INSTRUCTOR: Ricardo A. López, PhD
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PHONE: 781-736-4823
OFFICE HOURS: T, Th: 10:50AM-11:30AM and by appointment.
PREREQUISITES: At least one semester of undergraduate microeconomics and one semester of undergraduate macroeconomics, or the equivalent.
COURSE DESCRIPTION: This course discusses the current situation of developing countries and the main theories of development and underdevelopment. Introduces the field and tools of development economics, explores the theoretical and policy debates around developing economies, and looks at alternative development strategies.
LEARNING GOALS: Upon completion of this course, students will have a fundamental understanding of economic development including development strategies. Students will be able to:

(1) Use economic reasoning to understand the causes of economic backwardness and the process of economic development.

(2) Understand and evaluate the impact of policies to promote economic growth and development.

(3) Use data and economic theory to examine the economic performance of developing countries in terms of growth, trade, savings and investment, poverty and inequality.

**READINGS:** In addition to the textbook, you will be also required to read a number of journal articles, book chapters, and cases listed below (additional readings will be assigned throughout the semester). Journal articles and book chapters will be posted on Latte. You will need to purchase the cases directly from the Harvard Business Publishing website. I have created a course area on that website, where you can order electronic versions of the cases. You will be receiving an email with instructions on how to access the course area and purchase the readings.

**COURSE REQUIREMENTS**

1. Attendance and Class Participation: 25%
2. Homework Assignments: 20%
3. Midterm Exam: 20%
4. Two Current Event Presentations: 10%
5. Final Exam: 25%

**ATTENDANCE AND CLASS PARTICIPATION:** You are expected to attend all classes and be on time. Late class arrivals are very distracting for the rest of the class, so please be respectful of your classmates and arrive early. If you have a legitimate and documented reason to miss a class, please contact me in advance. You are also expected to actively contribute to class discussion and the analysis of cases. Please read all the assigned materials before class.

**HOMEWORK ASSIGNMENTS:** There will be four homework assignments but only the best three will be considered in calculating your grade. Therefore, late homework assignments will not be accepted under any circumstances. If you have a problem that prevents you from handing out a homework assignment then that homework will be dropped. You are encouraged to discuss the assignments with your classmates, but you must write your own answers (i.e., use your own words). Please be aware that if two or more students bring identical answers (even if they worked together) then all of them will receive no credit for that assignment.

**EXAMS:** There will be a midterm exam and a final exam. The final exam is cumulative. You are responsible for all the material covered in lectures, assigned chapters, readings, current event presentations, and any additional material posted on Latte. The exams are closed-book exams.

**DATES OF THE EXAMS:**

Midterm Exam: Thursday October 27, 2016 (in class)
Final Exam: The date, time, and location of the final exam will be announced by Registrar Office.

**CURRENT EVENT PRESENTATIONS:** During the semester, you will be giving two 5-10 minute presentations on a current event in a developing country of your choice. The current event must be an issue related to the contents of the course, or to economic development in general, which has occurred in the last 6 months. The presentations must be based on an article drawn from one or more sources, including The Wall Street Journal, The Economist, The Financial Times, The New York Times, or The Business Week. You may also use reputable internet sources such as the websites of the World Bank, the IMF, the WTO, and other international organizations. Official government websites from the country under analysis are also a good source of information. Presenters are expected to distribute a copy of the article to the rest of the class and be prepared to answer questions. The rest of the class is expected to contribute to the discussion. I will provide a schedule of presentations based on a random assignment of the students enrolled in the class. After you have been assigned your presentation dates, you should send me your topics as soon as possible. I will be posting the list of presentations and current events on Latte.
As soon as a particular event has been selected, no other student can choose the same event, so please make your decision as soon as you can.

**CLASS WEBSITE:** Materials such as readings and answers to homework assignments will be available on Latte ([http://www.brandeis.edu/latte/](http://www.brandeis.edu/latte/)). Latte will be also used to make announcements. Please make sure you check the class website periodically.

**DISABILITY ACCOMODATIONS:** If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

**USE OF LAPTOPS IN CLASS:** You are allowed to use a laptop computer in class for note taking and for case discussions. You should not use your laptop to browse the internet or check your email during classes.

**ACADEMIC INTEGRITY:** You are expected to be familiar with and to follow the University’s policies on academic integrity. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

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**Course Outline (Tentative)**

1. **Introduction**

   Chapter 1

2. **Development and Growth**

   2.1. Measuring Economic Growth and Development

   Chapter 2


   2.2. Economic Growth: Concepts and Patterns

   Chapter 3


2.3. Theories of Economic Growth

Chapter 4

2.4. States and Markets

Chapter 5

Case: China: To Get Rich is Glorious (HBS 9-707-022)

Case: India on the Move (HBS 9-703-050)

3. Inequality and Poverty

Chapter 6


Case: Brazil under Lula: Off the Yellow BRIC Road (HBS 9-707-031)

Video: Poor Us: An Animated History of Poverty

4. Macroeconomic Policies for Development

4.1. Investment and Savings

Chapter 10


Case: Botswana: A Diamond in the Rough (HBS 9-703-027)

4.2. Fiscal Policy

Chapter 11

4.3. Financial Development and Inflation

Chapter 12


Case: *Bolivia: Globalization, Sovereignty, or Democracy? (HBS 9-702-086)*

4.4. Foreign Debt and Financial Crises

Chapter 13

Case: *Transforming Korea Inc.: Financial Crisis and Institutional Reform (HBS 9-708-007)*

4.5. Foreign Aid

Chapter 14

Case: *Aid, Debt Relief, and Trade: An Agenda for Fighting World Poverty (HBS 9-707-029)*

5. *Agriculture, Industry and Trade*

5.1. Agriculture and Development

Chapter 16

Case: *Rural Credit Cooperatives in India (Darden School of Business UV1106)*

5.2. Trade and Development

Chapter 18

Case: *Caffeine with a Conscience (Darden School of Business UV1173)*

5.3. Trade Policy

Chapter 19


Case: *Upgrading the Economy: Industrial Policy and Taiwan's Semiconductor Industry (HBS 9-609-089)*


Study Questions for Cases

*China: To Get Rich is Glorious (HBS 9-707-022)*

1. What was Deng's development strategy between 1978 and 1997? How well did it work?
2. What role did foreign direct investment play in China's development?
3. What are the most serious problems facing Jiang Zemin in 1997?

*India on the Move (HBS 9-703-050)*

1. Why did India experience relatively slow economic growth (3.5%, the "Hindu rate of growth") from independence until 1991?
2. Why did Rao adopt the post-crisis "Washington Consensus" strategy? How is it working?
3. How big a deal are Hindu-Muslim frictions? Demographic fragmentation? Deficits?
4. Is India an attractive site for foreign direct investment?

*Brazil under Lula: Off the Yellow BRIC Road (HBS 9-707-031)*

1. What is holding back Brazil's economic growth?
2. How would you grade President Lula's first term in office? Does he deserve a high or low grade?
3. Compare Brazil's economic performance with that of other BRIC countries. Does Brazil belong in BRIC?

*Botswana: A Diamond in the Rough (HBS 9-703-027)*

1. Is Botswana a success story?
2. What accounts for the country's performance?
3. Is this performance sustainable?

*Bolivia: Globalization, Sovereignty, or Democracy? (HBS 9-702-086)*

1. How did the Lozada/Sachs plan work? Why was it successful while previous attempts to eliminate inflation had not been?
2. What role did political factors play in the stabilization? Were these unique to the time and place?
3. Can Bolivia be a participant in the global economy (and, in particular, the global financial market) and remain a full democracy?
Transforming Korea Inc.: Financial Crisis and Institutional Reform (HBS 9-708-007)

1. How did Korea achieve its economic "miracle"?
2. If Park's strategy up to 1979 was so successful, why did his successors want to change it?
3. Was the financial crisis of 1997 inevitable? What were the main causes of the crisis?
4. Were the IMF's policies appropriate for Korea at that time? Why or why not?
5. How did Korea change through the crisis?

Aid, Debt Relief, and Trade: An Agenda for Fighting World Poverty (HBS 9-707-029)

1. What motivations do rich countries have to assist the poor ones?
2. Can debt relief open the doors to growth and investment?
3. Can aid flows help poor nations break out of poverty?
4. What is the role of the private sector in the redistribution of income at the global level?

Rural Credit Cooperatives in India (Darden School of Business UV1106)

1. What are the most important problems here?
2. What are Mehta's priorities?
3. What are Narayan's priorities?
4. Without intervention, what are the long-term prospects for the credit cooperative sector?

Caffeine with a Conscience (Darden School of Business UV1173)

1. What are the basic principles and practices of Fair Trade?
2. Discuss the Adam Smith Institute argument against Fair Trade. Does it have a point? Is it going too far in its argument?
3. Discuss: Fair Trade or fair baloney? What are the criticisms of the Fair Trade movement?

Upgrading the Economy: Industrial Policy and Taiwan's Semiconductor Industry (HBS 9-609-089)

1. How did the state achieve such success when it started out with so little in the way of national infrastructure or capabilities?
2. How were leaders chosen, and how did they marshal resources and operate with such freedom? Were they afforded some measure of political protection?
3. Where does the approach reach its limits in what the state can do?
INTERNATIONAL DATA SOURCES

Commodity Research Bureau, *Commodity Yearbook*
Congressional Information Service, Inc., *Index to International Statistics*
UN, *Statistical Yearbook*
UN, *Yearbook of National Accounts Statistics*
UN, *Yearbook of Industrial Statistics*
UN, *Demographic Yearbook*
UN, *World Labor Report*
UN, *Yearbook of Energy Statistics*
UN, *Yearbook of International Trade Statistics*
UNESCO, *Statistical Yearbook*
IMF, *International Financial Statistics*
IMF, *Direction of Trade Statistics*
IMF, *Government Finance Statistics*
IMF, *World Economic Outlook*
World Bank, *World Development Indicators*
World Bank, *Global Development Finance*
World Health Organization, *World Health Statistics Report*

Other statistical periodicals are published by organizations such as UNICEF, UNCTAD, regional development banks, UN regional commissions (such as UNECLA), and the ILO.
MAJOR ECONOMIC DEVELOPMENT JOURNALS

Economic Development and Cultural Change
Journal of Development Studies
Journal of International Development
Journal of Microfinance
Journal of Development Economics
World Development
Progress in Development Studies
The Developing Economies
Journal of Developing Areas
World Bank Economic Review
World Bank Research Observer
Review of Development Economics
Development Policy Review

One more journal meriting special attention is a joint publication by the World Bank and the IMF, with articles that are short, readable, and highly topical:

Finance and Development
## Econ270a - Schedule (Tentative and Subject to Change)

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<thead>
<tr>
<th>Class #</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Assigned Reading</th>
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<td>Th</td>
<td>25-Aug</td>
<td>Introduction</td>
<td>Chapter 1</td>
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<tr>
<td>2</td>
<td>Tu</td>
<td>30-Aug</td>
<td>Measuring Economic Growth and Development</td>
<td>Chapter 2, UN (2015a, 2015b)</td>
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<tr>
<td>3</td>
<td>Thu</td>
<td>1-Sep</td>
<td>Economic Growth: Concepts and Patterns</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>4</td>
<td>Tu</td>
<td>6-Sep</td>
<td>Economic Growth: Concepts and Patterns</td>
<td>Sokoloff &amp; Engerman (2000); Daude &amp; Fernandez-Arias (2010)</td>
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<tr>
<td>Th</td>
<td>8-Sep</td>
<td></td>
<td>NO CLASS</td>
<td>NO CLASS</td>
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<tr>
<td>5</td>
<td>Tu</td>
<td>13-Sep</td>
<td>Theories of Economic Growth</td>
<td>Chapter 4</td>
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<tr>
<td>6</td>
<td>Thu</td>
<td>15-Sep</td>
<td>Theories of Economic Growth</td>
<td>Chapter 4</td>
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<tr>
<td>7</td>
<td>Tu</td>
<td>20-Sep</td>
<td>States and Markets</td>
<td>Chapter 5</td>
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<td>8</td>
<td>Th</td>
<td>22-Sep</td>
<td>States and Markets</td>
<td>Cases: China: To Get Rich is Glorious; India on the Move</td>
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<tr>
<td>9</td>
<td>Tu</td>
<td>27-Sep</td>
<td>Inequality and Poverty</td>
<td>Chapter 6; Engerman and Sokoloff (2012)</td>
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<tr>
<td>10</td>
<td>Thu</td>
<td>29-Sep</td>
<td>Inequality and Poverty</td>
<td>Case: Brazil under Lula</td>
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<tr>
<td>Tu</td>
<td>4-Oct</td>
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<td>NO CLASS</td>
<td>NO CLASS</td>
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<tr>
<td>11</td>
<td>Th</td>
<td>6-Oct</td>
<td>Investment and Savings</td>
<td>Chapter 10; Javorcik (2004)</td>
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<td>12</td>
<td>Tu</td>
<td>11-Oct</td>
<td>Investment and Savings</td>
<td>Case: Botswana</td>
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<td>13</td>
<td>Thu</td>
<td>13-Oct</td>
<td>Fiscal Policy</td>
<td>Chapter 11; Sokoloff and Zolt (2012)</td>
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<td>15</td>
<td>Th</td>
<td>20-Oct</td>
<td>Review for Midterm Exam</td>
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<tr>
<td>Tu</td>
<td>25-Oct</td>
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<td>NO CLASS</td>
<td>NO CLASS</td>
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<tr>
<td>16</td>
<td>Thu</td>
<td>27-Oct</td>
<td>Midterm Exam (in class)</td>
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<td>17</td>
<td>Tu</td>
<td>1-Nov</td>
<td>Financial Development and Inflation</td>
<td>Case: Bolivia</td>
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<td>18</td>
<td>Th</td>
<td>3-Nov</td>
<td>Foreign Debt and Financial Crisis</td>
<td>Chapter 13</td>
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<td>19</td>
<td>Tu</td>
<td>8-Nov</td>
<td>Foreign Debt and Financial Crisis</td>
<td>Case: Transforming Korea</td>
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<td>20</td>
<td>Thu</td>
<td>10-Nov</td>
<td>Foreign Aid</td>
<td>Chapter 14</td>
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<td>21</td>
<td>Tu</td>
<td>15-Nov</td>
<td>Foreign Aid</td>
<td>Case: Aid, Debt Relief and Trade</td>
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<td>22</td>
<td>Th</td>
<td>17-Nov</td>
<td>Agriculture and Development</td>
<td>Chapter 16; Case: Rural Credit Cooperatives</td>
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<td>23</td>
<td>Tu</td>
<td>22-Nov</td>
<td>Trade and Development</td>
<td>Chapter 18; Caffeine with a Conscience</td>
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<td>Thu</td>
<td>24-Nov</td>
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<td>24</td>
<td>Tu</td>
<td>29-Nov</td>
<td>Trade Policy</td>
<td>Chapter 19; Dollar and Sokoloff (1994)</td>
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<tr>
<td>25</td>
<td>Thu</td>
<td>1-Dec</td>
<td>Trade Policy</td>
<td>Case: Taiwan</td>
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<tr>
<td>26</td>
<td>Tu</td>
<td>6-Dec</td>
<td>Trade Policy</td>
<td>Lopez (2005); Lopez (2009); Lopez (2015)</td>
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