1. COURSE DESCRIPTION:

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

2. LECTURERS:

Weeks 1 – 9          Joseph Macri (Lecturer-in-Charge)  
Room:               C5C-301  
Tele:                9850 9469  
Email:               jmacri@efs.mq.edu.au  

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

3. ASSESSMENT

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

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

(a) Compulsory Multiple Choice Tests

Two (2) Multiple Choice tests will be held during your normal lecture times in the first hour of Week 6 and Week 12 of lectures. The tests will account for 20% of the total marks used to assess your grade for the course. Attendance at the test is compulsory. If you fail to attend the test you will be awarded a zero mark. Students who experience serious misadventure and are unable to attend the test should contact Joseph Macri – C5C 301 (phone 9850 9469) and provide full documentation explaining their non-attendance. As a matter of justice to all students, flimsy excuses will be rejected outright.

4. PRESCRIBED TEXTBOOK FOR COURSE


5. OTHER USEFUL RECENT BOOKS


6. OTHER REFERENCES


7. Resources on the Internet:

The following online resources will prove to be very useful.

(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)
(xi) World Institute for Development Economic Research [http://www.wider.uni.edu](http://www.wider.uni.edu)

8. A LIST OF USEFUL ECONOMIC DEVELOPMENT JOURNALS

*Developing Economies*

*Development and Change*
9. COURSE OVERVIEW

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

10. LECTURE OUTLINE

Week 1 (3rd of March).

Historical Experience and Classic Theories of Economic Development

Todaro and Smith, Chs. 1-4.
Cypher and Dietz, Chs. 3-4
Perkins et al., Chs. 1-4.
Hogendorn, Chs. 1, 3
Meier, Chs. 1-2.

**Week 2 (10th of March).**

**Income Distribution and Poverty**

Todaro and Smith, Ch. 6.

Perkins *et al.*, Ch. 4.

Hogendorn, Ch. 2.

Meier, Ch. 1.


**Week 3 (17th of March).**

**Population Growth and Economic Development and Rural-Urban Migration**

Todaro and Smith, Chs. 7 & 8.

Cyper and Dietz, Ch. 12

Perkins *et al*, Ch. 8

Meier, Ch. 6.


**Week 4 (24th of March)**

**Issues of Education and the Agricultural Sector in Development**

Todaro and Smith, Chs. 9 & 10.

Cyper and Dietz, Chs. 11 & 12

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


**Week 5 (31st of March)**

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

Todaro and Smith, Ch. 12.

Hogendorn, Ch. 13.

Thirlwall, Ch. 16.


**Week 6 (7th of April)**

**Mid – Semester Multiple Choice Test (1ST Hour)**

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

Todaro and Smith, Ch. 13


**Weeks 7 (14th of April)**

**Economic Growth and Development**

Todaro and Smith Ch. 4

Thirwall Ch.4


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

**Week 8 (5th of May)**

**Economic Growth and Development & Sustainable Development**

Todaro and Smith Ch.5

Thirwall Ch.4


**Week 9 (13th of May)**

**Sustainable Development**

Todaro and Smith Ch. 11

Thirwall pp. 284-90


**Week 10 (20th May)**

**Third World Debt and Foreign Aid**

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


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.


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

The World Bank, The IMF and Structural Adjustment

Todaro & Smith Ch 14 & 702-3.
Cypher & Dietz Ch 17

World Bank web site; www.worldbank.org
IMF web site; www.imf.org

Bretton Woods Project web site; www.brettonwoodsproject.org


Finance & Development various articles in ERIC.


**Week 13 (9th of June)**

*Nutrition, Health and Development*

Todaro & Smith, Ch 9.

Hess & Ross, Ch 7.

Hogendorn, Ch 10.


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.


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


11. SEMINARS

There will be two-hour lectures each week and six seminar meetings held for each group during the semester. Attendance at lectures, seminars, preparation for seminars and participation in class discussion is compulsory. To re-emphasise, attendance at
seminars and contribution to seminar discussion are partial requirements for completing this course satisfactorily. At each lecture and seminar meeting a class roll will be taken. **For each seminar missed, you will lose 1% of the TOTAL assessment marks.**

**PLEASE NOTE: SEMINAR MATERIAL IS EXAMINABLE FOR BOTH THE MID-TERM AND FINAL EXAMINATION.**

There will be a meeting for each seminar group during the third week of the semester the purpose of which is to simply allocate seminar topics. Each student will be allocated to one group in which the group will be required to present their allocated topic to the tutorial. In addition, each group will be required to submit a 5-6 page report on the seminar in which they are presenting. This report is a **GROUP submission** and therefore students in each seminar group should meet several times before the seminar presentation to discuss the topic and to make arrangements for the seminar presentation as well as the submission of the report. These arrangements should include the division of the topic so that each student can play a role in the joint presentation.

The submission of the seminar report on the **day of your allocated** seminar is **compulsory** and each student must participate in a verbal presentation on their allocated topic at the appropriate seminar. Failure to fulfil any one of these conditions will mean that course requirements will not have been met and will involve automatic failure in the unit. The non-attendance at a seminar meeting when an individual is due to present a paper is clearly regarded as unacceptable. If you do have genuine problems of misadventure which affect the presentation of your seminar please let us know **before** the relevant seminar meeting is due to be held. The slipping under staff members doors of notes of explanation or merely a seminar paper when non-attendance has taken place is not acceptable. Also note that turning up late after the seminar has started, on the day you are due to present your seminar paper is also clearly not acceptable.

In the evaluation of a student’s seminar presentation/report the following factors will be considered:

1. The standard displayed in English expression and sentence construction and the level attained in the written articulation of ideas.

2. The ability to exhibit critical analysis in the subject area.

3. The ability to develop ideas in a logical or sequential fashion.

4. **STUDENTS MUST NOT SIMPLY READ FROM THEIR PAPERS.**

5. **Students will also have the opportunity to evaluate their peers, via an evaluation form.**

**Seminar 1 (Week 3)**

The purpose of this seminar is to allocate seminar topics, **submission of the Compulsory Statistical Exercise** and the remainder of the time for the first seminar will be devoted to the following questions:
(i) Why is an understanding of development crucial to policy formulation in developing nations? Do you think it is possible for a nation to agree on a rough definition of development and orient its strategies accordingly?

(ii) What are the main points raised in Amartya Sen’s article?

Todaro, Chs. 1-4.

Sen, Amartya (1988) The concept of Development, Handbook of Development Economics, Volume 1, Edited by H. Chenery and T.N Srinivasan. (This chapter will be placed in ERIC). Note: it will be in your interest to read this article as it will be examinable in the final examination.

Seminar 2 (Week 5)

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

Suggested Readings:

Todaro, Ch. 6.

Perkins et al, Ch. 7

Hogendorn, Ch. 9.

Meier, Ch. 6.

Thirwall, Ch. 8


Seminar 3 (Week 7)

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

Todaro, Ch. 13.

Perkins et al, Ch. 18.

Hogendorn, Chs. 13, 14 & 15.


Seminar 4 (Week 9)

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

Suggested Readings:


**Seminar 5 (Week 11)**

Newspapers regularly carry major articles about the high levels of external (foreign) indebtedness in the developing world. Moreover, people (famous people such as Bono and Bob Geldof) take to the streets in cities of both the developed and developing worlds to protest against the intolerable burden that foreign debt imposes on struggling nations and demanding the forgiveness or cancellation of debts by the richer countries. This seminar requires students to examine the arguments for and against the forgiveness of developing country external debt.

**Suggested Readings:**


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).

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

**Seminar 6 (Week 13)**
What is famine? How is the extent of famine measured? Describe the World’s experience of famine in the 20th and 21st centuries – where was famine most prevalent, and who was most effected? What are the different theories accounting for famine? And what can be done to prevent famine in the future?

Suggested Readings:


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

12. PLAGIARISM

The University defines plagiarism in its rules: “Plagiarism involves using the work of another person and presenting it as one’s own”. Plagiarism is a serious breach of the University’s rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These can be found on the web at: [http://www.student.mq.edu.au/plagiarism/](http://www.student.mq.edu.au/plagiarism/). The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in a unit, and/or referral to the University Discipline Committee.

13. UNIVERSITY POLICY ON GRADING

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

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.
ECON235

ECONOMIC DEVELOPMENT

COMPULSORY STATISTICAL EXERCISE

2005

DUE: SEMINAR 1, WEEK 3 IN ALLOTTED SEMINAR CLASS
Compulsory Statistical Exercise

Part A:

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

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

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

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

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

Part B:

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

(a) From the data in Table 1 below calculate the average values of CMR and Y for:
   
   (i) Low- income countries
   (ii) Low-middle –income countries
   (iii) Upper-middle-income countries
<table>
<thead>
<tr>
<th></th>
<th>GNP (GNI) per capita (PPP$)</th>
<th>Under-5 Mortality Rate per 1,000 live births</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low-Income Economies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>340</td>
<td>216</td>
</tr>
<tr>
<td>Tanzania</td>
<td>630</td>
<td>158</td>
</tr>
<tr>
<td>India</td>
<td>1,210</td>
<td>104</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1,230</td>
<td>127</td>
</tr>
<tr>
<td>Kenya</td>
<td>1,360</td>
<td>110</td>
</tr>
<tr>
<td>Senegal</td>
<td>1,750</td>
<td>113</td>
</tr>
<tr>
<td>China</td>
<td>1,910</td>
<td>43</td>
</tr>
<tr>
<td>Honduras</td>
<td>1,930</td>
<td>70</td>
</tr>
<tr>
<td><strong>Low-Middle-Income Economies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>2,130</td>
<td>142</td>
</tr>
<tr>
<td>Bolivia</td>
<td>2,270</td>
<td>115</td>
</tr>
<tr>
<td>Cameroon</td>
<td>2,300</td>
<td>124</td>
</tr>
<tr>
<td>Philippines</td>
<td>2,480</td>
<td>56</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>2,810</td>
<td>24</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,970</td>
<td>98</td>
</tr>
<tr>
<td>Peru</td>
<td>3,080</td>
<td>75</td>
</tr>
<tr>
<td>Egypt</td>
<td>3,670</td>
<td>93</td>
</tr>
<tr>
<td><strong>Upper –Middle Income Economies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>5,130</td>
<td>63</td>
</tr>
<tr>
<td>Brazil</td>
<td>5,250</td>
<td>76</td>
</tr>
<tr>
<td>Hungary</td>
<td>5,740</td>
<td>21</td>
</tr>
<tr>
<td>Columbia</td>
<td>5,760</td>
<td>29</td>
</tr>
<tr>
<td>Argentina</td>
<td>6,080</td>
<td>38</td>
</tr>
<tr>
<td>Mexico</td>
<td>7,490</td>
<td>49</td>
</tr>
<tr>
<td>Malaysia</td>
<td>8,050</td>
<td>20</td>
</tr>
<tr>
<td>Korea, Republic</td>
<td>8,950</td>
<td>18</td>
</tr>
</tbody>
</table>


(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/.