

Foundations of Economics for Sustainable Development

Spring 2017

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Office hours: R 11:45-13:15 and F 1:30-2:30 pm
Sections: AFS6307 (1C03) – LAS6938 (9658)
Times/room: T P7, RNK 225; R P7-8, RNK 215
Credits: 3

Course description

This course is an introduction to the main topics and debates in development economics. Specifically targeted at graduate students with limited to no background in economics, the course allows students to appreciate the widespread application of economic ideas and concepts to development problems around the world. It examines key questions about country's economic development options as well as at recent developments in the study of individual and household decision-making and the role of social norms and institutions in affecting them. The focus is less on studying the theoretical models and more on helping students understand how these theories and concepts apply in practical contexts and how different factors shape economic decisions at all levels. Particular attention is paid to the problems of sustainable development in Sub-Saharan Africa and Latin America.

The curriculum is divided into five main learning units, each composed of a different topic every week. These are not deemed to be comprehensive but have been selected for their relevance to contemporary policy debates, and their amenability for an introductory course. Classes will follow a format that combines lectures with class discussions, oral presentations, and group activities. Students will develop applications, as part of their assignments, with the purpose of enhancing class learning about specific topics. A final project will give students the chance to pursue one topic in depth, according to their own specific interests. This course fulfills the core economics requirement for MDP students, but is open to any interested graduate student.

Course objectives and student learning outcomes

By the end of this course successful students will have gained:

1. Ability to use and apply relevant economic concepts to the analysis and understanding of key development policy debates, with particular attention to:
 - a. Economic growth and structural change
 - b. The role of agriculture, industrial sector, and trade in development; and the choice between alternative policy options
 - c. The role of the state, markets and institutions in affecting development trajectories
 - d. The influence of political economy factors
2. Familiarity in using and interpreting key economic development indicators, such as per-capita GNI, HDI, poverty and inequality indicators; and a basic understanding of quantitative data analysis
3. Ability to distinguish and analyze the complex factors affecting individual and household decision-making in areas such as education, fertility/family planning, and financial decisions (credit, saving and insurance), with attention to gender differences
4. Knowledge of key differences across time and geographical areas, and appreciation for a comparative perspective between the Latin American and African regions.

Reading

Two textbooks are required (we will refer to them by the title initials):

- **SED:** A Szirmai (2015) *Socio-Economic Development*, Cambridge University Press
- **PE:** A Banerjee and E Duflo, (2011) *Poor Economics*, Public Affairs, New York

All other required reading will be available on the course page on e-Learning (Canvas, *Modules* section), and can be accessed through <http://lss.at.ufl.edu>, with your Gatorlink username and password.

You are required to do the reading in advance of class and be prepared to engage with the class material at high level – appropriate for a graduate level class. The weekly reading/study load is about 3-5 hours so please make sure you put aside sufficient time for this.

Course requirements and grading

1. Attendance (10%): Since much of the learning takes place in class, through various class activities and applications, attendance is required. You are expected to come to class on time and be prepared to discuss the assigned readings. If you think you are going to miss a class, please let me know in advance.
2. Class applications and discussions (20%): all students in turn are expected to develop and present to the class an activity (2-3 per student per semester, depending on final class size) that is based on the weekly readings and promotes a better understanding and reflection on the class material. More instructions to come.
3. Take-home assignments (each worth 7% for a total of 35%): There will be an assignment at the end of each of the five learning units on the time schedule. The objective of these is to gain practice in the analysis and application of the concepts being learned.
4. Individual/group project (35% of which 10% is a class presentation on the work-in-progress): During the second half of the semester, each student will delve into a topic/country of their choice. The deliverable will be a short paper/report (4,000 to 6,000 words), which describes the problem, the context, the method/analysis used, and the results/conclusions.

Grades will be assigned as follows:

Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E
Tot %	94-100	90-93	87-89	83-86	80-82	77-79	73-76	70-72	67-69	63-66	60-62	<60

University Policies

Requirements for class attendance, make-up exams, assignments and other work are consistent with University policies. Excuses for missing a class test or a deadline for assignments will only be accepted if appropriately documented and due to illness, serious family circumstances, religious holidays, and other reasons approved by the University. You should give me prior notice whenever possible.

Academic Honesty, Software Use, Services for Students with Disabilities, UF Counseling

UF students are bound by The Honor Pledge, which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: “On my honor, I have neither given nor received unauthorized aid in doing this assignment.” The Honor Code (<http://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/>) specifies a number of behaviors that are in violation of this code and the possible sanctions. If you have any questions or concerns, please consult with the instructor.

Software Use

All faculty, staff, and students of the University are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against University policies and rules, disciplinary action will be taken as appropriate.

Campus Helping Resources

Students experiencing crisis or personal problems that interfere with their general wellbeing are encouraged to utilize the university's counseling resources. The Counseling and Wellness Center provides confidential counseling services at no cost for currently enrolled students. Contact information: <http://www.counseling.ufl.edu/cwc/Default.aspx>, 392-1575.

Other useful contacts are also the University Police Department: 392-1111.

Students with Disabilities Act

Students with disabilities requesting accommodations should first register with the Disability Resource Center (352-392-8565, www.dso.ufl.edu/drc/) by providing appropriate documentation. Once registered, students will receive an accommodation letter, which must be presented to the instructor when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.

CLASS TIME SCHEDULE

- You are required to do the weekly reading before Tuesday class (unless specified below).
- The instructor reserves the right to make changes to this schedule during the semester.

Unit 1: Economic Growth and its critiques

Weeks 1-2. Introduction to development economics

Jan 5: Presentation of the syllabus; course objectives and expectations

Jan 10: The nature of development economics

- SED: Ch. 1
- PE, Ch. 1

Jan 12: Development of the international economic order + a note on economic development indicators

- SED: Ch. 2
- World Bank (2015), *World Development Report 2015*, Ch. 10 "The biases of development professionals" Washington, DC (from <http://www.worldbank.org/en/publication/wdr2015>)
- Jerven, M (2013) *Poor Numbers: how we are misled by African development statistics and what to do about it*, Cornell University Press (selected pages) OR (2012) "Poor Numbers: how we are misled by African development statistics and what to do about it" *African Arguments*, Nov 20, <http://africanarguments.org/2012/11/20/poor-numbers-how-we-are-misled-by-african-development-statistics-and-what-to-do-about-it-%E2%80%93-by-morten-jerven/>

Week 3: Economic Growth: internal and external explanations

Jan 17: Internal explanations

- SED, Ch. 3 (sections 3.1-3.4)
- The Economist "The Poor and the Rich" in: Secondi, G. ed. (2008) *The Development Economics Reader*, Routledge.

Jan. 19: Dependency theories and Feminist critiques

- SED, Ch. 3, sections 3.5-3.6

- V. Ferraro (2008) “Dependency theories: An introduction” in: Secondi, G. ed. (2008) *The Development Economics Reader*, Routledge.
- Benería, Lourdes and Gita Sen. 1982. “Class and Gender Inequalities and Women’s Role in Economic Development – Theoretical and Practical Implications.” *Feminist Studies* 8(1): 157-76.

Week 4: More on economic growth

Jan. 24: The experience of developing countries

- SED, Ch. 3.6-3.7
- UNDP (2013) *Human Development Report 2013: The Rise of the South*, “Summary”

Jan 26: The role of technological development

- SED, Ch 4.

Unit 2. Household decisions and behavioral change

Week 5 (Jan 31, Feb 2): Population and Development; parents’ fertility decisions

- SED, Ch. 5
- PE, Ch. 5

Week 6: Education

Feb 7: Education as driver of economic growth; demand & supply factors; household education choices

- SED, Ch. 7
- PE, Ch 4

Feb 9: The role of Conditional Cash Transfers (CCTs)

- Kabeer N, C Piza and L Taylor (2012) *What are the Economic Impacts of CCT programmes? A Systematic Review*, Technical Report, London: EPPI-Centre (Sections 1, 3, 9).
- Cecchini, Simone and Aldo Madariaga. 2011. *Conditional Cash Transfer Programmes: The Recent Experience in Latin America and the Caribbean*. Cuadernos de la CEPAL #95. Santiago: ECLAC and SIDA, chpts. 4 & 5.

Further Reading:

- González de la Rocha, Mercedes. 2010. “Gender and Ethnicity in the Shaping of Differentiated Outcomes of Mexico’s *Progreso-Oportunidades* Conditional Cash Transfer Programme.” In S. Chant (ed.), *The International Handbook*, op. cit., chpt. 37.
- Molyneux, M. and M. Thompson (2011) “Cash Transfers, Gender Equity and Women’s Empowerment in Peru, Ecuador and Bolivia” *Gender and Development* 19(2): 195-209.
- Chant, Sylvia. 2008. “The ‘Feminisation of Poverty’ and the ‘Feminisation of Anti-poverty Programs’: Room for Revision?” *Journal of Development Studies* 44(2): 165-197.

Week 7 (Feb 14-16): Saving and investment decisions: the role of beliefs and institutions

- Poor Economics (Chs 6-11)

Unit 3. Economic Indicators / Program Impact evaluation

Week 8: Key economic development indicators: HDI, Poverty and inequality

Feb 21: The relationship between poverty, inequality and growth

- Bourguignon F, “The Poverty-Growth-Inequality Triangle” 2004
- Ravallion, M *Economic growth and poverty reduction: do poor countries need to worry about inequality?* 2020 Focus Brief, 2007

Feb 23: Learning more about the main economic development indicators

- Composite indices: HDI and beyond: <http://hdr.undp.org/en/statistics/understanding/indices>
- HDI: <http://hdr.undp.org/en/statistics/hdi>
- IHDI: <http://hdr.undp.org/en/statistics/ihdi>

- GII: <http://hdr.undp.org/en/statistics/gii>
- MPI: <http://hdr.undp.org/en/statistics/mpi>
- Public Data Explorer: <http://hdr.undp.org/en/data-explorer>

Week 9 (Feb 28, Mar 2): Basics of Project impact evaluation

Tools: Theory of change; basic concepts (counterfactuals; treatment and control groups; selection bias); basics of randomized control trials, difference in difference, and propensity score matching.

- Gertler, P. et al (2011), *Impact Evaluation in Practice*, Washington DC: The World Bank, (Chs 1-2)
- Rebekka E. Grun (2006), 'Monitoring and Evaluating Projects: A step-by-step Primer on Monitoring, Benchmarking, and Impact Evaluation', Health, Nutrition and Population Discussion Paper, Washington DC: The World Bank, USA

Further reading:

- Ravallion, M (2012) "Fighting poverty one experiment at a time: a Review of A Banerjee and E Duflo's *Poor Economics*" *Journal of Economic Literature*, 50 (1): 103-114.
- Ravallion, M. (2009) 'Evaluation in the Practice of Development' *The World Bank Research Observer*, 24(1): 29-53.
- Ravallion, M. (2001) "The mystery of the vanishing benefits: An introduction to impact evaluation" *World Bank Economic Review*, 15 (1): 115-40.
- Duflo E. et al. "Using randomization in development economics research: A toolkit", in: *Handbook of Development Economics*, Ch. 61.

March 4-11: NO CLASS: SPRING BREAK

Unit 4. Structural change and sectoral growth; political economy issues

NOTE: This is the heaviest unit involving longer reading material and more challenging analytical concepts. Please plan your study time carefully.

Weeks 10: Structural change and industrialization; export-oriented policies

- Mar 14: SED Ch. 8
- Mar 16: SED, Ch. 9

Weeks 11 (Mar 21, 23): Access to agricultural markets and debates about agricultural liberalization

- SED, Ch. 10
- World Bank, *World Development Report 2008: Agriculture for Development*, Chs. 3 (pp 82-84, 89-93); and 5.
- Deere, C D (2009) "The Feminization of Agriculture? Economic Restructuring in Rural Latin America" In S. Razavi (ed.), *The Gendered Impacts of Liberalization: Towards Embedded Liberalism?* London/New York: Routledge, pp. 99-127.
- Whitehead, A (2009) "The Gendered Impacts of Liberalization Policies on African Agricultural Economies and Rural Livelihoods" In S. Razavi (ed.) op. cit., pp. 37-62.

Weeks 12 (Mar 28, 30): Political economy, culture and social institutions

Mar 28: The role of the state and politics

- SED, Ch. 11
- Nixon, F. (2006) "Rethinking the political economy of development: back to basics and beyond" *Journal of International Development*, 18 (7): 967-981.

Mar 30: The role of culture and the primacy of institutions

- SED, Ch. 12
- D Acemoglu and JA Robinson(2012) *Why Nations Fail*, New York: Crown Business (selections)
- World Bank (2015), *World Development Report 2015*, Ch. 1 "Overview"

Unit 5. The role of financial institutions and foreign donors

Week 13 (Apr 4, 6): Structural adjustment policies and foreign debt

- SED, Ch. 13
- Cornia GA and J Court Inequality, *Growth and Poverty in the era of Liberalization*, Policy Brief 4, UNU/WIDER, 2001
- Rodrick, D. (2006) "Goodbye Washington Consensus, Hello Washington Confusion?" *Journal of Economic Literature* 44: 973-987.
- Talkington, A. (2013) "The Postmodern Persistence of the Brazilian Development State: A Comparative Study of Policies During the Cardoso and Lula Administrations " *PSU McNair Scholars Online Journal* 5 (1), article 23.

Week 14 (Apr 11, 13): Does foreign aid contribute to economic development?

- SED, Ch. 14

Week 15 (Apr 18): Conclusions or a Topic of your choice out the two below

Optional topic 1: Why micro-finance is not a magic bullet

- Bateman M and H Chang (2012) "Microfinance and the illusion of development: from hubris to nemesis in thirty years" *World Economic Review*, 1: 13-36.
- Kabeer, N. (2005) "Is Microfinance the 'Magic Bullet' for Women's Empowerment? An Analysis of Findings from South Asia" *Economic and Political Weekly* 40 (44/45): 4709-18.
- Olatunde Ashcroft, M, (2008) "Micro-finance in Africa: The Challenges, Realities and Success Stories", *Micro Banking Bulletin*, Issue 17, Autumn.
- Powers, J and B Magnoni (2010) *A Business to Call Her Own: Identifying, Analyzing and Overcoming Constraints to Women's Small Businesses in Latin America and the Caribbean*. Washington, DC: Multilateral Investment Fund, pp. 1-21, 67-75.

Optional topic 2: Game theory and application to collective action in natural resource management

Topics: Property rights; free-rider problems; the tragedy of the commons; Nash equilibrium; solutions for enforcing collective interests (social norms, collective enforcement, regulation).

- Cardenas, JC and E Ostrom (2004) "What do people bring into the game? Experiments in the field of cooperation in the commons" *Agricultural Systems* 82 (3): 307-326.
- Meinzen-Dick, R., DiGregorio, M., & McCarthy, N. (2004) 'Methods for studying collective action in rural development' *Agricultural Systems* 82 (3): 197-21
- C.C. Gibson, J.T. Williams and E. Ostrom (2005) "Local Enforcement and Better Forests" *World Development* 33 (2): 273-284.
- Meinzen-Dick, Ruth S., Lynn R. Brown, Hilary Sims Feldstein and Agnes Quisumbing (1997) "Gender, Property Rights and Natural Resources" *World Development* 25(8):1303-1315.