

SEMESTER AT SEA COURSE SYLLABUS
Colorado State University, Academic Partner

Voyage:	Spring 2018
Discipline:	Economics
Course Number and Title:	ECON 460 Economic Development
Division:	Upper
Faculty Name:	Dr. Mark Ellyne
Semester Credit Hours:	3

PREREQUISITES: One intermediate macroeconomics course

COURSE DESCRIPTION

Harry Truman summarised the essence of economic development when he said that “more than half the people of the world are living in conditions approaching misery. Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history humanity possesses the knowledge and the skill to relieve the suffering of these people ... I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life.... Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.”

The course will look at current and past theories of economic development and examine the role of the Bretton Woods Institutions. It will take a policy-oriented approach to examine a range of development issues, including: the impact of globalization, the role of foreign aid and foreign investment, the impact of poverty and inequality, population growth, environmental issues and how to finance sustainable development.

LEARNING OBJECTIVES

At the conclusion of this course students should be able to:

1. Understand the particular structural characteristics of developing countries.
2. Identify the specific problems developing countries face and consider policies to address those problems.
3. Understand the causes of poverty and inequality in the developing world.
4. Recognize the role that state plays in economic development.
5. Evaluate when and why aid to developing countries is and is not effective.
6. Understand issues involved in the globalization of markets and their consequences for developed and developing countries.
7. Discuss the concept of sustainable development in a domestic and international context.

REQUIRED TEXTBOOK

AUTHOR: Michael P. Todaro and Stephen C. Smith
TITLE: Economic Development
PUBLISHER: Pearson
ISBN-13: 9780133406788 /0133406784
DATE/EDITION: 2014, 12th Edition

TOPICAL OUTLINE OF COURSE

Depart Ensenada, Mexico – January 5

B1–January 8:

Introduction to Development Economics
Chapter 1 – Todaro

B2–January 10:

Comparative Econ Development
Chapter 2.1-2.4 - Todaro

B3–January 13:

Economic growth and development theory I
Chapter 3.1-3.3 - Todaro

Honolulu, Hawaii – January 12

B4–January 15:

Economic growth and development theory II
Chapter 3.5-3.6

January 16–International Date Line crossing (Lost Day)

B5–January 18:

Contemporary Models
Chapter 4 - Todaro

No Class – January 19

B6–January 21:

Role of the State Debate
Chapter 11 (Todaro) and readings on intranet
Student Panel presentation

B7–January 23:

The Economic Development Stories for China
Case study 4 (Todaro) and readings on intranet
Headly, Derekk Kanbui, Ravi and Zhang, Xiaobo (2008). China's Growth Strategies.

Kobe, Japan – January 24-28

B8—January 30:

The Washington consensus Debate
Chapter 11 (Todaro) and Readings on intranet
Panel debate by students
Williamson, John (2004). A Short History of the Washington Consensus.

Shanghai, China – January 31 - February 1

In-Transit – February 2-3

Hong Kong, SAR – February 4-5

B9—February 6:

Understanding the Balance of Payments
Chapter 11 (Todara) and readings on intranet

Ho Chi Minh City, Vietnam – February 8-13

B10—February 15:

Understanding Capital Flows and Foreign Debt
Chapter 13 (Todaro) and readings on intranet

No Class –February 16

B11—February 18:

Donor Aid Debate - Panel presentation,
Roodman, David (2007). Macro Aid Effectiveness Research: A Guide for the Perplexed
Chapter 14 (Todaro) and Readings on intranet

Yangon, Myanmar – February 19-23

B12—February 25:

Global Demographics Debate –
Student Panel presentation
Population Matters for Sustainable Development (2012). UN Population Fund.
Chapter 6 (Todaro) and Readings on intranet

B13— February 27:

Population, urbanization and growth
Chapter 6 – 7 (Todaro) and reading on intranet
Essay 1 Due

Cochin, India – February 28 - March 5

B14—March 8:

Human Capital: Health and Education
Chapter 8 - Todaro

No Class – March 7

B15—March 10:

Finance for development and Fiscal Policy

Chapter 15 (Todaro) and readings on intranet

Global Financial Crisis and Domestic Resource Mobilization in Africa (2010). African Development Bank.

Port Louis, Mauritius – March 11

B16—March 13:

Poverty Inequality and Development I

Chapter 5 - Todaro

B17—March 15:

Poverty Inequality and Development II

Bourguignon, François (2004). The Poverty-Growth-Inequality Triangle. World Bank.

Additional readings on intranet

B18—March 17:

Economic Development in South Africa

Bhorat, Haroon and Hirsch, Alan (2014). Economic Policy in South Africa: past, present and future.

Additional readings on intranet

Cape Town, South Africa – March 18-23

B19—March 25:

Climate Change Debate - Panel presentation

Chapter 10 - Todaro

Readings on intranet

B20—March 27:

Are Natural Resources a Blessing or a Curse?

Lifting the Resource Curse (2009). Oxfam.

Readings on intranet

B21—March 29:

Rethinking Development Policy

Lin, J (2012). The New Structural Economics: A Framework for Rethinking Development and Policy

Tema, Ghana – March 30 - April 1

Takoradi, Ghana – April 2-3

B22—April 5

The Zimbabwe Hyperinflation

Ellyne, Mark (2016). Zimbabwe Monetary Policy, 1998-2012: From Hyperinflation to Dollarization.

Readings on intranet

Essay 2 Due

B23—April 7:

The Zimbabwe Dollarization

Ellyne, Mark (2016). Zimbabwe Monetary Policy, 1998-2012: From Hyperinflation to Dollarization.

Readings on intranet

Study Day — April 8

B24— April 10:

Review

Casablanca, Morocco — April 11-14

B25—April 16: Final Exam

Arrive Bremerhaven, Germany — April 19

EVALUATION AND GRADING

Course Evaluation

The course evaluation will emphasize the importance of good economics writing about development issues (see table below). There will be two essay papers related to topics covered in class and a written Field Project that represent sixty percent of the credit for the course. Students will participate in one panel debate, to learn presentation skills, and will undertake a small data comparison project on purchasing power parity. Student must attend all classes; although 1 absence will be tolerated.

Course Evaluation	Percentage
2 papers @1500 words	36%
1 panel presentation	15%
Final exam	15%
PPP Project	10%
Field Project	24%
Total	100%

Grading Scale

The grading scale below will be used, with numerical scores. Pass/Fail is not an option for Semester at Sea coursework. Note that C-, D+ and D- grades are also not assigned on Semester at Sea in accordance with the grading system at Colorado State University (the SAS partner institution).

Pluses and minuses are awarded as follows on a 100% scale:

<u>Excellent</u>	<u>Good</u>	<u>Satisfactory/Poor</u>	<u>Failing</u>
97-100%: A+	87-89%: B+	77-79%: C+	Less than 60%:
93-96%: A	83-86%: B	70-76%: C	
90-92%: A-	80-82%: B-	60-69%: D	

ATTENDANCE/ENGAGEMENT IN THE ACADEMIC PROGRAM

Attendance in all Semester at Sea classes, including the Field Class, is mandatory. Students must inform their instructors prior to any unanticipated absence and take the initiative to make up missed work in a timely fashion. Instructors will make reasonable efforts to enable students to make up work which must be accomplished under the instructor's supervision (e.g., examinations, laboratories). In the event of a conflict regarding this policy, individuals may appeal using established CSU procedures.

ESSAYS

Students are required to write two essays of 1500 words for the course. The first essay should be related to lectures 1 through 12 and will be due by class on February 27, 2018. The second essay should be related to lectures 13 through 23 and will be due by class on April 5, 2018. The essay topic should be framed as a policy question or economic issue, where you, the student, are acting as an advisor to government and are submitting your opinion and advice on the issue. The essay is intended to be a "think piece" where the student presents the background to the issue and defends a position related to it. The essay should be written in an academic format, with footnotes and a bibliography. These essays are intended to teach appropriate economics writing. Students should submit their proposed essay topic to the Professor for clearance. Students may write one of their essays on the topic of their panel presentation.

PANEL DEBATES

There will be five panel debates on topics listed below. Each panel will consist of 2 teams of about 3 persons (depending upon class size). Each team will present and defend an opposing perspective regarding the topic under discussion. A portion of the class grade will be linked to the panel performance. This is an exercise in team work and making a public presentation.

Debate format:

- ✓ Each team must work together to make a coherent power point presentation. The opening presentations require each team member to talk for about 10 minutes (depending upon number of people on the panel). Citing data and studies to support your point is encouraged.
- ✓ The Pro side is allowed to go first. After both teams have made their presentations, there will be questions from the class, followed by a 5 minute break for teams to prepare their rebuttals.
- ✓ Rebuttals begin with the Con team, allowing about 1-2 minutes per team member.
- ✓ At the end of the discussion, we will take a straw poll of which teams arguments were most compelling.

A preference lottery will be launched at the beginning of the course to assign students to a panel and a team. The teams are then responsible for deciding on the presentation strategy and division of work, with the caveat that all team members should attempt equal presentation time during the debate.

A reading list will be provided on the ship's server, which will provide panelists with sufficient background articles for research.

A short summary of the panels is noted below.

1. Panel Debate: *The Role of the State: Regulate the Economy and Level the Playing Field vs The Developmental State—Leading and Participating in the Economy*

This panel debate will debate the role of the state and focus on the choice between the Developmental state and the more private-sector-oriented free market, where the state regulates but does not participate in commercial activities. The Con side (against the free market approach) should describe what is meant by the 'developmental state,' which is very interventionist and is generally modelled after Japan, Korean and some other Asian economies. We are interested in applying this debate to South Africa, which wants to be a developmental state, and the rest of Africa.

Guiding Questions

Context: Japan, Korea and China today, took a much more interventionist role for the state than was typical in Western economies, where the private sector led development within in a more *laissez-faire* environment. Panels should clarify how they see the role of the state in a developing country.

1. What is the "developmental state" and can it be done in Africa/South Africa.
2. Is the developmental state more appropriate at early stages of development, where there is a lack of capital and capabilities, which only the state can mobilize.
3. What are the risks and rewards of high state intervention?
4. What are the conditions needed for the private sector to lead the way?

5. Is 'crony capitalism' and corruption part of the developmental state, and how can it be prevented.
6. How would you describe the 'China Model,' and is it a valid form of the developmental state.
7. What are the implications for a developmental state and regional integration?

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2. Panel Debate: *The Washington Consensus: Good Riddance to Bad Ideas vs. Misunderstood Policies that Were Poorly Implemented*

This panel debate will focus on the ideas behind the liberal, market-based ideas of Washington Consensus, which reflected the attitude of the Bretton Woods institutions during the 1980s and 1990s. These views were subjected too much criticisms and were subsequently qualified and revised by the original promoters. The debate is intended to critique the initial views and their revision.

Guiding Questions

Context: Beginning around 1980, many developing countries in South America and Africa saw per capita growth stop or become negative. In searching for a policy prescription to rejuvenate growth, a set of liberal (free market) policies became the conventional wisdom, which was subsequently labelled the Washington Consensus. They served as the basis for many of the IMF and World Bank Structural Adjustment Programs that were implemented during the 1980s and 90s.

8. What are the Washington Consensus (WC) policies, who were they aimed at, and what is controversial about them?
9. Were the policies fundamentally flawed, not implemented properly, or were they just an incomplete agenda—explain.
10. Are the results of WC policies similarly negative throughout Africa and in other regions (Latin America)? Can you cite any data to support your claims. Did other development strategies work better?
11. What are some of the main criticisms of the WC made by Stiglitz and others?
12. What are the main ideas behind the "Post-Washington Consensus" proposed by Stiglitz and others?
13. If the WC represented the "first generation reforms," what are some of the "second generation reforms" promoted by the IMF and World Bank to improve economic performance?
14. Is the Washington Consensus Dead? Is the Post-Washington Consensus dead?
15. What is the China Model or "Beijing Consensus", and is this a realistic new paradigm for developing countries?

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**3. Panel Debate: Donor Aid:
Global Benefits Exceed the Costs vs Aid Generates too Many Negative Externalities**

The traditional case for a rise in official lending was simply a response to the policy assessment that low income countries had a shortage of capital, which was needed for increased investment needed to raise growth. Thus, donor aid from advanced industrial countries was a key element of the development equation. Subsequently, many have blamed such aid as responsible for corruption and a culture of aid dependency.

Guiding Questions

Context: *The case for a rise in official lending was simply a response to the policy assessment that low income countries had a shortage of capital, which was needed for investment to raise growth. Richer (Western) countries with more savings should provide subsidized finance (in the form of official loans and grants) to developing countries. Thus, donor aid is a key element of the development equation.*

1. What is donor aid? Is it homogeneous?
2. What is the economic case for foreign aid?
3. How much foreign aid is being supplied to Africa and the developing world from the advanced industrialised countries? (How large is that as a share of their GDP?) How much might be needed?
4. Are there any studies that document the effectiveness or failure of foreign aid?
5. External aid can be spent on imports, spent on local goods and services, or saved; what are the implications of each?
6. What are Moyo's (and others) criticisms of foreign aid.
7. What are some consequences of "aid dependence?"
8. Does donor create an over-valued exchange rate?
9. Is there any evidence that corruption and foreign aid are linked?

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**4. Panel 4: Demographics:
The Growing, Young, Labour Force serves more as a benefit to African Development vs
Population Growth will act as a potential threat to economic stability**

Africa will experience a demographic boom throughout the 21st century providing it with a young and growing labour force. Will this be a windfall of cheap labour to the production process or a burden on the economy owing to high unemployment?

Guiding Questions

Context: Demographers predict a sharp rise in Africa's population which in turn will lead to growing cities, an increase in the labour force as well as a rising youth demography. Whilst the rest of the worlds fertility rates have seen a steady decline, very few African countries are converging, maintaining very high levels of fertility. Central to the development problem, is whether African countries will be able to accommodate these rising figures and direct the

change towards improved economic development. If the continent cannot, what do we expect to occur?

1. Africa's population is expected to rise significantly over the next few decades. What are some of the trends we expect to see in the continents changing demography?
2. What are some of the challenges to economic development that will be associated with this population growth?
3. What are some of the benefits that can be expected from the population boom?
4. According to Masden, Africa's demography has not followed a uniform trend – what are some of the observations given? Can we make assertions on changing demography by region?
5. How is the aging of the SSA population going to affect economic development?
6. What impact has HIV/Aids had on aging trends in SSA?
7. What is the “demographic transition” and how has Africa made this transition in comparison to other regions
8. What is the general attitude towards family planning in Africa and how has this shaped its demography?
9. Can Africa follow a similar development path to that of countries such as China and India by leveraging its rising labour force?
10. What, if any, will be the barriers to such a development path?
11. Can Africa forge its own development path based upon the expected rise in population or should African governments focus their attention towards family planning?

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5. Panel Debate: *The Climate Change/Global Warming Battle: A looming disaster with global consequences (Pro) vs A potential threat that may be holding back emerging economies (Con)*

This panel will review the climate change/global warming debate to help the class participants understand why it has achieved such a high profile globally while so little has been done to abate it. While no one supports destruction of the planet, the debate is more focussed around mitigation versus adaptation. Is global warming caused by humans or is it a cyclic phenomenon that we should adopt do rather than try to prevent. The class is interested in the economic implications of global warming for development.

Guiding Questions

Context: The Pro side will outline the main problems and the impacts. The Con side will take the side of emerging markets that argue that they should not incur the extra costs of expensive CO2 emissions controls, which industrial countries never undertook at their earlier stages of development. The underlying issue maybe how much adaptation vs mitigation, and how to share that burden.

1. What is climate change and how does it occur?

2. What is the distinction between climate change and global warming?
3. What are the observable and potential effects of global warming?
4. What are the economic consequences?
5. Who is responsible for global warming? Is it a man-made problem or a naturally occurring process?
6. Why do sceptics dispute global warming?
7. What solutions have been proposed?
8. What are the economic costs of imposing solutions?
9. What are the implication of adopting to climate change versus trying to mitigate climate change?

FIELD WORK

Semester at Sea field experiences allow for an unparalleled opportunity to compare, contrast, and synthesize the different cultures and countries encountered over the course of the voyage. In addition to the one field class, students will complete independent field assignments that span multiple countries.

Field Class attendance is mandatory for all students enrolled in this course. Do not book individual travel plans or a Semester at Sea sponsored trip on the day of your field class. Field Classes constitute at least 20% of the contact hours for each course.

Field Class and Assignment

The field class for this course will take place on Wednesday, 31 January, in Shanghai, China.

Field Class Title: The Chinese Success Story

China has become the most important economic success of the past 30 years and is responsible for bringing so many people out of poverty that it helped achieve the UN's millennium development goals for reducing poverty by half in 2015. Yet it's not clear what the China model is, and whether it can be copied by others. What is the "Beijing Consensus" or a "socialist market economy".

The first goal is to understand the formula that led to the economic success of China. The second goal is to understand whether China has had to change this economic strategy over time.

The plan is to talk to Chinese economists—academic, professional and from government— and visit a factory in order to hear the Chinese version of this success story.

Student will prepare a 2000 word paper (+/-10%, excluding Abstract, References and Appendices) that describes the Chinese development strategy and to assesses whether it is applicable to other developing countries. The paper is due on 18 February.

Independent Field Assignments

In addition to the Field Project, students will undertake a purchasing power parity (PPP) project that spans multiple countries. This assignment is modelled after the Economist Big Mac Index and serves as a rudimentary test of exchange rate purchasing power parity. The comparison is intended to teach students about the role of exchange rates and how they affect relative costs and competitiveness across countries.

Students will work in groups of 3 per country and follow a clearly designed methodology to collect and compare price data on specific products to determine if each country's exchange rate is fairly-valued, over-valued, or under-valued.

Students may work in groups but must turn in an individual assignment. They will prepare a short note describing their analysis, the results, and the implications. This project will teach students how to work together in groups, do data collection and analysis and draw economic conclusions from limited information.

Projects will be due on April 9 and not include Morocco. They will be graded as Fair (65), Satisfactory (80), or Very Good (95).

LEARNING ACCOMMODATIONS

Semester at Sea provides academic accommodations for students with diagnosed learning disabilities, in accordance with ADA guidelines. Students who will need accommodations in a class, should contact ISE to discuss their individual needs. Any accommodation must be discussed in a timely manner prior to implementation.

A letter from the student's home institution verifying the accommodations received on their home campus (dated within the last three years) is required before any accommodation is provided on the ship. Students must submit this verification of accommodations to academic@isevoyages.org as soon as possible, but no later than two months prior to the voyage.

STUDENT CONDUCT CODE

The foundation of a university is truth and knowledge, each of which relies in a fundamental manner upon academic integrity and is diminished significantly by academic misconduct. Academic integrity is conceptualized as doing and taking credit for one's own work. A pervasive attitude promoting academic integrity enhances the sense of community and adds value to the educational process. All within the University are affected by the cooperative commitment to academic integrity. All Semester at Sea courses must adhere to this Academic Integrity Policy and Student Conduct Code.

Depending on the nature of the assignment or exam, the faculty member may require a written declaration of the following honor pledge: "I have not given, received, or used any unauthorized assistance on this exam/assignment."

RESERVE BOOKS AND FILMS FOR THE LIBRARY

AUTHOR: Michael P. Todaro and Stephen C. Smith
TITLE: Economic Development
PUBLISHER: Pearson
ISBN #: ISBN-13: 9780133406788
DATE/EDITION: 2015, 12th Edition

AUTHOR: Lin, Justin Yifu
TITLE: New Structural Economics: A Framework for Rethinking Development and Policy
PUBLISHER: The World Bank
ISBN (electronic): 978-0-8213-8957-7
DATE: 2012

AUTHOR: Yunus, Muhammad
TITLE: Banker To The Poor: Micro-Lending and the Battle Against World Poverty
PUBLISHER: PublicAffairs
ISBN #: 978-1586481988
DATE/EDITION: October 14, 2003, paperback

AUTHOR: Collier, Paul
TITLE: The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It
PUBLISHER: Oxford University Press
ISBN #: 978-0195373387
DATE/EDITION: August 22, 2008, paperback

AUTHOR: Bhagwati, Jagdish
TITLE: In Defense of Globalization
PUBLISHER: Oxford University Press
ISBN #: 978-0195330939
DATE/EDITION: September 4, 2007, paperback

AUTHOR: Milanovic, Branko
TITLE: Global Inequality: A New Approach for the Age of Globalization
PUBLISHER: Harvard University Press
ISBN #: 9780674737136
DATE/EDITION: 2016

DOCUMENTARY: Inequality for All
DIRECTOR: Jacob Kornbluth
DATE: 2013

DOCUMENTARY: Life and Debt
DIRECTOR: Stephanie Black
DATE: 2001

DOCUMENTARY: Poverty, Inc.
DIRECTOR: Michael Matheson Miller
DATE: 2014

DOCUMENTARY: The End of Poverty?
DIRECTOR: Philippe Diaz
DATE: 2008

ELECTRONIC COURSE MATERIALS

AUTHOR: Alvaredo, Facundo, Atkinson, Anthony B., Piketty, Thomas, and Saez, Emmanuel Saez
ARTICLE/CHAPTER TITLE: The Top 1 Percent in International and Historical Perspective
JOURNAL/BOOK TITLE: Journal of Economic Perspectives
VOLUME: 27(3)
DATE: Summer 2013
PAGES: 3-20

AUTHOR: Bosworth, Barry and Collins, Susan M.
ARTICLE/CHAPTER TITLE: Accounting for Growth: Comparing China and India JOURNAL/BOOK
TITLE: Journal of Economic Perspectives
VOLUME: 22(1)
DATE: Winter 2008
PAGES: 45-66

AUTHOR: Collier, Paul and Gunning, Jan Willem
ARTICLE/CHAPTER TITLE: Why has Africa Grown Slowly?
JOURNAL/BOOK TITLE: Journal of Economic Perspectives VOLUME: 13(3)
DATE: Summer 1999
PAGES: 3-22

AUTHOR: Datt, Gaurav and Ravallion, Martin
ARTICLE/CHAPTER TITLE: Is India's Economic Growth Leaving the Poor Behind?
JOURNAL/BOOK TITLE: Journal of Economic Perspectives
VOLUME: 16(3)
DATE: Summer 2002
PAGES: 89-108

AUTHOR: United Nations
REPORT TITLE: Transforming our World: The 2030 Agenda for Sustainable Development DATE:
2015
PAGES: 1-41
URL: <https://sustainabledevelopment.un.org/post2015/transformingourworld/publication>

AUTHOR: Easterly, William
ARTICLE/CHAPTER TITLE: Can Foreign Aid Buy Growth?
JOURNAL/BOOK TITLE: Journal of Economic Perspectives
VOLUME: 17(3)
DATE: Summer 2003
PAGES: 23-48

AUTHOR: Dasgupta, Susmita; Laplante, Benoit; Wang, Hua; and Wheeler, David
ARTICLE/CHAPTER TITLE: Confronting the Environmental Kuznets Curve
JOURNAL/BOOK TITLE: Journal of Economic Perspectives
VOLUME: 16(1)
DATE: Winter 2002
PAGES: 147-68

AUTHOR: Banerjee, Abhijit and Duflo, Esther
ARTICLE/CHAPTER TITLE: The Economic Lives of the Poor
JOURNAL/BOOK TITLE: Journal of Economic Perspectives

ADDITIONAL RESOURCES

Additional articles for class and panel debates will provided by the instructor on the ship's intranet.