



# ECON336

## Economic Development

S1 Day 2015

*Dept of Economics*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Unit Convenor

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E4A415

TBA

Credit points

3

Prerequisites

(PSY122 or STAT150 or STAT170) and 6cp at 200 level including (ECON200 or ECON201 or ECON203 or ECON204 or ECON214 or ECON215)

Corequisites

Co-badged status

Unit description

This unit is designed to give students a critical understanding of the inherent problems facing underdeveloped and developing countries. It provides an in-depth analysis of the different explanations and measures that may be taken to foster economic development with a specific focus on the various constraints that may hinder economic development. The range of topics covered include: historical experience and major theories of economic development; income distribution and poverty; population growth; the role of education; international trade; sustainability; health; nutrition; third world debt and foreign aid; and the role of the market and institutions in fostering economic development.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.

Identify, understand and explain the reasons as to why there are very large differences in income per capita and output per worker across countries.

Identify and explain the importance and impact of international trade on economic development.

Identify and critically explain the tradeoffs and choices confronting countries in the process of economic development and sustainability.

Understand the importance of health, nutrition, education and aid on economic development.

Critically evaluate the role and importance of institutions in fostering economic development.

## Assessment Tasks

Name	Weighting	Due
<u>Statistical Assessment</u>	10%	Week 2
<u>Class Test 1</u>	30%	Week 6
<u>Report and Presentations</u>	20%	Week 2, 4, 6, 8, 10, 12
<u>Class Test 2</u>	40%	Week 13

### Statistical Assessment

Due: **Week 2**

Weighting: **10%**

It is a requirement of this course that each student undertake a simple statistical analysis. This statistical exercise is will be posted on iLearn. Students are required to download data to a spreadsheet file and then complete a set of clearly labelled charts and tables with their own explanations and interpretations. The statistical exercise, along with the Amartya Sen suggested answers must be handed in lectures in Week 2.

Submission: Week 2 in Lectures

Extension: There will be NO extensions granted, unless there is documentary evidence of serious misadventure.

Penalties: Failure to submit the statistical exercise on the due date, unless there is documentary evidence of serious misadventure, will result in a mark of zero.

What is required to complete the unit satisfactorily: Students are required to satisfactorily complete all assessment components of ECON336 to successfully complete this unit. Failure to do so will result in an automatic failure of this unit.

On successful completion you will be able to:

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.

## Class Test 1

Due: **Week 6**

Weighting: **30%**

Class Test 1 will be conducted in the **first hour** of lectures in Week 6 of the scheduled classes. The structure and examinable content will be provided to students in due course. The material covered will be the material from Weeks 1-5 (inclusive).

Submission: Class test will be held in the first hour of lectures in Week 6.

Extension: There will no extensions granted for Class Test 1, unless there is documentary evidence of serious misadventure.

Penalties: Failure to sit for Class Test 1 will result in a mark of zero, unless there is documentary evidence of serious misadventure.

Important Notice: *Students must be available during the time of the lecture class to sit the class test. The only exception to this is that a student could not do the test because of documented illness or unavoidable disruption. In these circumstances this student may wish to consult the University's Disruption to Studies policy- [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html)*

What is required to complete the unit satisfactorily: Students are required to satisfactorily complete all components of ECON336 to successfully complete this unit. Failure to do so will result in an automatic failure of this unit.

On successful completion you will be able to:

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.
- Identify, understand and explain the reasons as to why there are very large differences in income per capita and output per worker across countries.
- Identify and explain the importance and impact of international trade on economic development.
- Identify and critically explain the tradeoffs and choices confronting countries in the process of economic development and sustainability.
- Critically evaluate the role and importance of institutions in fostering economic

development.

## Report and Presentations

Due: **Week 2, 4, 6, 8, 10, 12**

Weighting: **20%**

There will be 6 seminar meetings (Weeks 2, 4, 6, 8, 10, 12) during session 1. Attendance at seminars, preparation for seminars and participation in class forms an important component of passing this unit. A separate document with the Seminars will be posted on ilearn.

Each student will be allocated to a seminar group in Week 2 of lectures. Each group will be required to present their allocated topic to the lecture group in their allocated week. In addition, each group will be required to submit a 6 page hard copy (including references) and electronic copy of the seminar that they will be presenting **ON THE DAY** of their presentation. All students' seminar reports will be posted on ilearn (usually within a week of presentation). The report is a GROUP submission and therefore students in each seminar group must 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. The submission of the hard copy and electronic version of the seminar report on the day of your allocated seminar is compulsory and each member of each group **MUST** participate in a verbal presentation.

Failure to fulfil any one of these conditions will mean that course requirements will have not been met and will involve automatic failure in the unit. The non-attendance at a seminar meeting when an individual is due to present is clearly regarded as unacceptable. If you do have genuine problems of misadventure which affects your presentation then please let me know as soon as possible, preferably before your presentation.

Extension: There will be NO extensions granted for seminar presentations. Students will be expected to present on the day that their seminar has been allocated.

Penalties: If any student does not present or participate in the group report, without any documentary evidence of serious misadventure, they will be awarded a mark of zero.

What is required to complete the unit satisfactorily: Group presentation and reports form an important part of ECON336. Failure to present or participate in this group activity will result in a mark of zero. Further, failure to participate in a group presentation and report will be deemed as a student not having fulfilled all the assessment components of ECON336. Therefore, students that do not participate in the group work activity will be automatically failed for the entire unit.

On successful completion you will be able to:

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.
- Identify, understand and explain the reasons as to why there are very large differences in

income per capita and output per worker across countries.

- Identify and explain the importance and impact of international trade on economic development.
- Identify and critically explain the tradeoffs and choices confronting countries in the process of economic development and sustainability.
- Critically evaluate the role and importance of institutions in fostering economic development.

## Class Test 2

Due: **Week 13**

Weighting: **40%**

Submission: Class test 2 will be held in the **first hour** of lectures in Week 13. Further details on the types of questions and duration will be provided in due course.

Extension: There will be no extensions given, unless there is documentary evidence of serious misadventure.

Penalties: Students that fail to sit for this test, unless there is documentary evidence of serious misadventure, will be given a mark of zero.

Important Notice: *Students must be available during the time of the lecture class to sit the class test. The only exception to this is that a student could not do the test because of documented illness or unavoidable disruption. In these circumstances this student may wish to consult the University's Disruption to Studies policy- [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html)*

What is required to complete the unit satisfactorily: Students are required to satisfactorily complete all assessment components of ECON336 to successfully complete this unit. Failure to do so will result in an automatic failure of this unit.

On successful completion you will be able to:

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.
- Identify, understand and explain the reasons as to why there are very large differences in income per capita and output per worker across countries.
- Identify and explain the importance and impact of international trade on economic development.
- Identify and critically explain the tradeoffs and choices confronting countries in the process of economic development and sustainability.
- Understand the importance of health, nutrition, education and aid on economic

development.

- Critically evaluate the role and importance of institutions in fostering economic development.

## **Delivery and Resources**

### **Classes**

There will be one three-hour session each week. It is essential that students attend all sessions, as the examination/tests will focus on material discussed in the lectures and supplemented with the relevant readings.

**Time and Location:** Thursday 2-5pm and Room E6A102

### **Required and Recommended Texts and/or Materials**

Prescribed Textbook:

Michael P. Todaro and Stephen C. Smith (2015), *Economic Development*, 12th Edition, Prentice Hall (available at the Coop Bookshop).

#### **Other Useful Readings**

James M. Cypher (2014), *The Process of Economic Development*, 4th Edition, New York: Routledge.

Daren Acemoglu (2009), *Introduction to Modern Economic Growth*, Princeton University Press, New Jersey.

Aghion, Philippe and Howitt, Peter (2009), *The Economics of Growth*, MIT Press, US.

Ray, Debraj (1998), *Development Economics*, Princeton University Press, New Jersey.

Ray, Debraj. *Development Economics*, *The New Palgrave Dictionary of Economics*. Second Edition. Eds. Steven N. Durlauf and Lawrence E. Blume. Palgrave Macmillan, 2008.

*The Development Economics Reader*, (2008) Edited by Giorgio Secondi, London and New York, Routledge.

Ray, Debraj, (2007) "Introduction to Development Theory." *Journal of Economic Theory*, 137, pp. 1 – 10.

*The Development Reader*, (2008) Edited by Sharad Chari and Stuart Corbridge, London and New York, Routledge.

Stiglitz, J (2002) *Globalization and Its Discontents*, W.W. Norton & Company, June 2002.

Easterly, W. (2001) *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, MIT Press.

A.P. Thirlwall (2006), *Growth and Development with Special Reference to Developing Economies*, Eighth Edition, Palgrave Macmillan.

Dwight H. Perkins, Steven Radelet and David Lindauer (2012) Economics of Development Seventh Edition, New York: W.W. Norton.

Meier, Gerald and Stiglitz, Joseph (2001), Frontiers of Development Economics: The Future in Perspective, World Bank and OUP.

Useful Resources on the Internet:

The following online resources will prove to be very useful.

- The World Bank web site: <http://www.worldbank.org/>
- The International Development Research Centre (IDRC): [http://www.idrc.ca/en/ev-1-201-1-DO\\_TOPIC.html](http://www.idrc.ca/en/ev-1-201-1-DO_TOPIC.html)
- The World Factbook: <http://www.odci.gov/cia/publications/factbook/index.html>
- International Monetary Fund: <http://www.imf.org/>
- United Nations: <http://www.un.org/>
- World Trade Organisation: <http://www.wto.org/>
- Center for International Development at Harvard University: <http://www.cid.harvard.edu/>
- Institute of Development Studies: <http://www.ids.ac.uk/ids/>
- Asian Development Bank: [http:// www.adb.org](http://www.adb.org)
- World Resources Institute <http://www.wri.org/> and <http://earthtrends.wri.org/>
- Various World Development Reports (available free online on World Bank website). Excellent source of information.

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; Oxford Economic Paper; Population and Development Review; World Development

## Technology Used and Required

Unit Web Page

Course material is available on the learning management system (iLearn) The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MQ/> Students should check this site regularly for announcements, test results and lecture material.

## Unit Schedule

Week	Lecture Topics
1	Meaning of Development, Historical Experience and Classic Theories of Economic Development (Todaro Chapters 1-4; Lecture Notes)
2	<b>Statistical Exercise is due in lectures:</b> Income Distribution, Poverty, Social Indicators and Distribution (Todaro Chapter 5; Lecture Notes)



3	Population Growth, Economic Development and Rural-Urban Migration (Todaro, Chapter 6; Lecture Notes)
4	Issues of Education and the Agricultural Sector in Development (Todaro Chapters 8 & 9; Lecture Notes).
5	The Structure of World trade: The Classical Arguments for International Trade - Static Allocative Effects and Dynamic Growth Effects (Todaro Chapter 12; Lecture Notes)
6	<b>Class Test 1</b>  Trade Policies in Developing Countries: Export Promotion, Import Substitution, Economic Integration and Development Strategies (Todaro, Chapter 12; Lecture Notes).
7	Economic Growth and Development (Todaro Chapter 3, pages 155-163; & Lecture Notes)
8	Economic Growth and Development & Sustainable Development (Chapter 3; Lecture Notes)
9	Sustainable Development (Todaro Chapter 10; Lecture Notes)
10	The World Bank, the IMF, and the Effectiveness of Structural Adjustment and Stabilisation Policies (Todaro, Chapter 13; Lecture Notes).
11	The World Bank, the IMF, and the Effectiveness of Structural Adjustment and Stabilisation Policies. Global financial crises and the implications for developing countries (Todaro Chapter 14).
12	Foreign Aid, Investment, Health, Nutrition and Economic Development (Todaro Chapter 8; Lecture Notes, time permitting).
13	<b>Class Test 2 to be held in the first hour of lecture time.</b>

## Learning and Teaching Activities

### Learning and Teaching Strategies

Teaching and Learning Strategies The teaching strategy in ECON336 recognises that students learn independently and assume responsibility for the learning process and with academic integrity. The teaching philosophy is articulated as follows: Lectures – large group learning (3 hours each teaching week, except for seminar presentations) Lectures are intended to provide an overview economic development both in theory and practice. The lectures will also provide students with a good understanding of major and current issues on development. Independent Learning–learning by doing (approximately 6 hours each teaching week and 9 hours each week during the mid-semester recess) ECON336 relies heavily on independent learning where students read the relevant chapters, revise lecture notes, understand questions that will be regularly asked in class and extend themselves by doing additional reading, questions, exercises and problems. Seminars – small group presentations in Weeks 4, 6, 8, 10 and 12. All students in the entire course will be required make a short group presentation to the entire group on a current topic in economic development. The seminars topics will be an extension of the lecture material where students will be expected to thoroughly research and present their findings to the entire class. NOTE: THE STRUCTURE AND ALLOCATION OF STUDENTS TO THEIR RESPECTIVE SEMINAR GROUPS WILL BE DONE IN WEEK 2 OF CLASS LECTURES.

### Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students

should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

## Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)

## Grades

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction

- CR - Credit
- P - Pass
- F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

<http://www.mq.edu.au/policy/docs/grading/policy.html>

## Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandeconomics.mq.edu.au/new\\_and\\_current\\_students/undergraduate\\_current\\_students/how\\_do\\_i/grade\\_appeals/](http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

#### Learning outcomes

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.
- Identify, understand and explain the reasons as to why there are very large differences in income per capita and output per worker across countries.
- Identify and explain the importance and impact of international trade on economic development.
- Understand the importance of health, nutrition, education and aid on economic development.

#### Assessment tasks

- Class Test 1
- Report and Presentations
- Class Test 2

### Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

#### Learning outcomes

- Identify, understand and explain the reasons as to why there are very large differences in income per capita and output per worker across countries.

- Identify and critically explain the tradeoffs and choices confronting countries in the process of economic development and sustainability.
- Critically evaluate the role and importance of institutions in fostering economic development.

## **Assessment tasks**

- Statistical Assessment
- Report and Presentations

## **Effective Communication**

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

## **Learning outcome**

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.

## **Assessment task**

- Report and Presentations

## **Socially and Environmentally Active and Responsible**

We want our graduates to be aware of and have respect for self and others; to be able to work with others as a leader and a team player; to have a sense of connectedness with others and country; and to have a sense of mutual obligation. Our graduates should be informed and active participants in moving society towards sustainability.

This graduate capability is supported by:

## **Learning outcomes**

- Identify and explore the main issues confronting developing countries; in particular, critically evaluate the growth and development performance of developing nations with a specific focus on issues relating to poverty and inequality.
- Identify and explain the importance and impact of international trade on economic development.
- Identify and critically explain the tradeoffs and choices confronting countries in the

process of economic development and sustainability.

- Critically evaluate the role and importance of institutions in fostering economic development.

## **Assessment tasks**

- Class Test 1
- Report and Presentations
- Class Test 2