



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

ECONOMIC DEVELOPMENT (ECON235)

SEMESTER 1, 2008

STUDY GUIDE

<http://learn.mq.edu.au/>

MACQUARIE UNIVERSITY

SCHOOL OF ECONOMIC AND FINANCIAL STUDIES

ECON235: ECONOMIC DEVELOPMENT 2008

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: E4A415
Tel: 9850 9469
Email: jmacri@efs.mq.edu.au

Weeks 10 - 13 Craig Macmillan
Room: E4A427
Tel: 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 - E4A415 (Tel: 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 (2006), *Economic Development*, 9th 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 (2006), *Growth and Development with Special Reference to Developing Economies*, Eighth Edition, Palgrave Macmillan.

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.

Dwight H. Perkins, Steven Radelet and David Lindauer (2006) *Economics of Development* Sixth 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 and James E. Rauch (2005), *Leading Issues in Economic Development*, Eighth Edition, New York: Oxford University Press.

6. OTHER REFERENCES:

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

Various World Development Reports (available free online). Excellent source of relevant material.

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/en/ev-1-201-1-DO_TOPIC.html
- (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 <http://www.oneworld.net/>
- (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.unu.edu>
- (xii) World Resources Institute <http://www.wri.org/> and <http://earthtrends.wri.org/>

8. A SELECTED LIST OF USEFUL ECONOMIC DEVELOPMENT JOURNALS:

Developing Economies;
Development and Change,
Economic Development and Cultural Change;
Journal of Developing Areas;
Journal of Development Studies;
Journal of Development Economics;
Oxford Economic Paper; Population and Development Review;
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 (28th February).

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 (6th of March).

Income Distribution and Poverty

Todaro and Smith, Ch. 5.

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 (13th of March).

Population Growth, Economic Development and Rural-Urban Migration

Todaro and Smith, Chs. 6 & 7

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 (20th of March)

Issues of Education and the Agricultural Sector in Development

Todaro and Smith, Chs. 8 & 9.

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 (27th 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 (3rd 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 (10th of April)

Economic Growth and Development

Todaro and Smith Ch. 3

Thirlwall Ch.4

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

Weil, David N. (2005). *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 April 12th - Sunday April 26th)

Week 8 (1st of May)

Economic Growth and Development & Sustainable Development

Todaro and Smith Ch.10

Thirwall Ch.4

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

Weil, David N. (2005). *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 (8th of May)

Sustainable Development

Todaro and Smith Ch. 10

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 -12 (15th and 22th May; 29th May)

The World Bank, the IMF, and the Effectiveness of Structural Adjustment and Stabilisation Policies

Todaro & Smith Ch 14.

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.

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. & 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.

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) “Bo 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 (5th of June)

Nutrition, Health and Development

Todaro & Smith, Ch 8.

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

Hess & Ross, Ch 7.

Hogendorn, Ch 10.

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

Behrman, J. R. (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.

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

11. SEMINARS

There will be two-hour lectures each week and six (6) 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 in which the primary purpose is to allocate all students to seminar groups. Each student will be allocated to one group in which the group will be required to present their allocated topic to the seminar. In addition, each group will be required to submit a 5-6 page hard copy **AND electronic copy** on the seminar that they are presenting **ON THE DAY** of their presentation. 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 hard copy and electronic version 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 a Peer Evaluation form, which students will be allowed to examine at the end of the semester.

Seminar 1 (Week 3)

The purpose of this seminar is to allocate seminar topics, **submission of the Compulsory Statistical Exercise**, which is attached to the end of the Unit Outline, 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 on the ECON235 website, under Seminar 1). 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

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.

Williamson, Jeffrey (1988), "Migration and Urbanization" in H. Chenery and T. N. Srinivasan (eds.), Handbook of Development Economics, Volume 1, Chapter 11, pp. 425-465.

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)

How do the trade policies of developed countries affect the ability of less developed countries to benefit from greater participation in the world economy? How do non-trade domestic economic policies of wealthier nations affect the export earnings of developing countries? What is meant by adjustment assistance, and why is it so important to the future of LDC manufactured export prospects?

Suggested Starting References:

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.

Dornbusch, Rudi (1992), "The Case for Trade Liberalization in Developing Countries" *Journal of Economic Perspectives* Vol 6 (1): pp. 69-85.

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)

“The Stern Review: The Economics of Climate Change, released in October 2006, immediately captured the attention of governments, policymakers and the public. The Review’s central message is that climate change is a serious threat to human welfare that demands urgent global action now. It warns that climate change has the potential to lead to major economic and social disruption- on a scale similar to the world wars and the great depression - later in this century and beyond.” (Productivity Commission, p. IX, 2008).

What are the main objectives of the Stern Review? What empirical evidence has been put forward in the Stern Review that suggests that there is a serious threat to our environment? Are we doomed? Why or why not?

Suggested Starting References:

Stern Review Source: http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

Baker, R., Barker, A., Johnston, A. and Kohlhaas, M. (2008) *The Stern Review: an assessment of its methodology*, Productivity Commission Staff Working Paper, Melbourne, January. <http://www.pc.gov.au/research/staffworkingpaper/sternreview>

The Intergovernmental Panel on Climate Change (IPCC, 2007) <http://ipcc-wg1.ucar.edu/index.html>

World Development Report 2003: Sustainable Development in a Dynamic World
World Bank (Available on World Bank Website).

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:

Suggested 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)

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?

Suggested Starting 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.

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 High Distinction to Fail. 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

2008

DUE: SEMINAR 1, WEEK 3 IN ALLOTTED SEMINAR CLASS

Compulsory Statistical Exercise

Part A:

Select the following country according to the beginning letter of your own surname and answer the following questions:

- A - D - Mexico
- E - H - Argentina
- I - L - Brazil
- M - P - China
- Q - T - Columbia
- U - Z - Ukraine

1. For your selected country listed above visit the following website <http://devdata.worldbank.org/data-query/> and find out the latest data on the following:

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

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://pwt.econ.upenn.edu/php_site/pwt62/pwt62_form.php)

3. Using the same country go to the following website <http://iresearch.worldbank.org/PovcalNet/jsp/index.jsp> and calculate the various measures for the latest period available and then copy this data into an Excel spreadsheet, which you then copy and include in your hard copy submission.

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 (CMR) 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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