Unit Convenor: Dr Pundarik Mukhopadaya

Prerequisites/Corequisites: NIL

Credit point: 4

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

ABOUT THIS UNIT

Unit Description

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

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

The unit emphasizes the development of research skills that are essential, not only for further study in the field of development economics, but also in practical development work, preparing students for employment with government ministries, national and international development agencies, NGOs and private sectors. The unit is also likely to be useful to non-economics students, for example, those studying sociology, anthropology, philosophy, law, health and nutrition.
**Aims**

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

**Objectives**

On completion of this unit students will be able to:

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

**Generic Graduate Attributes**

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

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

**Prior Knowledge**

- Logical thinking and analytical skills
Consultations: Please restrict consultations to the announced times whenever possible. Students need to contact staff requesting an appointment for all other times.

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

The unit ‘Blackboard’ website can be entered via http://learn.mq.edu.au. You will find most, if not all, of the information about the course at this site.

**CLASSES**

The subject will be presented face to face (every Tuesday 6-9 PM, Room: C5A - 226) via a two hour lecture and a one hour discussion and seminar presentations (on selected weeks only) and will largely be based on printed material with integrated assessment exercises. Blackboard will also be used extensively with e-learning tools (discussion forum) and the use of announcement board.

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

*Prescribed Textbook*


*OTHER USEFUL BOOKS*


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


*Other References*


http://econ.worldbank.org/wdr/


**A List of Useful Journals Pertaining to Economic Development**

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

**Resources on the Internet**

The following online resources will prove to be very useful.


(ii) The International Development Research Centre (IDRC): http://www.idrc.ca/library/world/

(iii) The World Factbook:  

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


(viii) Center for International Development at Harvard University: [http://www.cid.harvard.edu/](http://www.cid.harvard.edu/)

(ix) Institute of Development Studies: [http://www.ids.ac.uk/ids/](http://www.ids.ac.uk/ids/)

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

**TOPICS**

- Historical Experience and Major Theories of Economic Development and Policy
- Concept of Development and measurement
- Economic Growth, Development and Government intervention
- Income Distribution and Poverty: Concept and measurement
- Some Development models
- Trade Policies in Developing Countries
- The World Bank, the IMF and the Third World Debt Crisis
- Nutrition, Health and Development
- Democracy and Development

**LEARNING OBJECTIVES AND OUTCOMES**

The learning objectives of this unit are:

- Examine critical issues and processes evolving in the economics of development
- Scrutinise, critically assess and research on journal articles and book chapters on these issues and processes
- Comprehend changing global poverty and development issues, structures and policies
- Understand the working of the complex issues in the global political economy of institutional structures

On successful completion of this unit, students should be able to:

- Better evaluate the operational dynamics of the development thoughts
- Better comprehend critical issues in the area of development, poverty and social justice
- Have a greater degree of understanding of issues of governance and institutions
- Research more analytically on issues associated with economic development
In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students’ generic skills in a range of areas. Employers worldwide want graduates who have developed effective professional skills including communication (writing, interpersonal interactions and cultural awareness and presenting), critical and creative thinking (problem solving and decision making), team work.

On successful completion of this unit, students should be able to:

- Communicate better in writing and verbally on issues of global political and development economy
- Critically analyse better issues of globalization and development economic thoughts

**LEARNING AND TEACHING STRATEGY**

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

**Topic 1: Introduction and History**

Reference:
Todaro & Smith, Chs. 1
Perkins *et al.*, Ch 1
Lynn, Chs 1.


**Topic 2: Concept of Development and measurement**

Reference:
Todaro and Smith, Ch. 2.
Lynn, Chs 2.


**Topic 3: Economic Growth and Development**

Reference:
Todaro and Smith Chs. 3 & 5.
Thirwall Ch.4
Ray, Chs 3-4


**Topic 4: Income Distribution and Poverty**

Reference:
Todaro and Smith, Ch. 6.
Perkins *et al.*, Ch. 4.
Ray, Chs. 6-7.


Pundarik Mukhopadhaya, "World Income Inequality data base (WIID) Review", *Journal of Economic Inequality*, 2, 229-234, 2004


**Topic 5: Some Development Models**

Reference:
Todaro and Smith Chs. 3 & 5.
Lynn, Ch. 3


**Topic 6: Trade and Development**
Reference:
Todaro and Smith, Ch. 12 & 13
Perkins et al, Ch. 17, 19
Ray Ch. 16


**Topic 7: The World Bank and the IMF: Origins, Functions and Policies**

References:
Todaro, Ch.13 especially the appendix


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)


**Topic 8: Nutrition and Development**

Reference:
Todaro & Smith, Ch 8.


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.


**Topic 9: Democracy and Development**

References:


RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Assessment comes in a variety of forms and wherever possible is used to reflect and enhance the learning and teaching process that occurs in the class room. In this case assessment has been kept as an integral part of the teaching and learning process.

As this unit of study demonstrates, it is clear that no single type of assessment could provide an accurate measurement of learning outcome. Students will be given the best opportunity to demonstrate their understanding of the learning experience. Thus we have decided to use a variety of data gathering methods such as class room problem solving tests, observations, written reports, performances and a collection of student works.

The format of assessment is designed to quantify the extents to which students have progressed towards desired learning outcomes. Both formative and summative methods will be accomplished. Feedback on any assessment task on learning performances will be provided within 21 days. The e-learning facilities
in the Blackboard will be used extensively to provide opportunities to students for learning and self assessing the absolute and relative quality of their own work.

**Assessment**

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Semester test (Week 4)</td>
<td>10 %</td>
</tr>
<tr>
<td>Case Study (Due 12(^{th}) of May, 2009)</td>
<td>15 %</td>
</tr>
<tr>
<td>Seminar Presentation</td>
<td>15 %</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60 %</td>
</tr>
</tbody>
</table>

**Compulsory Mid Semester Test**

The Mid Semester test will be held during your normal lecture times in the first hour of **Week 4 (March 17, 2009)\(^{1}\)**. The test will account for 10 % of the total marks used to assess your grade for the course. Attendance at the test is compulsory. If you fail to attend the test you will be awarded a zero mark. Students who experience serious misadventure and are unable to attend the test should contact the lecturer-in-charge – E4A 413 (phone 9850 6476; email: pundarik@efs.mq.edu.au) and provide full documentation explaining their non-attendance. As a matter of justice to all students, flimsy excuses will be rejected outright.

In this test you will be asked to answer one or two content related numerical problem(s) and/or short essay question(s) based on generic understanding from the first two topics. This will be structured to examine students’ ability to apply standard development economics related concepts in order to better understand solutions to major economic problems in developing countries.

This assessment will be used as an early low risk diagnostic of content related and generic skills. Feedback will be provided within 14 days of the test.

**Case study based Research Project**

This part of the assessment involves students undertaking a comprehensive research project. This project will be a maximum of 1500 words (exclude tables, diagrams and reference list) and **DUE ON TUESDAY THE 12\(^{th}\) OF MAY**. NO LATE ASSIGNMENTS WILL BE ACCEPTED UNLESS YOU HAVE HAD SERIOUS MISADVENTURE. Late submission will incur a penalty of

- 1 business day late = 10% penalty
- 2-5 business day late = 25% penalty
- More than 5 business day late = 100% penalty

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

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

1. Week 4 (March 17, 2009)
An answer poorly supported by data or evidence will be judged poor. But be aware that abundance of data does not necessarily improve the quality of your answer. You must be consistent and coherent when citing empirical evidence or drawing upon country specific experience. In some cases, drawing on one country’s experience, thoroughly and consistently, may be superior strategy than touching upon a large number of countries. Use your judgement. Also try your best to present the most updated information/data available.

**Answer any one (1) from the following**

(1) Has globalization enhanced social injustice?

References to start with

http://findarticles.com/p/articles/mi_m1132/is_2_54/ai_87424633

http://ideas.repec.org/a/wsi/serxxx/v53y2008i02p173-189.html


*Globalization and economic growth: A Critical Evaluation Preview*


**OR**

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

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

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

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

**Suggested Readings:**


World Bank and IMF web sites have lots of material on external debt, in particular, information on the HIPC. See [www.worldbank.org](http://www.worldbank.org) and [www.imf.org](http://www.imf.org).

Other useful websites include: [www.jubileeplus.org](http://www.jubileeplus.org), [www.eldis.org](http://www.eldis.org) and [www.dri.org.uk](http://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*.

**Note:**

The research essay should be typed (font size at least 12) double spaced, contain full bibliographic references and a word count. All references to books, articles and other sources, are to be identified at an appropriate point in the text by name of author, year of publication, and pagination (within parentheses): Footnotes are to be limited to substantive observations only. There is no need to use “ibid”, “loc. cit.”, or “op.cit.”. For example:
(i) If the author's name is in the text, follow it by the year of publication and page references. “As Smith (1997: 405) has shown in his case study....” If the author's name is not in the text insert at an appropriate point, surname, year of publication, and page reference. “Several studies have suggested (Ho, 2000; Ramsay and Forster, 1999) ...” Note that a comma separates author and year, while a colon separates year and pagination.

(ii) Where two authors are involved cite both surnames. Where more than two authors are involved, cite the first surname followed by et al. For institutional authorship, supply only sufficient identification for positive: “The increasing role played by women (National Women's Council, 1995: 14-15) reflects....”

(iii) Separate multiple citations by semicolons: “Several studies of voting behaviour (e.g. Cheng, 1998; Bing, 1999) indicate that....”

(iv) Where there is more than one reference in the one article to the same author and year, use letters (a, b, etc) to distinguish them one from the other: for example, (Dahl, 1991a).

(v) References to newspaper and magazine articles where an author is not cited (where an author is cited, handle as above) should be referenced as, for example: “A recent report (South China Morning Post, 20 March 1999: 7) has indicated....”

References to materials from the Internet should be handled in a manner that allows the reader to identify the exact source. (for an example, see below).

All items referred to in the text should be listed alphabetically by author and, for each author, by year of publication, in a list of REFERENCES. For example:


Through this assessment process research capability and critical thinking will be enhanced and students’ lifelong learning, independent learning and written presentation will be evaluated

**Seminar presentations**

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

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

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

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

**Seminar 1 (Week 3)**

What do you understand by ‘Asian Miracle’? Do you think it is really a miracle – substantiate your views with most recent data.

**Suggested Readings**


Seminar 2 (Week 5)

What is the ‘green revolution’ in developing countries? Account for the causes of ‘green revolution’ in developing countries. Analyse the effects of green revolution on income distribution.

Suggested Readings:


Cypher and Dietz, Ch: 11

**Seminar 3 (Week 6)**

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

**Suggested Readings:**

Todaro, Ch. 6.
Perkins *et al*, Ch. 7
Hogendorn, Ch. 9.
Meier, Ch. 6.
Thirwall, Ch. 8


**Seminar 4 (Week 7)**

What do you understand by “Informal Sector”? Relate the term with your understanding of development economics.

**Suggested Readings**


**Seminar 5 (Week 10)**
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 583-89.

Students must do their own extra research on this topic.

**Seminar 6 (Week 11)**
Child labour and its elimination has become a big topic in the study of development and a big issue politically at both the national and the international level.

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

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

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

**Selected readings**


UNICEF website: [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.

Todaro & Smith Ch 8

**Seminar 7 (Week 12)**

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?

**Starting references:**


**Achievements:** Using this seminar method of assessment students’ research and discussion capability, critical thinking, lifelong learning, group work and verbal presentation skills will be improved.

**Final Examination**

A two hour closed book final examination for this unit will be held during the thirteenth week of lecture. All course content is examinable. Students are to answer two descriptive questions from a choice of three from the course material covered up to week 8 and one descriptive question from a choice of two on the rest of the course material. Questions will be asked to assess students’ general and specific understanding of the unit. This will specifically assess whether students are able to identify and examine critical issues and processes evolving in the economics of development, comprehend the poverty and development issues and understand the complex issues of the global political economy of institutional structure.

The final examination will test how well students can perform in a stress situation (what they are expected to face in their ‘real life’ after graduation) and how well they can synthesize the material they learnt throughout the semester. The final grade will reflect the achieved mastery, competence and academic independence, utilization of feedback to improve performance and development of graduate capabilities.

**IMPORTANT NOTICE:** It is the policy of the Department of Economics, Macquarie University that students MUST pass the FINAL EXAM in order to satisfactorily complete an economics course. Students who do not pass the final exam will be AUTOMATICALLY awarded a Fail (F) grade.

**Final examination requirements:**

Students are expected to present themselves 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. For details check: [http://www.timetables.mq.edu.au/exam](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 wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at [http://www.reg.mq.edu.au/Forms/APSCon.pdf](http://www.reg.mq.edu.au/Forms/APSCon.pdf)

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.
You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, the final day of the official examination period.

**PLAGIARISM**

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found on the web at: [http://www.student.mq.edu.au/plagiarism/](http://www.student.mq.edu.au/plagiarism/). They are also the ‘Handbook of Postgraduate Studies, 2009’ on pages, 50 and 138-139.

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

**DETERMINATION OF OVERALL GRADE**

The following range of standardized numerical grades applies as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85-100</td>
</tr>
<tr>
<td>D</td>
<td>Distinction</td>
<td>75-84</td>
</tr>
<tr>
<td>Cr</td>
<td>Credit</td>
<td>65-74</td>
</tr>
<tr>
<td>P</td>
<td>Pass</td>
<td>50-64</td>
</tr>
<tr>
<td>PC</td>
<td>Conceded Pass</td>
<td>45-49</td>
</tr>
<tr>
<td>F</td>
<td>Fail</td>
<td>0-44</td>
</tr>
</tbody>
</table>

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. Note once again that it is the policy of the Department of Economics, Macquarie University that students must pass the final exam in order to satisfactorily complete an economics course. Students who do not pass the final exam will be automatically awarded a Fail (F) grade.

**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](http://www.student.mq.edu.au).