1. **COURSE DESCRIPTION:**

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

2. **LECTURERS:**

   - **Weeks 1 – 9**: Joseph Macri (Lecturer-in-Charge)
     Room: E4A415
     Tel: 9850 9469
     Email: jmcri@efs.mq.edu.au

   - **Weeks 10 - 13**: Craig Macmillan
     Room: E4A427
     Tel: 9850 7290
     Email: craig.macmill@efs.mq.edu.au

3. **ASSESSMENT:**

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

**IMPORTANT NOTICE:**

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

(a) Compulsory Multiple Choice Tests
Two (2) Multiple Choice tests will be held during your normal lecture times in the first hour of **Week 6** and **Week 12** of lectures. The tests will account for 20% of the total marks used to assess your grade for the course. Attendance at the test is **compulsory**. If you fail to attend the test you will be awarded a zero mark. Students who experience **serious misadventure** and are unable to attend the test should contact Joseph Macri – E4A415 (Tel: 9850 9469) and provide full documentation explaining their non-attendance. As a matter of justice to all students, flimsy excuses will be rejected outright.

4. **PRESCRIBED TEXTBOOK FOR COURSE:**


5. **OTHER USEFUL RECENT BOOKS:**


6. **OTHER REFERENCES:**


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

7. **Resources on the Internet:**

The following online resources will prove to be very useful.


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

(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)


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*
- *Journal of Economic Perspective*
- *Oxford Economic Papers*
- *Population and Development Review*
- *World Development*

9. **COURSE OVERVIEW:**

(a) Historical Experience and Major Theories of Economic Development
10. **LECTURE OUTLINE:**

**Week 1 (1st of March).**

**Historical Experience and Classic Theories of Economic Development**

Todaro and Smith, Chs. 1-4.

Cypher and Dietz, Chs. 3-4


Hogendorn, Chs. 1, 3

Meier, Chs. 1-2.

**Week 2 (8th of March).**

**Income Distribution and Poverty**

Todaro and Smith, Ch. 5.

Perkins *et al.*, Ch. 4.

Hogendorn, Ch. 2.

Meier, Ch. 1.


**Week 3 (15th of March).**

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

Todaro and Smith, Chs. 6 & 7

Cyper and Dietz, Ch. 12

Perkins et al, Ch. 8

Meier, Ch. 6.


**Week 4 (22nd of March)**

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

Todaro and Smith, Chs. 8 & 9.

Cyper and Dietz, Chs. 11 &12

Perkins et al, Ch. 10 & 16.


**Week 5 (29th 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 (5th 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


**MID - SEMESTER BREAK (Friday April 6th - Sunday April 22rd)**

**Weeks 7 (26th of April)**
**Economic Growth and Development**

Todaro and Smith Ch. 3

Thirwall Ch.4


**Week 8 (3rd of May)**

**Economic Growth and Development & Sustainable Development**

Todaro and Smith Ch.10

Thirwall Ch.4


**Week 9 (10th of May)**

**Sustainable Development**

Todaro and Smith Ch. 10

Thirwall pp. 284-90


**Week 10 -12 (17th and 24th May; 31st May)**

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

Todaro & Smith Ch 14.

Cypher & Dietz Ch 17


IMF website: [www.imf.org](http://www.imf.org)

Bretton Woods Project website: [www.brettonwoodsproject.org](http://www.brettonwoodsproject.org)


**Week 13 (7th of June)**

**Nutrition, Health and Development**

Todaro & Smith, Ch 8.


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.


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 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


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.


**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:**


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

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)


World Bank (Available on World Bank Website).


Seminar 5 (Week 11)

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

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

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

What debt conversion instruments have been used to assist countries in the management of external debt? Students should look at instruments like debt buy-backs, debt-for-development swaps, debt-for-equity swaps and debt-for-equity swaps.

Does the debt crisis still exist? Students should consider external debt levels for the developing world as whole, by region, by income group and special category such as the severely indebted category.

Suggested Readings:

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 and www.imf.org.

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


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 fact sheets 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.
12. PLAGIARISM

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

13. UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from 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

2007

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

Part A:

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

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

1. For your selected country listed above visit the following website http://devdata.worldbank.org/data-query/ and find out the latest data on the following:
   - GNI (Formerly GNP) per capita (US dollars)
   - Three other indicators of the level of development (your choice).

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

2. For the same country, taking the most recent date possible, what is the GDP per capita at common (US, i.e. PPP) prices as measured in the Summers and Heston project (http://pwt.econ.upenn.edu/php_site/pwt62/pwt62_form.php)

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

Part B:

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

(a) From the data in Table 1 below calculate the average values of CMR and Y for:
   (i) Low- income countries  
   (ii) Low-middle –income countries  
   (iii) Upper-middle-income countries
Table 1  
Child Mortality Rates (CMR) and Per Capita Income for 24 Selected LDC’s

<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?
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/