



**Course** ECON - 4362 DEVELOPMENT ECONOMICS  
**Professor** Dr. Maria-Elena Labastida  
**Term** Spring 2010, January 14 – April 29  
**Meetings** Thursday 7:00 p.m. – 9:45 p.m. GR 4.301

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### Professor's Contact Information

Office Location	GR 2.512
Email Address	mlabasti@utdallas.edu
Office Hours	Wednesday 12:00-2:00 p.m. or by appointment. I am glad to meet with my students so please do not hesitate to stop by during my office hours or to feel free to make an appointment.
Personal Website:	<a href="http://elenalabastida.magix.net/website/">http://elenalabastida.magix.net/website/</a>
Other Information	This class makes extensive use of eLearning for assignments, posting grades and resource materials. eLearning is accessible at <a href="https://elearning.utdallas.edu/webct/entryPage.dowebct">https://elearning.utdallas.edu/webct/entryPage.dowebct</a> . If you have difficulty see: <a href="http://www.utdallas.edu/oe/distance">http://www.utdallas.edu/oe/distance</a> or call the help desk toll free 24 hours a day 7 days a week: 1-866-588-3192.

### General Course Information

Pre-requisites, Co-requisites, & other restrictions	Prerequisites: ECON 2302 Principles of Microeconomics and ECON 3311 Intermediate Macroeconomic Theory. Use of STATA or Excel.
Course Description	Why are some countries rich and other poor? This intriguing and long studied question is also explored in this course. This course introduces students to the cutting-edge field of economic growth and equips them with theory and applications to analyze differences in the level of income among countries. By showing how empirical data relate to new and old theoretical ideas this course provides students with a complete introduction to the discipline of economic development and the latest research. Topics include classic theories of economic growth and development such as Rostow's stages of growth, the Lewis theory of development, dependence, public choice and Solow's neoclassical growth model. Other topics comprise: international trade theory and development strategy, developing-country debt, income distribution, physical capital, agriculture, human capital, the role of the entrepreneur and technology in economic development, culture and development, productivity, efficiency, convergence, and how public policies and institutions affect economic growth.
Learning Outcomes	After taking this class the student should be able to use models/theories to explain policy issues regarding to economic growth and development. For example, the student will be able to analyze which variables play a role in explaining economic and development stagnation in country "x" and extend policy recommendations accordingly. The student will be capable to contrast different theories on economic growth and judge them based on empirical data. Finally, the student will learn how to carry out a public policy analysis paper by employing critical thinking skills defined as "the intellectually disciplined process of actively and skillfully conceptualizing, applying, analyzing, synthesizing, and/or evaluating information gathered from, or generated by, observation, experience, reflection, reasoning, or communication, as a guide to belief and action." (source: Foundation for Critical Thinking).
Required Texts & Materials	1) "Economic Growth" (2009) D. Weil, Pearson-Addison Wesley. 2 <sup>nd</sup> ed. 2) "Making Poor Nations Rich" (2008) B. Powell, Stanford University Press. (On

	reserve at the UTD Library).
Suggested Texts, Readings, & Materials	<ol style="list-style-type: none"> <li>1) Todaro, Michael and Stephen Smith “Economic Development” (2009), Pearson-Addison Wesley, 10<sup>th</sup> ed.</li> <li>2) Smith, Stephen (1997) “Case Studies in Economic Development”, Addison Wesley Longman.</li> <li>3) Barro, J. Robert and Xavier Sala-i-Martin (2003) “Economic Growth”, 2nd edition, MIT Press.</li> <li>4) Jeffrey W. Knopf (2006). “Doing a Literature Review”. Political Science &amp; Politics, 39, pp. 127-132.</li> <li>6) Schumpeter, Joseph A. (2008) “Capitalism, Socialism and Democracy”, Harper Perennial Modern Classics.</li> <li>7) Facione, Peter (2007). “Critical Thinking: What it is and Why it Counts” Insight Assessment, California Academic Press.</li> <li>8) Stiglitz, Joseph (2003) “Globalization and Its Discontents”, NY: Norton. (See specially chapters 4 &amp; 8).</li> <li>9) Smith, Adam (1776) “The Wealth of Nations” Bantam Classics.</li> <li>10) Bhagwati, Jagdish (2004) “In Defense of Globalization”, Oxford University Press.</li> <li>11) North, Douglas (1980) “Institutions, Institutional Change and Economic Performance” Cambridge University Press.</li> <li>12) Payne, Richard J. (2008) “Global Issues: Politics, Economics and Culture”, 2nd edition, Longman.</li> <li>13) Vargas Llosa, Alvaro (2008) “Lessons from the poor: triumph of the entrepreneurial spirit”, The Independent Institute.</li> <li>14) Seidman, Karl F. (2005) “Economic Development Finance”, Sage Publications.</li> <li>15) Barro, R. and X. Sala-i-Martin, (1992) "Convergence," Journal of Political Economy, 100: 223-51.</li> <li>16) Sala-i-Martin, Xavier (2006) "The World Distribution of Income: Falling Poverty and.... Convergence, Period." Quarterly Journal of Economics, 121 (2): 351-397.</li> <li>17) Poulson, Barry W. (1994) “Economic Development: Private and Public Choice”, West Publishing Company.</li> <li>18) Moran, Theodore (2005) “Does Foreign direct Investment Promotes Development?”, Peterson Institute of International Economics.</li> <li>19) De Soto Hernando (2000) “The Mystery of Capital”, Basic Books</li> <li>20) Barzel, Yoram (1997) “Economic Analysis of Property Rights”, Cambridge University Press.</li> <li>21) Uriel Procaccia (2007) “Russian Culture, Property Rights and the Market Economy” Cambridge University Press.</li> <li>22) Hertel and Minkler (2007) “Economic Rights: Conceptual, Measurement and Policy Issues”, Cambridge University Press.</li> <li>23) “Mystery of Economic Growth” (2004) E. Helpman, Harvard University Press (On reserve at the UTD Library).</li> <li>24) “That Which Is Seen and That Which Is Not Seen” (1850) Frederic Bastiat, Classic Books Library (available on-line at <a href="http://bastiat.org/en/twisatwins.html">http://bastiat.org/en/twisatwins.html</a>).</li> <li>25) “Bad Capitalism and Good Capitalism” (2007) Litan &amp; Scheramm, Yale University Press (Available on-line at the UTD Library).</li> </ol>

## Assignments & Academic Calendar

**Note:** Weil = David Weil “Economic Growth”: These readings are required!  
T&S = “Todaro and Smith “Economic Development: (suggested).  
Poulson = “Economic Development” (suggested).

<b>PART I</b>	<b>INTRODUCTION</b>
<b>January 14 - 21</b>	1.1 A framework for analysis: The economics of Sylvania and Freedonia – Weil ch. 2  1.2 Concepts and Measurement in Economic Growth and Development 1.2.1 What do we mean by development? – T&S ch. 1 1.1.1 The concepts and measurement of economic growth - Poulson ch. 1 1.1.2 Differences in the level of income and differences in the rate of income growth among countries - Weil ch. 1 1.1.3 Measuring and comparing GDP using purchasing power parity - Weil ch. 1  1.3 Theories of economic growth and development Classic theories of development: Four approaches 1.3.1 Development as growth and the linear-stage theories 1.3.2 Structural-change models 1.3.3 The international-dependence revolution 1.3.4 The neoclassical counterrevolution: Free Markets and Public Choice
<b>January 21</b>	<b>Lab 1 (On the website 1A) “Some Basic Growth Facts” (Weil Ch. 1) due.</b> <b>Labs website (you can find this link as well on our eLearning course home page):</b> <a href="http://wps.aw.com/aw_weil_econgrowth_2/83/21284/5448761.cw/index.html">http://wps.aw.com/aw_weil_econgrowth_2/83/21284/5448761.cw/index.html</a>
<b>PART II</b>	<b>FACTOR ACCUMULATION</b>
<b>Jan. 28 – Feb 4</b>	2.1 Physical Capital. Weil ch. 3 Capital’s role in production ch. 3 The Solow Model. Weil ch. 3 The relationship between investment and saving 2.2 Population and Economic Growth. Weil ch. 4 Case study: T&S “China and India” p. 310 2.3 Human Capital. Weil ch. 6 and T&S ch. 8 Case study: T&S “Progreso/Oportunidades” p. 355 2.4 Agricultural Transformation and Rural Development. T&S ch. 9 Case study: T&S Kenya p. 468
<b>January 28</b>	<b>Lab 2 (On the website 3A) “Exploring Savings Rates” (Weil Ch. 3) due.</b>
<b>February 4</b>	<b>Lab 3 (On the website 6A) “Human Capital” (Weil Ch. 6) due.</b>
<b>PART III</b>	<b>ENTREPRENEURSHIP AND PRODUCTIVITY</b>
<b>February 11, 18 &amp; 25</b>	3.1 Entrepreneurial Development. Institutions and Entrepreneurship Failures in entrepreneurial development Reform and success in entrepreneurial development  Audretsch et al. 1) Why entrepreneurship matters? 2) Entrepreneurship and job growth 3) Entreprenomics: Entrepreneurship, economic growth and policy 4) Creating and entrepreneurial economy: the role of public policy

	<p>5) “Entrepreneurial Capitalism” in capitalist development: toward a synthesis of capitalist development and the “economy as a whole”</p> <p>Barth et al.</p> <p>1) Entrepreneurship in low and moderate-income communities</p> <p>2) State of literature on small to medium sized enterprises and entrepreneurship in low-income communities</p> <p>3) Stumbling blocks to entrepreneurship in low-and moderate income communities</p> <p>Case study: Microfinance - India, China &amp; Bostwana (Powell)</p> <p>3.2 Measuring Productivity. Weil ch. 7</p> <p>3.3 The Role of Technology in Growth. Weil ch. 8</p> <p>3.4 The Cutting Edge of Technology. Weil ch. 9</p> <p>3.5 Efficiency. Weil ch. 10</p>
<b>February 11</b>	<b>Part I “Making Poor Nations Rich” Powell. Group 1&amp;2 AGAINST, Group 3&amp;4 FOR.</b>
<b>February 18</b>	<b>Lab 4 (On the website 7A) “Productivity Growth” (Weil Ch. 7) due.</b>
<b>February 25</b>	<b>Lab 5 (On the website 8A) “Advanced Technology” (Weil Ch. 8) due.</b>
<b>PART IV</b>	<b>FUNDAMENTALS</b>
<b>March 4, 11 &amp; 25</b>	<p>4.1 Public Policy, economic growth and development. Weil ch. 12 and T&amp;S ch. 11</p> <p>4.2 Finance and Fiscal Policy for Development. T&amp;S ch. 15</p> <p>4.3 Income Inequality. Weil ch. 13. - T&amp;S ch. 5. - Bhalla.</p> <p>4.4 Culture. Weil ch. 14 – Poulson p. 51-56</p> <p>4.5 Geography, Climate and Natural Resources. Weil ch.15</p>
<b>March 4</b>	<b>Lab 6 (On the website 12B) “Government and Growth” (Weil Ch. 12) due. Documentary: “Hong Kong: a Story of Human Freedom and Progress”</b>
<b>March 11</b>	<b>Lab 7 (On the website 13B) “Inequality” (Weil ch. 13) due.</b>
<b>March 18</b>	<b>SPRING BREAK – NO CLASS</b>
<b>March 25</b>	<b>Lab 8 (On the website 14B) “The Role of Cultural Factors in the Growth Process” (Weil ch. 14) due. Part II “Making Poor Nations Rich”, Powell. Groups 1&amp;2 “FOR”, Groups 3&amp;4 “AGAINST”.</b>
<b>PART V</b>	<b>INTERNATIONAL MARKETS</b>
<b>April 1, 8 &amp; 15</b>	<p>5.1 Growth in the Open Economy. Weil ch. 11</p> <p>5.2 International Trade Theory and Development Strategy. T&amp;S ch. 12</p> <p>5.3 Balance of Payments, Developing Country Debt and the Macroeconomic Stabilization. T&amp;S ch. 13</p>

	5.4 Foreign Finance, Investment and Aid: Controversies and Opportunities T&S ch. 14
<b>April 1</b>	<b>Lab 9 (On the website 11A) “Openness and Growth” (Weil Ch. 11) due.</b>
<b>April 8</b>	<b>Documentary: “Adam Smith and the Wealth of Nations”</b>
<b>April 15</b>	<b>Documentary “People’s Republic of Capitalism” by Ted Koppel</b>
	<b>CONCLUSIONS</b>
<b>April 22</b>	What we have learned and where we are headed. Weil ch. 17 and T&S ch. 16 <b>Documentary Discussion</b>
<b>April 29</b>	<b>Part III Case studies: New Zealand and Botswana “Making Poor Nations Rich”, Powell. Groups 1&amp;2 “AGAINST”, Groups 3&amp;4 “FOR”.</b>
<b>May 12</b>	<b>Public Policy Analysis Paper Due</b>

### Course Policies

<b>Grading Criteria</b>	9 Labs and discussions: 45% Documentaries’ discussions: 10% Readings’ Debates: 30% Policy Analysis Paper 15%  A+ = 97-100    A = 94-96    A- = 90-93 B+ = 87-89    B = 84-86    B- = 80-83 C+ = 77-79    C = 74-76    C- = 70-73 D+ = 67-69    D = 64-66    D- = 60-63 F= 59 and below
<b>Make-up Exams</b>	<b>No make-up exams.</b>
<b>Extra Credit</b>	Country brief report (3 pages)
<b>Late Work</b>	If the assignment is not turned in by the due date: lose 50% from the weight of the assignment.
<b>Class Attendance</b>	Three good reasons to attend: 1) It is (hopefully) in your benefit. See “Do students go to class? should they?” by David Romer, <i>Journal of Economic Perspectives</i> , Vol. 7. No. 3, Summer, 1993, pp. 167-174. Posted on eLearning under the folder “Suggested Readings”. 2) Class attendance is your responsibility. Whether or not you attend, you are responsible for all material delivered in class. This includes: deviations from the required textbook or eLearning power point notes or notification of changes regarding the material and syllabus. 3) Most of your grade is based on your attendance: labs discussions, documentaries’ discussions and readings’ debates take place in the classroom. In sum, your class attendance is crucial.
<b>Classroom Citizenship</b>	Please maintain class decorum and be respectful toward me and your fellow students in the class. If you have a doubt or misunderstanding regarding the course work, feel free to voice it in class. <b>Everyone in class is here to learn and frequent tardiness, disturbances or disrespectful behavior toward others will not be tolerated.</b> The use of cell phones, smartphones, ipods, PDAs, pocket PCs or the like are highly distracting so please turn all electronic devices to their off (or silent) positions during class hours. The use of a laptop is allowed for the general audience for <b>class purposes only</b> . Surfing the internet, chatting or other activities not related with the class is distracting and disrespectful toward me and other students that are really interested in the lecture. Coming to class and not be engaged in it is a loosing of your time and mine. Any classroom participant violating classroom citizenship will be asked to leave the classroom and depending on the severity of the offense may be subject to referral to the appropriate university officials.
<b>Field Trip Policies Off-Campus Instruction &amp; Course Activities</b>	<i>Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address <a href="http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm">http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm</a>. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.</i>
<b>Technical Support</b>	If you experience any problems with your UTD account you may send an email to:

	<a href="mailto:assist@utdallas.edu">assist@utdallas.edu</a> or call the UTD Computer Helpdesk at 972-883-2911.
<b>Student Conduct and Discipline</b>	<p>The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, <i>A to Z Guide</i>, which is provided to all registered students each academic year.</p> <p>The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the <i>Rules and Regulations, Series 50000, Board of Regents, The University of Texas System</i>, and in Title V, Rules on Student Services and Activities of the university's <i>Handbook of Operating Procedures</i>. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391) and online at <a href="http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html">http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html</a></p> <p>A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.</p>
<b>Academic Integrity</b>	<p>The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.</p> <p>Scholastic Dishonesty, any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.</p> <p>Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.</p>
<b>Copyright Notice</b>	<p>The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a UT Dallas student, you are required to follow the institution's copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see <a href="http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm">http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm</a></p>
<b>Email Use</b>	<p>The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the</p>

	identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.
<b>Withdrawal from Class</b>	The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.
<b>Student Grievance Procedures</b>	<p>Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's <i>Handbook of Operating Procedures</i>.</p> <p>In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.</p> <p>Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.</p>
<b>Incomplete Grades</b>	As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of <u>F</u> .
<b>Disability Services</b>	<p>The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.</p> <p>The contact information for the Office of Disability Services is:  The University of Texas at Dallas, SU 22  PO Box 830688  Richardson, Texas 75083-0688  (972) 883-2098 (voice or TTY)  <a href="mailto:disabilityservice@utdallas.edu">disabilityservice@utdallas.edu</a></p> <p>If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.</p> <p>It is the student's responsibility to notify his or her professors of the need for such an</p>

	<p>accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.</p>
<b>Religious Holy Days</b>	<p>The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.</p> <p>The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.</p> <p>If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.</p>

*These descriptions and timelines are subject to change at the discretion of the Professor.*