Course objectives

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.

Each weekly session is structured around a specific set of questions, and economic concepts and techniques are introduced as needed. Case studies are used to emphasize the connection to concrete development issues. The course combines lectures, discussion and student presentations.

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.

Learning objectives

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
- Possess the skills to read and interpret quantitative studies and appreciate the importance of testing theories with good data and sound models
- Recognize the complexity of sustainable development issues, and their multiple determinants and implications
- Realize that the feasible solution to a problem often differs from a pre-established theoretical prescription and requires contextual knowledge as well as an appreciation of broader policy constraints.

Course requirements and grading

1. **Class presence and participation (10% of final grade):** Attendance and class participation are mandatory. If you need to be absent for any reason, please notify the instructor in advance. You are expected to come to class prepared to discuss the assigned readings.
2. **Presentation (10%):** You will present on a chosen topic by providing a critical assessment of selected readings. This will be done in a power point presentation to be shared with the class.
3. **Mid-Term exam (25%):** Held in class on Thursday Feb. 27.
4. **Take-Home assignments (10% each for a total of 30%):** The objective of these is to gain practice in the application of economic concepts. These will usually involve analyzing data on a specific country of your choice.
5. **Final take-home exam (25%):** due Tuesday April 29, at 5pm.

Assignments will be given a percentage grade and weighted as in the above. The overall percentage grade obtained will be assigned a final letter grade as follows:
Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies that can be found at: https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx. Excuses for missing a class test or deadline for assignments will only be accepted for proven and acceptable reasons. 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 well-being 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.

Reading

Two books are required for this course:

All other required reading will be available on the course Sakai webpage (Resources section). The course site on Sakai can be accessed through http://lss.at.ufl.edu, by entering your Gatorlink username and password. Through this site you can also: read assignment instructions, post your assignments, and check grades.

Optional:
- A good and popular textbook for development economics is *Economic Development*, Michael Todaro and Stephen Smith, now at its 11th edition. This is an optional text that may help some of you understand better the basic concepts and debates. Selected sections will be available on Sakai.

**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.

1. **January 7, 9: Introduction**
   **Topics:** Basic principles in economics; economics and development studies; sustainable development; schools of thoughts; the objectives of development; MDGs; value judgments in economics.
   **Reading:**
   - EDS (Chs. 1-2)
   - PE, Ch. 1

2. **January 14, 16: Economic growth and structural change**
   **Topics:** Growth theories; structural change; growth convergence/divergence; the role of geography, policies, and institutions; coordination failures and externalities; the role of gender equality
   **Tools:** Income accounting; aggregate production function; sources of growth and total factor productivity; increasing returns; market failures; closed/open economies; basics of cross-country econometric regressions.
   **Reading:**
   - EDS, Ch. 3
   - Todaro, M and Smith, *S Economic Development* Ch. 3 + Appendixes
3. January 21, 23: Key statistics and quality of economic data

**Tools:** GDP and GNI; the HDI and other UNDP statistics; household survey methods.

**Reading:**
- Todaro, M and Smith, S *Economic Development* (11th ed.), Ch 2 note on the new HDI

**Further reading:**

4. January 28, 30: Countries’ experiences of growth: The role of state and markets

**Topics:** State and markets in development; project appraisal; IS industrialization vs. export-oriented development; controversies in theories of economic growth; the role of industrial policy.

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

**Readings:**
- EDS, Chs. 4-5
- Todaro, M and Smith, S *Economic Development* Ch. 11

5. Feb. 4, 6: Poverty and inequality in a globalized world

**Topics:** Concepts and measurements of poverty; interaction between economic growth, inequality and poverty; determinants of 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:**
- EDS, Ch. 9

**Further Reading:**

• Todaro and Smith, *Economic Development*, Ch. 5 + App. 5.2

6. Feb. 11, 13: International trade

**Topics:** trade theories; trade policies (tariffs, quotas, and exchange rates); supply chains; WTO and multilateral approaches to trade policy; AGOA; international trade standards; case study: Chile.

**Tools:** Comparative advantage; demand elasticity; current and capital accounts; terms of trade; exchange rate regime; import substitution; export promotion.

**Reading:**

• EDS, Chs. 6-7

**Further Reading:**

• Pearce and Warford *World Without End*, Ch. 12

7. Feb. 18, 20, 25: Debates and controversies over development policies
Topics: Structural adjustment policies; Washington consensus and its critique; the role of institutions; NGOs; governance reforms (corruption, participation and decentralization); role of gender equality.

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

Reading:
- Beneria, L. *Gender, Development and Globalization* (Ch. 3)

8. Feb. 27: Mid-term in-class Test

March 1-8: NO CLASS: SPRING BREAK

9. March 11, 13: Project evaluation

Topics: Impact; Randomization; Matching; Regression; Data Envelope Analysis.

Tools: Sampling; counterfactuals; treatment and control groups; selection bias; household models; intra-household resource allocation and decision-making.

Readings:
- Poor Economics Ch. 5

Further reading:

10. March 18, 20: Environment, resources and development

Topics: Sustainable growth and the “limits to growth” debate; management of natural and environmental resources; the tragedy of the commons; global warming and induced climate change; 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:**
- Todaro and Smith, *Economic Development*, Ch. 10

**Further Reading:**

11. March 25, 27: Agriculture and development

**Topics:** Role of agriculture; sources of productivity growth in agriculture; rural market failures and imperfections; green revolution; agricultural policies; value chains; sustainable agriculture; gender and farming systems.

**Tools:** Demand and supply in agricultural markets; micro-economic models of rural households; decisions under risk.

**Reading:**

**Further Reading:**
12. April 1, 3: Anti-poverty strategies and interventions

**Topics:** Building human capital; challenges of educational provision; relationship between child schooling and child labor; types of government interventions; conditional cash transfers

**Tools:** Micro-economic models; social vs. private costs/benefits; progressive taxation; subsidies; workfare; targeting the poor; difference-in-difference estimators.

**Reading:**
- Todaro and Smith, *Economic Development*, Ch. 8

**Further Reading:**

13. April 8, 10: Microfinance

**Topics:** Microfinance: promises and pitfalls; Lending methodologies; mission drift (sustainability vs. poverty reduction); SMEs

**Tools:** Financial sustainability; impact assessment; savings instruments

**Reading:**
- Poor Economics (Chs 6-11)

**Further reading:**

14. April 15, 17, 22: Foreign Direct Investment, Foreign finances and Aid

Topics: The role of FDI and multinationals; governance issues in FDI; labor and environmental standards; corporate social responsibility; the role of foreign aid.

Tools: Terms of development assistance.

Reading:

• Todaro and Smith, Economic Development, Ch. 14

April 29: Take-home exam due by 5pm