in the World Development Indicators section of the World Development Report (WDR), find the following for one year in the 1990's. *Note: Make sure that you document which WDR you are obtaining your data.*

- GNI (Formerly GNP) per capita (US dollars)
- Three other indicators of the level of development.

Justify, in one sentence, why you selected the three other indicators.

2. For the same country, taking the most recent date possible, what is the GDP per capita at common (US, i.e. PPP) prices as measured in the Summers and Heston project (<http://webhost.bridgew.edu/baten/>)

3. Briefly indicate any reservations, which you might have about using per capita GNI as a measure of this country's level of economic development relative to that of other countries.

Part B:

Cross-country data are frequently used for the inductive analysis of development patterns and also for testing theoretical hypotheses about development. Consider differences in the child mortality rate (CMR) across the continuum of development, as measured by GNP (GNI) per capita (call this Y). The database for this exercise is given in the Table 1 below.

- (a) From the data in Table 1 below calculate the average values of CMR and Y for:
- Low- income countries
 - Low-middle –income countries
 - Upper-middle-income countries

Table 1

Child Mortality Rates and Per Capita Income for 24 Selected LDC's

	GNP (GNI) per capita (PPP\$)	Under-5 Mortality Rate per 1,000 live births
Low-Income Economies		
Ethiopia	340	216
Tanzania	630	158
India	1,210	104
Bangladesh	1,230	127
Kenya	1,360	110
Senegal	1,750	113
China	1,910	43
Honduras	1,930	70
Low-Middle-Income Economies		
Pakistan	2,130	142
Bolivia	2,270	115
Cameroon	2,300	124
Philippines	2,480	56
Sri Lanka	2,810	24
Indonesia	2,970	98
Peru	3,080	75
Egypt	3,670	93
Upper –Middle Income Economies		
Tunisia	5,130	63
Brazil	5,250	76
Hungary	5,740	21
Columbia	5,760	29
Argentina	6,080	38
Mexico	7,490	49
Malaysia	8,050	20
Korea, Republic	8,950	18

Source: World Bank, World Development Report 1994, pp.214-15, 220-21.

- (b)
- (i) Plot the three points corresponding to the averages you calculated in part (a). (*Note: Label GNP(GNI) per capita on the horizontal axis and Child Mortality on the vertical axis*)

- (ii) What do you observe about the general relationship between Y and CMR?
- (c) Now examine several individual countries in relation to the pattern that you derived from the group averages.
- (i) **From Table 1, what are the values of CMR and Y for each of the following eight countries?**
 - Ethiopia
 - China
 - Honduras
 - Pakistan
 - Cameroon
 - Sri Lanka
 - Brazil
 - Malaysia
 - (ii) Plot these eight points on the same diagram from part (b).
 - (iii) What factors other than Y might account for the deviations between CMR values and the average pattern established in part b? Provide two plausible answers.
- (d) Do the country – specific statistics invalidate the presumption that there is a pattern to the changes in child mortality rates that occur in the course of economic development?

NOTE: LENGTH NO MORE THAN 2 PAGES (INCLUDING DIAGRAMS).

MACQUARIE UNIVERSITY

ECON235 ECONOMIC DEVELOPMENT Coversheet Declaration

Unit Assignment

Name Student number

I certify that

- This assignment is my own work, based on my personal study and/or research
- I have acknowledged all material and sources used in the preparation of this assignment, including any material generated in the course of my employment
- If this assignment was based on collaborative preparatory work, as approved by the teachers of the unit, I have not submitted substantially the same final version of any material as another student
- Neither the assignment, nor substantial parts of it, have been previously submitted for assessment in this or any other institution
- I have not copied in part, or in whole, or otherwise plagiarised the work of other students
- I have read and I understand the criteria used for assessment
- The assignment is within the word and page limits specified in the unit outline
- The use of any material in this assignment does not infringe the intellectual property / copyright of a third party
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Date

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