



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

ECONOMIC DEVELOPMENT (ECON235)

SEMESTER 1, 2005

STUDY GUIDE

MACQUARIE UNIVERSITY

SCHOOL OF ECONOMIC AND FINANCIAL STUDIES

ECON235 ECONOMIC DEVELOPMENT 2005

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 – 9 Joseph Macri (Lecturer-in-Charge)
Room: C5C-301
Tele: 9850 9469
Email: jmacri@efs.mq.edu.au

Weeks 10 - 13 Craig Macmillan
Room: C5C368
Tele: 9850 7290
Email: craig.macmill@efs.mq.edu.au

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 (2003), *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.

Meier, Gerald and Stiglitz, Joseph (2001), *Frontiers of Development Economics: The Future in Perspective*, World Bank and OUP.

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.

Dwight Perkins, Malcolm Gillis, 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>
- (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 (3rd of March).

Historical Experience and Classic Theories of Economic Development

Todaro and Smith, Chs. 1-4.

Cypher and Dietz, Chs. 3-4

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

Hogendorn, Chs. 1, 3

Meier, Chs. 1-2.

Week 2 (10th of March).

Income Distribution and Poverty

Todaro and Smith, Ch. 6.

Perkins *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.

Gary S Fields, *Distribution and Development, A New Look at the Developing World*, MIT Press Cambridge, Massachusetts London, England, 2001.

Week 3 (17th of March).

Population Growth and Economic Development and Rural-Urban Migration

Todaro and Smith, Chs. 7 & 8.

Cyper and Dietz, Ch. 12

Perkins *et al.*, Ch. 8

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.

Fields, Gary. S (2004) Dualism in the Labor Market: A Perspective on the Lewis Model after Half a Century, *Manchester School*, Vol. 72 (6), pp. 724-735.

Week 4 (24th of March)

Issues of Education and the Agricultural Sector in Development

Todaro and Smith, Chs. 9 &10.

Cyper and Dietz, Chs. 11 &12

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

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 (31st of March)

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 (7th of April)

Mid – Semester Multiple Choice Test (1ST Hour)

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>

Weeks 7 (14th of April)

Economic Growth and Development

Todaro and Smith Ch. 4

Thirwall Ch.4

Barro, Robert, and Xavier Sala-i-Martin (2004), *Economic Growth*, Introduction. Second Edition.

Weil, David N. (2004). *Economic growth* Pearson, Addison Wesley.

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

Mankiw, G.N. and Weil, D (1992), “A Contribution to the Empirics of Economic Growth”, *The Quarterly Journal of Economics*, Vol. 107 (2), pp. 404-437.

Pritchett, Lant (2000), Understanding Patterns of Economic Growth”, *World Bank Economic Review*, May (Available online from World Bank Website)

MID SEMESTER BREAK (Saturday the 16th of April to Sunday 1st of May)

Week 8 (5th of May)

Economic Growth and Development & Sustainable Development

Todaro and Smith Ch.5

Thirwall Ch.4

Barro, Robert, and Xavier Sala-i-Martin (2004), *Economic Growth*: Introduction.

Second Edition.

Weil, David N. (2004). *Economic growth* Pearson, Addison Wesley.

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/>)

Week 9 (13th of May)

Sustainable Development

Todaro and Smith Ch. 11

Thirwall pp. 284-90

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/>)

Arrow, K, Dasgupta, P, Goulder, L, et al (2004), “Are We Consuming Too Much?”, *Journal of Economic Perspectives*, Vol 18 (3) , pp.147-172.

Week 10 (20th May)

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.

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

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 (2003) *Global Development Finance 2003: Analysis and Summary Tables*. Washington: World Bank Group [In Library Law Reference Section : HJ8899.W672 2003. Also see earlier years HG8899.G5631]

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.

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

Moye, M. (2001) *Overview of Debt Conversion*. Debt Relief International Ltd.

Available for free at: www.dri.org.uk/pdfs/EngPub4_DebtConv.pdf

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.

Weeks 11 & 12 (27th May, 2nd June)

The World Bank, The IMF and Structural Adjustment

Todaro & Smith Ch 14 & 702-3.

Cypher & Dietz Ch 17

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.

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

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

Finance & Development various articles in ERIC.

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.

Killick, T, Malik, M. & Manuel, M. (1992), *World Economy*, 20(Sept), 575-97.

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

- Mosley, P., Harrigan, J. & Toyne, 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-Haq, 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 (2002) *Global Development Finance 2000: Analysis and Summary Tables*. Washington: World Bank Group. Also available from www.worldbank.org. [In Library Law Reference Section HG8899.G563/2000]
- World Bank (2001) *World Bank Lending Instruments: Resources for Development Impact*. Available from www.worldbank.org.

Week 13 (9th of June)

Nutrition, Health and Development

Todaro & Smith, Ch 9.

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

Hess & Ross, Ch 7.

Hogendorn, Ch 10.

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

J. R. Behrman (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.

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/

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

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]

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.
4. **STUDENTS MUST NOT SIMPLY READ FROM THEIR PAPERS.**
5. **Students will also have the opportunity to evaluate their peers, via an evaluation form.**

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 Amartya Sen's article?

Todaro, Chs. 1-4.

Sen, Amartya (1988) The concept of Development, *Handbook of Development Economics, Volume 1, Edited by H. Chenery and T.N Srinivasan*. (This chapter 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.

Perkins *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.

Kelly, A.C. (1988), Economic Consequences of Population Change in the Third World, *Journal of Economic Literature*, 26 (4), pp. 1685 - 1728.

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.

Perkins 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”.

Arrow, K, Dasgupta, P, Goulder, L, et al (2004), “Are We Consuming Too Much?”, *Journal of Economic Perspectives*, Vol 18 (3) , pp.147-172.

Seminar 5 (Week 11)

Newspapers regularly carry major articles about the high levels of external (foreign) indebtedness in the developing world. Moreover, people (famous people such as Bono and Bob Geldof) 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 requires students to examine the arguments for and against the forgiveness of developing country external debt.

Suggested Readings:

Cypher J. M. & Dietz, J. L. (2004) Ch 16. See for background to the debt crisis

Easterly, W. (2001) “Debt Relief”, *Foreign Affairs*, Nov./Dec., 21-26. See also the reference list at the end of the article.

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.

IMF & World Bank(2001) “100 Percent Debt Cancellation? A Response from the IMF and the World Bank”, *IMF Issues Brief*, 01/07.

Pettifor, A (1998) “The Economic Bondage of Debt – and the Birth of a New Movement “, *New Left Review*, 230(July-August), 115-22.

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

Students are encouraged to do their own extra research on this topic.

Seminar 6 (Week 13)

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?

Suggested Readings:

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

Students are encouraged to do their own extra research on this topic.

12. 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 a unit, and/or referral to the University Discipline Committee.

13. UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

ECON235

ECONOMIC DEVELOPMENT

COMPULSORY STATISTICAL EXERCISE

2005

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:

- (i) Low- income countries
- (ii) Low-middle –income countries
- (iii) 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
- I understand that this assignment may undergo electronic detection for plagiarism, and a copy of the assignment may be retained on the database and used to make comparisons with other assignments in future

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Date

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