

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

# ECON235 ECONOMIC DEVELOPMENT

Semester 1, 2009

*Department of Economics*

This course is designed to give students a critical understanding of the inherent problems facing underdeveloped and developing countries. It provides an in-depth analysis of the different explanations and measures that may be taken to foster economic development with a specific focus of the various constraints that may hinder economic development. The range of topics covered include, historical experience and major theories of economic development, income distribution and poverty, population growth, the role of education, international trade, sustainability, health, nutrition, third world debt and foreign aid, and the role of the market and institutions in fostering economic development.

### 1.1. Student Learning Outcomes

At the completion of this course students will be able to:

- have an appreciation of the problems confronting underdeveloped and developing countries;
- have an understanding of the effectiveness of various policies in reducing poverty a specific focus on the measures used;
- critically evaluate and to communicate effectively on economic development issues;
- understand the importance of international trade on economic development;
- be able to understand the tradeoffs confronting developing countries in terms of development and sustainability;
- understand the importance of health and nutrition on economic development;
- have a critical understanding of the role of institutions and institutional change in fostering economic development.

### 1.2 Teaching Strategies/Mode of Delivery

This course has two principal components: lectures and seminars. The main objective of the lectures (2 hours of face to face teaching per week) will be to cover the theory of economic development, with a specific focus on applying the theory to real world applications. In seminars (1 hour in Weeks 3, 5, 7, 9, 11, 13), students will be allocated to one group (Week 3) in which the group will be required to present their allocated topic to their respective seminar group. The seminars topics will be an extension of the lecture material where students will be expected to thoroughly research and present their findings. The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

## 2. TEACHING STAFF AND CONTACT DETAILS:

Weeks 1- 9	Joseph Macri (Unit Convenor)
	Room: E4A415
	Phone: 9850 9469
	Email: <a href="mailto:joseph.macri@mq.edu.au">joseph.macri@mq.edu.au</a>
Weeks 10 -13	Craig Macmillan
	Room: E4A427
	Phone: 9850 7290
	Email: <a href="mailto:craig.macmillan@mq.edu.au">craig.macmillan@mq.edu.au</a>

## 3. ASSESSMENT:

Statistical Exercise	COMPULSORY (Due Week 3 Seminars)
Seminars	15%
Multiple Choice Test 1	10% (Week 6 in Lectures in first hour)
Multiple Choice Test 2	15% (Week 12 in Lectures in first hour)
Final Examination	60%

The following range of standardised numerical grades applies as follows:

HD	= High Distinction (85-100)
D	= Distinction (75-84)
Cr	= Credit (65-74)
P	= Pass (50-64)
PC	= Conceded Pass (45-49)
F	= Fail (0-44)

Raw marks are given on each assessment task. The scaled marks are then derived from raw marks. The student's grade of achievement in a unit is based on an assessment of **all** relevant work in the unit including performance at examinations (Refer to Student Undergraduate Handbook <http://www.handbook.mq.edu.au/2009/Home.php>).

### **IMPORTANT NOTICE ON FINAL EXAM**

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.

## 4. UNIT WEBPAGE:

The web page for this unit can be found at: [www://learn.mq.edu.au](http://www://learn.mq.edu.au)

## 5. PRESCRIBED TEXTBOOK FOR COURSE:

Michael P. Todaro and Stephen C. Smith (2009), *Economic Development*, 10<sup>th</sup> Edition, Addison-Wesley Longman.

## **6. OTHER USEFUL BOOKS:**

James M. Cypher and James L. Dietz (2008), *The Process of Economic Development*, 3<sup>RD</sup> Edition, New York: Routledge.

Daren Acemoglu (2009), *Introduction to Modern Economic Growth*, Princeton University Press, New Jersey.

*The Development Economics Reader*, (2008) Edited by Giorgio Secondi, London and New York, Routledge.

*The Development Reader*, (2008) Edited by Sharad Chari and Stuart Corbridge, London and 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 (2006), *Growth and Development with Special Reference to Developing Economies*, Eighth Edition, Palgrave Macmillan.

Dwight H. Perkins, Steven Radelet and David Lindauer (2006) *Economics of Development* Sixth Edition, New York: W.W. Norton.

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

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

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

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

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.

## 7. Useful Resources on the Internet:

The following online resources will prove to be very useful.

- The World Bank web site: <http://www.worldbank.org/>
- The International Development Research Centre (IDRC): [http://www.idrc.ca/en/ev-1-201-1-DO\\_TOPIC.html](http://www.idrc.ca/en/ev-1-201-1-DO_TOPIC.html)
- The World Factbook: <http://www.odci.gov/cia/publications/factbook/index.html>
- International Monetary Fund: <http://www.imf.org/>
- United Nations: <http://www.un.org/>
- World Trade Organisation: <http://www.wto.org/>
- Oneworld <http://www.oneworld.net/>
- Center for International Development at Harvard University: <http://www.cid.harvard.edu/>
- Institute of Development Studies: <http://www.ids.ac.uk/ids/>
- Asian Development Bank: <http://www.adb.org>
- World Institute for Development Economic Research <http://www.wider.unu.edu>
- World Resources Institute <http://www.wri.org/> and <http://earthtrends.wri.org/>
- Various World Development Reports (available free online on World Bank website). Excellent source of information.

## 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 (26<sup>th</sup> 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.

### Week 2 (5<sup>th</sup> of March).

#### **Income Distribution and Poverty**

Todaro and Smith, Ch. 5.

Perkins *et al.*, Ch. 6.

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*, Vol. 90(4), pp. 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 (12<sup>th</sup> 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. 7

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 (19<sup>th</sup> 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. 8.

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 (26<sup>th</sup> 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.

### **Week 6 (2<sup>rd</sup> of April)**

**Mid – Semester Multiple Choice Test (1<sup>st</sup> Hour)**

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

Todaro and Smith, Ch. 12

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 (9<sup>th</sup> of April)**

#### **Economic Growth and Development**

Todaro and Smith Ch. 3

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.

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 (Friday April 10<sup>th</sup> - Sunday April 24<sup>th</sup>)**

### **Week 8 (30<sup>th</sup> April)**

#### **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 (7<sup>th</sup> 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 (14<sup>th</sup> and 21<sup>st</sup> May; 28<sup>th</sup> May)**

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

Todaro & Smith Ch 13.

Cypher & Dietz Ch 17.

World Bank web site; [www.worldbank.org](http://www.worldbank.org)

IMF web site; [www.imf.org](http://www.imf.org)

Bretton Woods Project web site; [www.brettonwoodsproject.org](http://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) "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](http://www.worldbank.org)

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

## Week 13 (4<sup>th</sup> 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.

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

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](http://www.fao.org) and for the World Health Organization (WHO) - [www.who.int](http://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 face to face lectures each week and six (6) seminar meetings held for each group during the semester. Attendance at seminars, preparation for seminars and participation in class discussion is compulsory. To re-emphasise, attendance at seminars and contribution to seminar discussion are partial requirements for completing this course satisfactorily. At each 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 in 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 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.

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 is being put forward to suggest that there *is* a serious threat to our environment, particularly if we do not act? Is the evidence credible? What, if any, are the drawbacks of a study of this nature (paying particular attention to the assumptions of the models and the recent report by the Productivity Commission (2008)?

Suggested Readings:

Stern Review Source: [http://www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/stern\\_review\\_report.cfm](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).

The Garnaut Climate Change Review (2008)  
<http://www.garnautreview.org.au/index.htm>

### **Seminar 5 (Week 11)**

What is foreign aid (how is it defined)? What are the different types of foreign aid? Who are the big providers of foreign aid? Who are the big recipients of foreign aid? Is foreign aid effective?

Suggested Readings:

Cypher & Dietz pp 583 – 589.

Todaro & Smith Ch 14.

World Bank (1998) *Assessing Aid*. Washington, DC: World Bank.  
Students must do their own extra research on this topic.

### **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.

### Suggested 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.fao.no/pub/rapp/932/932.pdf](http://www.fao.no/pub/rapp/932/932.pdf).

International Labour Office (ILO) (2006) *End of Child Labour: Within Reach*. Geneva: ILO. Available for free at:

<http://www.ilo.org/ipec/lang--en/index.htm>

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/ipec/simpoc/others/globalest.pdf](http://www.ilo.org/public/english/standards/ipec/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/ipec/pubeducation/edu\\_costben\\_2003.htm](http://www.ilo.org/public/english/standards/ipec/pubeducation/edu_costben_2003.htm)

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

[www.ilo.org/public/english/standards/ipec/](http://www.ilo.org/public/english/standards/ipec/)

and

UNICEF web site: [www.unicef.org](http://www.unicef.org)

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

Today & Smith Ch 8

## **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.

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

### **13. STUDENT SUPPORT SERVICES**

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

### **14. SPECIAL CONSIDERATION AND SUPPLEMENTARY EXAMINATIONS**

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations <http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may consider applying for Special Consideration [http://www.mq.edu.au/policy/docs/s/procedure\\_specialconsideration.htm](http://www.mq.edu.au/policy/docs/s/procedure_specialconsideration.htm)

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

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

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



**ECON235**

**ECONOMIC DEVELOPMENT**

**COMPULSORY STATISTICAL EXERCISE**

**2009**

**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](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

	<b>GNP (GNI) per capita (PPP\$)</b>	<b>Under-5 Mortality Rate per 1,000 live births</b>
<b>Low-Income Economies</b>		
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
<b>Low-Middle-Income Economies</b>		
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
<b>Upper –Middle Income Economies</b>		
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

Signature .....

Date .....

This declaration is a summary of the University policy on plagiarism. For the policy in full, please refer to Student Information in the Handbook of Undergraduate Studies or [www.student.mq.edu.au/plagiarism/](http://www.student.mq.edu.au/plagiarism/)