

**UNIVERSITY OF SASKATCHEWAN**  
**ECON 417.3 (01)**  
**DEVELOPMENT ECONOMICS**  
**FALL 2011**

**General Information**

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Meeting Place: Physics 128  
Meeting Time: TTh 11:30—12:50  
Office hours: TTh 2:30—4:00  
<http://homepage.usask.ca/~ece220/>

**Textbook**

- **Required:** Weil, David N. *Economic Growth*. Boston: Pearson Education Inc., 2005
- **Recommended:** *The development economics reader*, edited by G. Secondi. NY: Routledge, 2008.

Both books are on reserve at the Library

**Course Evaluation**

You will be graded on :

- A one-hour oral presentation: 10%. More details at a later date.
- Term paper: 30% (see instructions below).
- Assignments: 10%.
- Examinations: 50%. There will be a midterm and a final. The midterm will be in class, on Thursday, October 20. A weight of 30% will be assigned to the best and 20% to the worst of the two exams. The final is not comprehensive.

**Academic Dishonesty**

Academic dishonesty is subject to severe penalty at the University of Saskatchewan. Please refer to p. 31 of the 2002-2003 Calendar, *Student Rights, Discipline and Appeals*. The “Student Academic Dishonesty Rules of the University of Saskatchewan Council (September 2000)” report can also be found on the U of S website at [http://www.usask.ca/university\\_council/reports/09-27-99.shtml](http://www.usask.ca/university_council/reports/09-27-99.shtml)

**U of S Council Guidelines for Academic Conduct**

A student should not disrupt the classroom or general learning environment, for example by talking or signaling in class, or by leaving and entering the class at inopportune times

([http://www.usask.ca/university\\_council/reports/archives/guide\\_conduct.shtml](http://www.usask.ca/university_council/reports/archives/guide_conduct.shtml))

I find laptops distracting. Please do not bring them to class.

## Purpose of the Course

The course will examine the relation between growth and development and the reasons for two different subdisciplines. This should bring us to have a closer look to some topics. Special importance will be given this year to financial institutions, and the social infrastructure.

The final goal of development is to eliminate global poverty. To this effect we will finish the course by studying the impact of economic growth on income inequality.

## Tentative Outline

### A - INTRODUCTION

#### 1. Introduction

### B - GROWTH AND DEVELOPMENT.

#### 2. Development: concept and measure

- **Required:** Weil, chapters 1 and 2

#### 3. The neoclassical growth model and its shortcomings

- **Required:** Weil, chapter 3, 4 (up to 4.3, page 99) and appendix of chapter 8.
- **Recommended:** Secondi, chapters 4 and 5.

### C - HUMAN RESOURCES.

#### 4. Population

- **Required:** Weil, chapters 4 (from to 4.3, page 99) and 5.

#### 5. Human capital/New Growth Theory

- **Required:** Weil, chapters 6, 7 and 8.
- **Recommended:** Secondi, chapters 23, 24 and 25.

#### 6. Women's status and development

- **Required:**

- Becker, Gary S. *A treatise on the family*. Cambridge, MA: Harvard University Press, 1991. Chapter 5 (On reserve at the Library)
- Echevarria, Cristina and Karine Moe. "On the need for gender in dynamic models." *Feminist Economics* 6 (2), 2000, 77-96. (Available online)
- Sen, Amartya. *Development as freedom*. New York: Alfred A. Knopf, 1999. Chapter 8 (On reserve at the Library)<sup>1</sup>
- Summers, Lawrence H. *Investing in all the People: Educating Women in Developing Countries*. Washington, DC: The World Bank, 1994. (On reserve at the Library)

- **Recommended:** Secondi, chapter 16

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<sup>1</sup>This chapter is also published as chapter 17 of Secondi.

## D - FINANCIAL INSTITUTIONS

### 7. Credit

- **Required:** Ray, Debraj. *Development Economics*. Princeton: Princeton University Press, 1998. Chapter 14 (On reserve at the library)
- **Recommended:** Secondi, chapter 33.

### 8. Insurance

- **Required:** Ray, chapter 15

### 9. Special role of families as non-market institutions for credit and risk sharing in low-income countries.

- **Required:**
  - Ambec, Stefan, 2007, “Voting over informal risk sharing rules”, *Journal of African Economies*, forthcoming. (Available online)
  - Díaz, A. and C. Echevarria, 2002, “Solidarity, Transfers, and Poverty”, *Review of Development Economics* 6, 337-350. (Available online)
  - Cox, D. and E. Jimenez, 1990. “Achieving social objectives through private transfers: a review”, *The World Bank Research Observer* 5, 205-18. (Available online)
  - Platteau, J.P., 1997, “Mutual insurance as an elusive concept in traditional rural societies”, *Journal of Development Studies* 33, 764-796. (Available online)
  - Rosenzweig, M.R. and O. Stark, 1998, “Consumption smoothing, migration, and marriage: Evidence from rural India”, *Journal of Political Economy* 97, 905-926. (Available online)
  - Stackhouse, J., 2000, “Daddy George” (chapter 6) in *Out of Poverty and into something more comfortable* (Vintage Canada), 80-98. (On reserve at the Library)
  - Vaughan, M., 1985, “Famine Analysis and family relations: 1949 in Nyasaland”, *Past and Present* 108, 177-205. (Available online)

### 10. Microfinance

- **Recommended:** Secondi, chapters 34, 35 and 36.

## E - INEQUALITY, POVERTY AND GROWTH

### 11. Economic inequality

- **Required:** Weil, chapter 13, until page 381
- **Recommended:** Secondi, chapter 13.

### 12. The relation between inequality and income

- **Required:** Weil, chapter 13, from page 381

### 13. Poverty

- **Required:** Ray, chapter 8
- **Recommended:** Secondi, chapter 14.

## Instructions for the Term paper

The paper should be 10 to 15 double-spaced typed pages, to allow for tables and graphs. Plagiarism is an academic sin; therefore, the paper must contain full citations to any work upon which you draw. The paper is due the last day of classes (Friday, December 2). **Penalties:**

- 5 points for each day the paper is late;
- papers will not be accepted after a week (i.e., later than Friday, December 7).

**Topics** In May 2004, Denmark's Environmental Assessment Institute (EAI), together with *The Economist*, organized a panel of distinguished economist to meet in Copenhagen to discuss the world's most pressing economic challenges. The meeting was dubbed the "Copenhagen Consensus" and its goal was to rank these challenges from an economic point of view (i.e., weighting costs versus benefits). The experiment was repeated again in May 2008. The list of topics for this second round is as follows:

- Global warming
- Diseases
- Conflict
- Education
- Air pollution
- Terrorism
- Malnutrition and hunger
- Women and development
- Sanitation and water
- Trade and subsidies

The list of topics is outside my door: please sign for one of the topics (**ONE** student per topic). Your main goal is to report on the topic at the Copenhagen Consensus: who was the main author, the discussants, main points of the papers, criticisms, ranking of the topic, etc. You can find most of the information at the website of the Copenhagen Consensus: [www.copenhagenconsensus.com](http://www.copenhagenconsensus.com). You do not need to agree with either the author or the discussants and, in this case, you may need to find other sources to back up your statements. Think of yourself as a journalist of a publication such as *The Economist* (not exactly an academic journal but usually a well researched and serious publication), a journalist with an opinion; in other words, I want an economic report with a well based opinion.

I remind you that "using work done in one course in fulfillment of the requirements of another course unless approval is obtained from the instructor involved" (page 31 of the University Calendar) constitutes academic dishonesty. Therefore, if you have already written a paper on this topic for some other class, I want to know about it and see the previous paper.

The guidelines for marking essays are posted on my website.