Division of Economic and Financial Studies
Department of Economics

ECONOMIC DEVELOPMENT AND WORLD ECONOMIC ORDER
(ECON857)

UNIT OUTLINE

2008

SEMESTER 1
ECON857: ECONOMIC DEVELOPMENT AND WORLD ECONOMIC ORDER

1. COURSE DESCRIPTION

This postgraduate course is designed to give students an appreciation of the problems facing underdeveloped and developing countries. Furthermore, we will explore the advantages and disadvantages of the measures and policies that are undertaken to encourage economic development.

2. LECTURERS

Weeks 2 – 8  Dr Pundarik Mukhopadhaya (Lecturer-in-Charge)
Room: E4A-413
Tele: 9850 6476
Email: pundarik@efs.mq.edu.au

Weeks 9- 13  Craig Macmillan
Room: E4A - 427
Tele: 9850 7290
Email: craig.macmill@efs.mq.edu.au

3. ASSESSMENT

Final Examination 60 %
Class Test (Week 6) 10 %
Case Study (Due 13th of May, 2008) 20 %
Seminar Presentation 15 %

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.

Compulsory Mid Semester Test

The Mid Semester test will be held during your normal lecture times in the first hour of Week 6 (April 1, 2008). 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) 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


5. OTHER USEFUL BOOKS


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


6. OTHER REFERENCES


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


7. 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*

8. 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/


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


(vii) Oneworld.net: http://www.oneworld.org/

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

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

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

9. COURSE OVERVIEW

(a) Historical Experience and Major Theories of Economic Development and Policy
(b) Concept of Development and measurement
(c) Economic Growth and Development
(d) Income Distribution and Poverty: Concept and measurement
(e) Some Development models
(f) Trade Policies in Developing Countries
(g) The World Bank, the IMF and the Third World Debt Crisis
(h) Nutrition, Health and Development
(i) Democracy and Development

10. Lecture Outline

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


exogenous growth theory, his Nobel Prize lecture, and his Siena Lectures on endogenous growth theory.

**Topic 4: Income Distribution and Poverty**

Reference:
Todaro and Smith, Ch. 6.


Perkins *et al.*, Ch. 4.

Ray, Chs. 6-7.

**Topic 5: Trade and Development**

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


Topic 6: The World Bank, the IMF, Third World Debt and Structural Adjustment

Reference:
Todaro, 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.


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.


Topic 7: Health, Nutrition and Development


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/


**Topic 8: Democracy and Development**


**11. SEMINARS**
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 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 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. Presentation Style

Note: We encourage the group to look beyond those readings.

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 4)**

What do you understand by ‘dual economy model’? What are the major features of the dual economy model of Lewis? What are the limitations to the Lewis model?

**Suggested Readings:**


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

Seminar 3 (Week 5)

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 9)
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.

What arguments can be made for and against the proposal that Third World debt should be cancelled 100%?

Suggested Readings:
These should be regarded as starting references.

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*.

**Seminar 6 (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 522 – 27.
Todaro & Smith pp 647 – 661.

Students must do their own extra research on this topic.
Seminar 7 (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


ILO International Programme for the Elimination of Child Labour (IPEC) web site: www.ilo.org/public/english/standards/ipec/
and
www.ilo.org/public/english/standards/ipec/about/factsheet/index.htm
for factsheets on child labour and policy initiatives.

UNICEF web site: 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 9

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12. Essay/ Research Project

A case study of the development experience in the Pacific island countries/country.

This part of your assessment involves you undertaking a comprehensive research project. This project will be a **maximum of 2000 words** and **DUE ON TUESDAY THE 15th OF MAY. NO LATE ASSIGNMENTS WILL BE ACCEPTED UNLESS YOU HAVE HAD SERIOUS MISADVENTURE. THEREFORE, ANY LATE ASSIGNMENTS WILL INCUR A PENALTY OF 2 MARKS PER-DAY.**

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

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. **Plagiarism:** The following statement relating to collusion and plagiarism has been prepared by the University.

   “The integrity of learning and scholarship depends on a code of conduct governing good practice and acceptable academic behaviour. One of the most important elements of good practice involves acknowledging carefully the people whose ideas we have used, borrowed, or developed. All students and scholars are bound by these rules because all scholarly work depends in one way or another on the work of others.

   Therefore, there is nothing wrong in using the work of others as a basis for your own work, nor is it evidence of inadequacy on your part, *provided you do not attempt to pass off someone else's work as your own.*

   To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should ALWAYS:

   (i) State clearly in the appropriate form where you found the material on which you have based your work.

   (ii) Acknowledge the people whose concepts, experiments, or results you have extracted, developed, or summarised, even if you put these ideas into your own words.
(iii) Avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that you have thought about the material and understood it, but remember to state clearly where you found the ideas.

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of PLAGIARISM. This is a very serious violation of good practice and an offence for which you will be penalised.

**YOU WILL BE GUILTY OF PLAGIARISM** if you do any of the following in an assignment, or in any piece of work which is to be assessed, *without clearly acknowledging your source(s) for each quotation or piece of borrowed material*:

(a) Copy out part(s) of any document or audio-visual material, including computer-based material;

(b) Use or extract someone else's concepts or experimental results or conclusions, even if you put them in your own words;

(c) Copy out or take ideas from the work of another student, even if you put the borrowed material in your own words;

(d) Submit substantially the same final version of any material as a fellow student. On occasions, you may be encouraged to prepare your work with someone else, but the final form of the assignment you hand in must be your own independent endeavour.”

The simplest way to avoid plagiarism is to be open about your sources. There is no academic demerit in this. Many of the ideas used in essays, articles and books inevitably build on the work of others, and it is only honest and courteous to acknowledge those to whom you are indebted.
MACQUARIE UNIVERSITY

ECON857 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/.