

## THE GEORGE WASHINGTON UNIVERSITY

### **ECON 151. Economic Development** **Spring 2007** **Prof. Jorge Vega**

#### **Course Objective:**

This course provides a general introduction to development economics, a subject that studies the economic transformation of developing countries. It first presents the main definitions of economic growth and economic development and the most important theories that try to explain the development process of third world countries. Then, it focuses on key issues related to developing countries such as poverty, inequality, population growth, rural-urban migration, human capital, international trade, foreign investment, and the role of the state. Case country studies will be presented along the course in order to understand the practical challenges experienced by poor countries during their development process.

#### **Grading:**

Mid term exam: 35%

Final exam: 35%

Paper: 30%

#### **Reading Material:**

The text is Michael P. Todaro and Stephen C. Smith, *Economic Development*, Addison-Wesley, 9th. edition., 2005. Other commonly utilized reading materials are: Chang, Ha-Joon, Ed., *Rethinking Development Economics*, Anthem Press, 2003; Meier, Gerald and Rauch, James, *Leading Issues in Economic Development*, Oxford University Press, 2005; Meier, Gerald and Stiglitz, Joseph Eds., *Frontiers of Development Economics*, Oxford University Press, 2001; Ray, Debraj, *Development Economics*, Princeton University Press, 1998; Sen, Amartya, *Development as Freedom*, Random House, 2001; Stern, Nicholas, *A Strategy for Development*, The World Bank, 2001.

#### **Course Outline and Reading List:**

1. Economic growth and economic development: basic definitions.

- Text ch. 1.
- Basu, Kaushik "On the Goals of Development", in Meier and Stiglitz Eds.
- Meier and Rauch ch. 1.
- Ray, D. chs. 1, 2.
- Sen, A. chs. 1,2.

2. The measurement of growth and development.

- Text chs. 1, 2.
- Meier and Rauch ch 1.
- Ray, D. ch. 2.
- Stern, N. ch. 2.
- The World Bank, *World Development Report*, 2007.

**3. Theories of economic growth: old and new theories.**

- Text chs. 2, 3.
- Ray, D. chs. 3, 4.

**4. Theories of economic development: from classic to modern theories.**

- Text ch. 4.
- Meier, G. "The Old Generation of Development Economists and the New", in Meier and Stiglitz Eds.
- Meier and Rauch ch. 2.

**5. Poverty and inequality in the third world.**

- Text chs. 4, 5.
- Cornia, Andrea "Globalization and the Distribution of Income Between and Within Countries", in Chang, H. Ed.
- Meier and Rauch ch. 8.
- Ray, D. chs. 6, 7, 8.
- Sen, A. ch. 4.
- The World Bank, World Development Report, 2001 chs 1, 2, 3, 4, 5.

**6. Population growth and economic development.**

- Text ch. 6.
- Ray, D. ch. 9.
- Sen, A. ch. 9.

**7. Labor and unemployment in developing countries.**

- Ray, D. ch. 13.

**8. Urbanization and rural-urban migration.**

- Text ch. 7.
- Meier and Rauch ch. 6.
- Ray, D. ch.10.

**9. Agriculture and rural development.**

- Text chs. 9, 10.
- Byres, Terry "Agriculture and Development: The Dominant Orthodoxy and an Alternative View", in Chang, H. Ed.
- Meier and Rauch ch. 7.
- Ray, D. chs. 11, 12.

**10. The environment and development.**

- Text ch. 10.
- Meier and Rauch ch. 10.

**11. Human capital and economic development.**

- Text ch. 8.
- Meier and Rauch ch. 5.

**12. International trade and economic development.**

- Text chs. 12, 13.
- Chang, Ha-Joon "Trade and Industrial policy Issues", in Chang, H. Ed.
- Meier and Rauch ch. 4.
- Ray, D. chs. 16, 17, 18.

**13. Foreign finance, investment and aid.**

- Text chs. 13, 15, 16.
- Nayyar, Deepak "Globalization and Development", in Chang, H. Ed.

**14. Planning, markets and the role of the state.**

- Text ch. 17.
- Adelman, Irma "Fallacies in Development Theory and their Implications for Policy", in Meier and Stiglitz Eds.
- Chang, Ha-Joon "The Market, the State and Institutions in Economic Development", in Chang, H. Ed.
- Meier and Rauch ch. 9.
- Ray, D. ch. 5.
- Sen, A. chs. 5, 6, 11, 12.