Course description

This course aims to provide students with key analytical tools from economics for the study of sustainable development. The emphasis is on the application of economic ideas and concepts, not on economic theory per se, and how theories have shaped alternative development policies. Particular attention is given to the problems of sustainable development in Sub-Saharan Africa and Latin America.

The course covers main economic principles and concepts and their applications to developing countries; as well as selected methods and techniques of data analysis and evaluations. The course is not meant to be a comprehensive review of economics nor of development economics. It thus covers some topics but not others. The selection aims at demonstrating and teaching the “economics” methods, to help students understand how these principles work as they apply in practical contexts. Classes will follow a format that combines lectures with class discussions and activities. Students will have the chance to develop an individual or group project (according to preference) that applies one economic method/principle to a specific context; they will give an oral presentation to the class about their progress and results.

This is a core course for MDP students, open to other graduate students at UF. No prior knowledge of economics is necessary but students need to be highly motivated for this fast paced course.

Course objectives and student learning outcomes

By the end of this course students should be able to:

- Understand and apply key economic concepts, theories and models related to sustainable economic development
- Make sense of, and interpret, quantitative economic studies, and demonstrate basic understanding of data analysis
- Recognize the complexity of sustainable development issues, and their multiple determinants and implications
- Understand the basics of human decision-making and the importance of political economy for identifying policy solutions that are acceptable and feasible in their given context.

Reading

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

- **ED**: MP Todaro and SC Smith *Economic Development*, 10th ed or later (paperback or pdf version)

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

1. **Attendance (10%)**: Attendance and class participation are mandatory and can be justified by providing written notice and documentation to the instructor (prior to the missed class whenever possible). You are expected to come to class prepared to discuss the assigned readings.

2. **Take-home assignments (4 for a total of 25%)**: The objective of these is to gain practice in the analysis and application of economic concepts.

3. **Mid-Term exam (30%)**: This will cover material and readings from the first part of the course. Held in class.

4. **Class presentation (10%)**: You will make a class presentation on your chosen topic/project.

5. **Individual/group project (25%)**: During the second half of the semester, each student will apply one or more concepts/techniques learned in class on a specific economic problem of their choice. The deliverable will be a short paper/report, which describes the problem, the method/technique used, and the results.

Grades will be assigned as follows:

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<thead>
<tr>
<th>Grade</th>
<th>A</th>
<th>A-</th>
<th>B+</th>
<th>B</th>
<th>B-</th>
<th>C+</th>
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<th>C-</th>
<th>D+</th>
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<th>E</th>
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<tr>
<td>Tot %</td>
<td>94-100</td>
<td>90-93</td>
<td>87-89</td>
<td>83-86</td>
<td>80-82</td>
<td>77-79</td>
<td>73-76</td>
<td>70-72</td>
<td>67-69</td>
<td>63-66</td>
<td>60-62</td>
<td>&lt;60</td>
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**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/](http://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:**

Please note:
- You are required to do the reading before class.
- The instructor reserves the right to make minor changes during the semester.

**Weeks 1-2. The basic principle of economics and intro to development economics**

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

Jan 7: Basic principles of microeconomics. The nature of development economics

- **Concepts:** scarcity, cost-benefit calculation, opportunity costs, average vs. marginal costs/benefits, normative vs. positive economics; economic paradigms; Exchange and opportunity costs, comparative advantage, the advantage of trade; production possibilities frontier; Basic Algebra.

**Reading:**
- ED: Ch. 1
- PE, Ch. 1
- WNF, Preface

Jan 12: Market allocation and choices

- **Concepts:** demand and supply curves; equilibrium prices; efficiency principle and social welfare; price elasticity; concepts of utility; consumption choice; income and substitution effects.

**Reading:**
- PE (Chs 2, 3 and 5)

Jan 14: Decision-making in the case of uncertainty and discount rates: application to climate models.

**Reading:**
Read the two articles and click on some hyperlinks to understand better some underlying concepts:

**Week 3 (Jan 19, 21). Market imperfections: application to the agricultural sector**

- **Topics:** Role of agriculture; rural market failures/imperfections; the role of agricultural policies; sustainable agriculture.

**Reading:**
- ED, Ch. 9
• World Bank, *World Development Report 2008: Agriculture for Development*, Chs. 3 (pp 82-84, 89-93); and 5.

Further **Reading:**


**Week 4 (Jan 26-28): Game theory and application to natural resource management**

**Topics:** management of natural and environmental resources; the tragedy of the commons; solutions for enforcing collective interests (social norms, collective enforcement, regulation).

**Tools:** Environmental accounting; property rights; externalities; free-rider problems; institutions and incentive structures; externality-corrective taxes; payments for environmental services.

**Reading:**

• ED, Ch. 10 (The Environment and Development)


**Further Reading:**


**Week 5. Feb 2-4 Behavioral economics and the use of field experiments**

**Tools:** Behavioral development economics; social dilemmas experiments; routines, mental methods and social norms/conditioning; adaptive design and adaptive interventions.

**Resources:**

• PE: Ch. 1, 5


**Week 6: Feb 9-11 Basics of economic growth and structural change**

**Topics:** Growth theories; structural change; growth convergence/divergence; the role of geography, policies, and institutions; the role of gender equality

**Tools:** Income accounting; aggregate production function; sources of growth and total factor productivity; increasing returns; market failures; basics of cross-country econometric regressions.

**Reading:**
• ED, Chs 2-3

**Week 7. Feb. 16, 18: Critiques of orthodox growth theories; empirical experiences of growth**

**Topics:** Controversies on theories of economic growth; feminist critiques; state and markets in development; IS industrialization vs. export-oriented development; technological innovation; industrial policy.

**Tools:** Market failures; public goods; economic rents; rent-seeking; cost-benefit analysis; demand elasticities; terms of trade.

**Readings:**
• ED, Ch. 4 (main concepts, read very quickly the Big Push and Multiple Equilibria sections)

**Further Reading:**

**Week 8. Feb 23, 25: Poverty and inequality in a globalized world**

**Topics:** Concepts and measurements of poverty and inequality; interaction between economic growth, inequality and poverty; asset poverty and vulnerability; gender dimensions of poverty.

**Tools:** Size and functional distribution of income; absolute and relative poverty lines; FGT & MPI poverty indexes; Lorenz curve and Gini coefficient; feminization of poverty; gender asset gap.

**Reading (prefixed by 1 and 2 respectively for Tuesday and Thursday):**
• 1. ED, Ch. 5
• 1. Poor Economics, Ch. 2
• 2. Bourguignon F, “The Poverty-Growth-Inequality Triangle” 2004
• 2. Ravallion, M *Economic growth and poverty reduction: do poor countries need to worry about inequality?* 2020 Focus Brief, 2007
• 2. Cornia GA and J Court Inequality, Growth and Poverty in the era of Liberalization, Policy Brief 4, UNU/WIDER, 2001

Further Reading can be found on Sakai prefixed by FR such as:

Feb 27-March 5: NO CLASS: SPRING BREAK

Week 9:
March 8: Mid-Term preparation & project assignment

March 10: Mid-term Test

Week 10: Locating and interpreting economic development indicators
March 15: WNF (Chs. 1-3)
March 17: Tools: Understanding macro-economic data (GDP, GNI, economic sectors, national investment, saving etc.) and constructing tables, figures etc.; understanding the construction of HDI and other UNDP statistics; understanding data quality issues.

Resources:
• ED, Ch 2 note on the new HDI
• S. Devara jan, Africa’s statistical tragedy: http://blogs.worldbank.org/africacan/africa-s-statistical-tragedy Watch also the 14’ video of the lecture by Shanta Devarajan

Week 11: Gender Analysis
March 22: WNF Chs 4-6

March 24: **Tools:** Learn why and how to gender-disaggregate household data, and collect individual vs. household wealth data.

**Resources:**
- Gender and Asset Gap Project: [http://www.genderassetgap.org](http://www.genderassetgap.org)
- Gender, Agriculture and Asset Project (GAAP): [http://gaap.ifpri.info](http://gaap.ifpri.info)

**Further Reading:**

**Week 12. Project impact evaluation**

March 29: WNF Chs 10-12

March 31: **Tools:** Theory of change; basic concepts (counterfactuals; treatment and control groups; selection bias); understanding the basics of randomized control trials, difference in difference, and propensity score matching.

**Resources:**
- PE, Ch. 4

**Further reading:**

**Week 13: Application of evaluation methods: Anti-poverty interventions and CCTs**

April 5: WNF, Chs 13-15

April 7: **Topics**: Conditional cash transfers (CCTs) as interventions to eliminate poverty and build human capital; impact evaluations of CCTs

**Resources:**
- ED, Case Study 8: Progresa/Oportunidades

**Further Reading:**

**Week 14 (April 12, 14): Understanding Political Economy: application to trade liberalization debates**

**Topics**: Structural adjustment policies; Washington consensus and its critique; the role of the state in development; the political economy of economic policies; governance reforms; feminist approaches.

**Tools**: Privatization; liberalization; macro-economic stabilization; debt overhang; HIPC

**Reading:**
- ED, Ch. 11

**Further Reading:**

**Week 15: April 19: Why microfinance should not be oversold**

**Topics:** Promises and pitfalls of microfinance; group vs. individual lending methodologies; mission drift (financial sustainability vs. poverty reduction); micro-enterprises vs. SMEs.

**Resources:**

• Poor Economics (Chs 6-11)


**Further reading:**


**April 26: Final Project due**