

Spring 2013
University of North Carolina – Chapel Hill
Economics 465

Economic Development

Dr. Klara Sabirianova Peter

This syllabus contains important information about this class including exam dates, class policies, and a reading list.

Office: 306C Gardner Hall

Office Hours: 3:00-4:30 pm Tuesdays or by appointment

Office Phone: 966-3669

Email Address: kpeter@unc.edu

Graduate Teaching Assistant: TBD

Prerequisite: ECON 101 and ECON 410.

Class Schedule:

Section#1: 9:00-11:15 pm TuTh, Gardner – Rm 309

Section#2: 11:30-12:45 pm TuTh, Gardner – Rm 309

Course Description: This course presents the issues underlying vast differences in development among the nations of the world. The course employs elements of economic theories of growth, political economy, institutional economics, labor economics and public finance to analyze causes of and prescribe cures for underdevelopment. Topics include classic and contemporary theories of economic development; poverty, inequality, and population growth; the roles of education, health, and migration in development; the role of government and institutions; privatization and market reforms; trade policies, foreign investment and aid.

Required Textbook: *Economic Development* by Michael P. Todaro and Stephen C. Smith (11th edition). ISBN-10: 0138013888. Internet site: http://www.pearsonhighered.com/educator/product/Economic-Development/9780138013882.page#dw_resources. There is a free online study guide at this website.

Suggested Reading Book: *The Development Economics Reader*, edited by Giorgio Secondi.
ISBN: 978-0-415-77157-3

Course Webpage: The course webpage is located on Sakai. You should check my Sakai site on a regular basis for announcements, handouts, and quizzes. You are responsible for any information I post on Sakai at least 24 hours before class.

Exam Schedule:

Midterm exam:

Both sections Tuesday, March 5, during the class time, Gardner – Room 309

Final exam (Cumulative):

Section#1 Saturday, May 4, 12:00-2:00 pm, Gardner – Room 309

Section#2 Tuesday, May 7, 8:00-10:00 am, Gardner – Room 309

You may NOT take exams at any time other than the scheduled exam time (see the Undergraduate Bulletin, <http://www.unc.edu/ugradbulletin/pdf/2011-12.pdf> (p.387-388) for rules on exceptions). The information below explains how I handle any missed exams.

Missed Exams: I use a different policy with respect to valid and invalid reasons for missed exams. The valid reasons are documented medical illness that prevents you from taking the exam (with physician's phone number), a death in your immediate family, or a documented mandatory court date. All other reasons are invalid. For example, being confused about the date or time of the exam, over-sleeping, or being out of town are not valid excuses for missing any exam. If you miss a midterm exam for an invalid reason, you will receive a score of 0 for the missed exam. If you miss a midterm exam for a documented valid reason, I will substitute the raw score on the final exam for your missed midterm exam. If you miss the final exam, please refer to the Undergraduate Bulletin, <http://www.unc.edu/ugradbulletin/pdf/2011-12.pdf> (p.387-388) for rules on final examinations.

Calculators: You cannot use programmable calculators and cells during exams. It is your responsibility to bring a valid calculator, pencil, and eraser to all exams.

Grading:

Grades are based on:

- Online quizzes and homework assignments (10%)
- Paper assignment (20%)
- In-class debate (5%)
- Participation (5%)
- Midterm exam (25%)
- Final exam (35%)

Each of these is described below.

Online quizzes and homework assignments (10%): I will give between 6 and 10 online quizzes and short homework assignments. I will announce these quizzes and assignments during our class and on Sakai. The quizzes will be posted on Sakai by the end of the day on Thursday (around 5:00 pm), and must be completed by 9:00 am on Tuesday morning. You will have at least four full days to take online quizzes. You can have only one attempt that could not last more than 3 hours. Missed online quizzes will be scored as a zero; your lowest score will be dropped, and all remaining scores will be averaged for this part of your grade. Don't wait until the last minute to complete the online quizzes – computer problems are NOT an excuse for missing an online quiz. No makeup quizzes will be given under ANY circumstances. Homework assignments submitted after the due date will receive no credit.

Paper assignment (20%): Students are required to write a research paper based on real data analysis and statistical evaluation of a development economic policy. Assignments will be described in a separate handout. The paper must be submitted by the due date. The paper handed in after the due

date but before the week of final examination will be marked down by 50%. Papers handed in during or after the week of final examination will receive no credit.

In-class debate and participation (10%): Based on your research paper, we will have an in-class debate. It will be described in a separate handout. I also encourage and reward students' participation in numerous discussions. On occasion, I will cold-call individual students to seek their opinion on the current discussion topic. From time to time, I will be checking attendance during the class.

Exams (60%): There will be one midterm exam (worth 25%) and a cumulative final exam (worth 35%).

Bonus points (up to 3 points on top of the final grade): I will provide additional bonus points for random in-class assignments and discussions.

I do not offer extra credits on an individual basis. I will never offer one student an opportunity that I do not provide to the entire class.

Grading Scale: I do not "curve" grades into a bell-shaped distribution, but will add extra points to all exam scores in order to bring the average grade on any exam up to a C (75). The following grading scale will be employed:

92 and above	A	80 – 81	B-	68 – 69	D+
90 – 91	A-	78 – 79	C+	60 – 67	D
88 – 89	B+	72 – 77	C	59 and below	F
82 – 87	B	70 – 71	C-		

Your grade will be determined by calculating the percentage of the possible points that you earned during the semester. Any fraction greater than or equal to 0.5 rounds up, all others round down. For example, a final weighted average of 81.5 rounds to 82, which is a B; 81.4 rounds to 81, which is a B-.

Grades of IN (Incomplete) and AB (Absent from the Final Exam): Please refer to the Undergraduate Bulletin <http://www.unc.edu/ugradbulletin> for rules regarding these grades.

Academic Honesty:

- It is your responsibility to avoid any activity that suggests plagiarism, cheating on examinations, unauthorized collaboration, falsification, and multiple submissions.
- Specifically, talking, passing notes, having crib sheets, using a programmable calculator, or having books or notebooks open during a test are among the activities sufficient to justify a charge of a major violation of the UNC Honor Code.
- Any work, in whole or part, taken from Internet without properly referencing the URL is considered plagiarism. In your papers, you must acknowledge phrases or sentences written by someone else.
- Please refer to the University Honor Code (<http://honor.unc.edu/>).

Misc. Policies: Turn off your cell phones when class begins. If you must miss class, get notes from a classmate and check Sakai to see what you missed.

Tentative Course Outline with Reading:

This is a general plan for the course. I am planning to change the outline this year, as we go. All the changes will be posted on Sakai. My classroom presentation sometimes differs from that in the textbook. In this case, you are responsible for the material as I have covered it in class. You are not responsible for the material that was not covered in class.

Comparative Development: Differences and Commonalities among Developing Countries

Todaro and Smith, Chapters 1 and 2

World Bank, "New Directions in Development Thinking," *World Development Report 1999-2000*, <http://www.rrojasdatabank.info/wdr00/intro.pdf>
(same as Reader, chapter 1: New Directions in Development Thinking by World Bank)

Reader, Chapter 2: The Human Development Paradigm by Mahbub ul Haq

Classic Theories of Economic Development

Todaro and Smith, Chapter 3

Contemporary Theories of Economic Development

Todaro and Smith, Chapter 4

Barro, Robert. 1996. "Democracy and Growth," *Journal of Economic Growth* 1(1): 1-27,
<http://www.springerlink.com/content/r4823288251720r3/>
(same as Reader, Chapter 10: Democracy and Growth by Robert Barro)

Earle, John and Klara Sabirianova Peter, 2009. "Complementarity and Custom in Wage Contract Violation," *Review of Economics and Statistics* 91(4): 832-849.

Ferraro, Vincent, 1996. "Dependency Theory: An Introduction"
<http://www.mtholyoke.edu/acad/intrel/depend.htm>
(same as Reader, Chapter 6: Dependency Theory by Vincent Ferraro)

Poverty, Inequality, and Development

Todaro and Smith, Chapter 5

Banerjee, Abhijit V., and Esther Duflo, 2007. "The Economic Lives of the Poor," *Journal of Economic Perspectives*, 21(1): 141–168, <http://www.jstor.org/stable/30033705>
(same as Reader, chapter 14: The Economic Lives of the Poor by Abhijit Banerjee and Esther Duflo)

Besley, Timothy, and Robin Burgess, 2003. "Halving Global Poverty," *Journal of Economic Perspectives*, 17(3): 3-22, <http://www.jstor.org/stable/3216820>

Birdsall, Nancy, 2007. "Inequality Matters," *Boston Review*.
<http://www.bostonreview.net/BR32.2/birdsall.php>
(same as Reader, chapter 13: Inequality Matters by Nancy Birdsall)

Ray, Debraj, 2010. "Uneven Growth: A Framework for Research in Development Economics," *Journal of Economic Perspectives* 24 (3): 45–60.

Population Growth and Economic Development: Causes, Consequences, Controversies

Todaro and Smith, Chapter 6

Cutler, David, Angus Deaton, and Adriana Lleras-Muney. 2006. "The Determinants of Mortality," *Journal of Economic Perspectives*, 20(3): 97-120,
<http://www.jstor.org/stable/30033668>.

Simon, Julian. The Ultimate Resource II: People, Materials, and Environment, Preface and Chapter 35, http://www.juliansimon.com/writings/Ultimate_Resource/
(same as Reader, chapter 19: The Ultimate Resource II by Julian Simon)

Human Capital: Education and Health in Economic Development.

Todaro and Smith, Chapter 8

Bloom, David, David Canning and Dean T. Jamison, 2004. "Health, Wealth, and Welfare," *Finance and Development*, March,
<http://www.heart-intl.net/HEART/110105/Health,Wealth,and.pdf>
(same as Reader, chapter 20: Health, Wealth, and Welfare by Bloom, Canning and Jamison)

Edmonds, Eric V. and Nina Pavcnik, 2005. "Child Labor in the Global Economy," *Journal of Economic Perspectives*, 19(1): 199-220, <http://www.jstor.org/stable/4134999>
(same as Reader, chapter 28: Child Labor in the Global Economy by Edmonds and Pavcnik)

Rosenzweig, Mark, 2010. "Microeconomic Approaches to Development: Schooling, Learning, and Growth," *Journal of Economic Perspectives* —Volume 24, Number 3—
Summer 2010—Pages 81–96

Market Reforms

Ericson, Richard, 1991. "The Classical Soviet-Type Economy: Nature of the System and Implications for Reform," *Journal of Economic Perspectives*, 5(4): 11-27,
<http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/1942862.pdf>

Fischer, Stanley, and Alan Gelb, 1991. "The Process of Socialist Economic Transformation," *Journal of Economic Perspective*, 5(4): 91-105

<http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/1942867.pdf>

Roland, Gerard, 2002. "The Political Economy of Transition," *Journal of Economic Perspectives*, 16(1): 29-50,
<http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/2696575.pdf>

Private vs. Public Ownership, Privatization

Brada, Josef, 1996. "Privatization is Transition – Or Is It?" *Journal of Economic Perspectives*, 10(2): 67-86,
<http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/2138482.pdf>

Shleifer, Andrei, 1998. "State versus Private Ownership," *Journal of Economic Perspectives*, 12(4): 133-150,
<http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/2646898.pdf>

Institutions and Corruption in Development

Rodrik, Dani, 2000. "Institutions for High-Quality Growth: What They Are and How to Acquire Them, Working Paper 7540, NBER: <http://www.nber.org/papers/w7540>

Svensson, Jakob, 2005. "Eight Questions about Corruption," *Journal of Economic Perspectives*, 19(3): 19-42, <http://www.jstor.org/stable/4134971>.

Foreign Finance, Investment, and Aid: Controversies and Opportunities.

Todaro and Smith, Chapter 14

Easterly, William, 2003. "Can Foreign Aid Buy Growth?" *Journal of Economic Perspectives*, 17(3): 23-48, <http://www.jstor.org/stable/3216821>

Sabirianova, Klara, Jan Svejnar, and Katherine Terrell, 2005. "Distance to the Efficiency Frontier and Foreign Direct Investment Spillovers," *Journal of the European Economic Association Papers and Proceedings* 3(2-3): 576-586.

Macroeconomic Policy and the Debt Burden in Developing Countries.

Todaro and Smith, Chapters 13 and 15

Bahl, Roy and Richard Bird, 2008. "Tax Policy in Developing Countries: Looking Back and Forward," *National Tax Journal* 61(June): 279-301,
[http://www.rotman.utoronto.ca/userfiles/iib/File/IIB13\(1\).pdf](http://www.rotman.utoronto.ca/userfiles/iib/File/IIB13(1).pdf)

Freytag, Andreas and Gernot Pehnelta, 2009. "Debt Relief and Governance Quality in Developing Countries," *World Development*, 37(1): 62-80
<http://www.sciencedirect.com.libproxy.lib.unc.edu/science/journal/0305750X>

International Trade and Development Strategy

Todaro and Smith, Chapter 12

Anne O. Krueger, 1998. "Why Trade Liberalization is Good for Growth," *Economic Journal* 108 (450): 1513-1522, <http://www.jstor.org.libproxy.lib.unc.edu/stable/pdfplus/2566196.pdf>
(same as Reader, chapter 37: Why Trade Liberalization is Good for Growth by Krueger)

Stiglitz, Joseph, 2006. "Social Justice and Global Trade"
<http://pragmatos.net/2006/03/19/stiglitz-social-justice-and-global-trade/>
(same as Reader, chapter 40: Social Justice and Global Trade by Stiglitz)

Internet Resources:

UNC Global Learning (<http://www.unc.edu/apples/students/global/index.html>)

Countries and Regions (www.worldbank.org/html/extdr/regions.htm)

World Bank Development Data and Statistics (www.worldbank.org/data/)

International Monetary Fund (www.imf.org)

IMF World Economic Outlook

(<http://www.imf.org/external/pubs/ft/weo/2010/01/index.htm>)

United Nations Economic and Social Development (www.un.org/ecosocdev/)

United Nations Statistics Division (<http://unstats.un.org/unsd/default.htm>)

United Nations Development Program (www.undp.org)

Human Development Report (www.hdr.undp.org)