

International Development Policy
AEB 4283 – Section 7288 – 3 credits
Fall Semester, 2014

(Prerequisite: AEB3103 or AEB2014 or ECO2013 or ECO2023)

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CLASSROOM: Larsen Hall, room 310.

CLASS MEETINGS: M,W,F - 7th period, 1:55 PM to 2:45 PM.

OFFICE HOURS: M,W,F immediately following class, or by appointment.

COURSE DESCRIPTION: A study of how factors such as poverty, population, technology, resources, trade and the environment affect humankind's effort to develop. The roles of the public and private sectors are discussed as well as the process of policy formulation and implementation. Emphasis is placed upon the agricultural sector and its role in the process of economic development, especially in countries where problems of hunger, demographic pressure and poverty are pervasive.

COURSE OBJECTIVE: The main objective of this course is to provide a broad understanding of the issues faced by developing countries in their efforts to modernize their economies and the policy options available to help address these issues.

REQUIRED TEXTBOOK: Michael P. Todaro & Stephen C. Smith. *Economic Development, Twelfth Edition*. Pearson/Addison Wesley. 2014.

RECOMMENDED READING

Joe Studwell. *How Asia Works: Success and Failure in the World's Most Dynamic Region*. Grove Press. 2014: Why have some East Asian countries been more successful in their economic development than others? Joe Studwell argues that the answer comes down to three key sets of policy choices: land-tenure

policies that support smallholder farmers, manufacturing policies that subsidize domestic industries yet demand internationally competitive results, and financial policies that support the above by resisting deregulation until it can be done safely. Countries that have done these things (Japan, South Korea, and Taiwan), he notes, have developed more robustly and consistently than those that have not (Malaysia, Thailand, Indonesia). And then there's China, the big work in progress at the center of it all. Drawing upon broad yet consistently engaging historical analysis, as well as some deep dives into World Bank and International Monetary Fund reports, Studwell ultimately wants to dispel some pervasive illusions about the region—that geography is destiny, for example—and to suggest that developing countries would do well to ignore much of the economic-development advice they currently receive from the West.

William Easterly. *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor*. Basic Books. 2014: Over the last century, global poverty has largely been viewed as a technical problem that merely requires the right “expert” solutions. Yet all too often, experts recommend solutions that fix immediate problems without addressing the systemic political factors that created them in the first place. Further, they produce an accidental collusion with “benevolent autocrats,” leaving dictators with yet more power to violate the rights of the poor. In this book, economist William Easterly traces the history of the fight against global poverty, showing not only how these tactics have trampled the individual freedom of the world's poor, but how in doing so have suppressed a vital debate about an alternative approach to solving poverty: freedom. Presenting a wealth of cutting-edge economic research, Easterly argues that only a new model of development—one predicated on respect for the individual rights of people in developing countries, that understands that unchecked state power is the problem and not the solution—will be capable of ending global poverty once and for all.

Nina Munk. *The Idealist: Jeffrey Sachs and the Quest to End Poverty*. Doubleday. 2013. Jeffrey Sachs is a rock-star economist and advisor to leaders with struggling economies from Bolivia to Poland to Russia. He switched from hard-edged economist to humanitarian when he undertook to end world poverty, writing *The End of Poverty* (2005) and launching the Millennium Villages Project in 2006. It was a daring five-year project, financed by George Soros and like-minded donors, seeking answers to end poverty that were sustainable and transferable. Nina Munk spent six years traveling with Sachs between African villages and donors' meetings, living among villagers and project managers to get a sense of the progress of Sachs' grand experiment. She chronicles efforts to reduce malaria and develop sustainable farming projects as well as head-on clashes with development officials and worries about encouraging dependency even as the project pushed for more market-oriented programs. Her accounts of the experiences of programs in Somalia and Uganda highlight the ebb and flow of enthusiasm, disappointment, resentment, and frustration among camel herders, farmers, and villagers as they struggled to survive while theories on poverty relief confronted harsh realities.

Daron Acemoglu and James A. Robinson. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Business. 2012: this book attempts to answer the most basic question of global economics and politics: why do some nations (for example, Norway) thrive while others (for example, Mali) fail? The authors conclude that a nation's economic success is predominantly determined by its political institutions rather than geography, resources or culture. Inclusive states are innovative and prosperous thanks to the jostling of competing interests under the rule of law and secure property rights. Inclusive democracies with strong independent judicial systems thrive. Countries such as Great Britain and the United States became rich because their citizens overthrew the elites who controlled power and created a society with political rights more

broadly distributed and the government accountable and responsive to citizens. To the contrary, nations dominated by self-centered elites fail and are extremely poor. Extractive, totalitarian states are in a vicious circle of plutocracy, suppression of technological innovation and economic and personal freedom.

Abhijit V. Banerjee and Esther Duflo. *Poor Economics: A Radical Rethinking of the War to Fight Global Poverty*. PublicAffairs. 2011: Abhijit V. Banerjee and Esther Duflo (Massachusetts Institute of Technology) are two prestigious development economists who have worked with the poor in dozens of countries trying to understand the specific problems that come with poverty and to find proven solutions. Through a careful analysis of a very rich body of evidence, including the hundreds of randomized control trials that Banerjee and Duflo's lab has pioneered, they show why the poor, despite having the same desires and abilities as anyone else, end up with entirely different lives. *Poor Economics* argues that so much of anti-poverty policy has failed over the years because of an inadequate understanding of poverty. The battle against poverty can be won, but it will take patience, careful thinking and a willingness to learn from evidence.

Dean Karlan and Jacob Appel. *More than Good Intentions: Improving the Ways the World's Poor Borrow, Save, Farm, Learn, and Stay Healthy*. Plume. 2011. Written in the same vein as *Poor Economics*, *More than Good Intentions* combines behavioral economics with worldwide field research that takes readers into villages across Africa, India, South America, and the Philippines. Karlan and Appel show how small changes in banking, insurance, health care, and other development initiatives that take into account human irrationality can drastically improve the well-being of poor people everywhere.

Alan Beattie. *False Economy*. Riverhead Books. 2009. Alan Beattie is the International Economy Editor for the *Financial Times*. In *False Economy*, he weaves together elements of economics, history and politics, revealing that governments and countries make concrete choices that determine their destinies. Using stories of economic triumph and disaster, Beattie explains how some countries have gone wrong while other have gone right, and why it's so difficult to change course once you are on the path to ruin.

Jeffrey D. Sachs. *The End of Poverty: Economic Possibilities for our Time*. Penguin Books. 2005: an eloquent case in favor of increases in foreign aid to the poorest countries in the world.

William Easterly. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done so Much Ill and so Little Good*. Penguin Books. 2006: a response to Sachs's book, it discusses all the reasons why foreign aid has often failed in the past and is likely to fail in the future if it continues to be disbursed in the same way.

Dambisa Moyo. *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*. Douglas & McIntyre. 2010: Moyo, a native of Zambia, economist and former World Bank consultant, forcefully argues that charitable aid to African nations is not just ineffective – it is worse than *no aid*. In fact, charity from Western nations cripples African governments by fostering dependency and corruption without requiring positive change.

Paul Collier. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*. Oxford University Press, 2007: a book attempting to bridge the chasm between the pro-aid Sachs camp and the anti-aid Easterly camp.

Hernando de Soto. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. Basic Books, 2000: Hernando de Soto is a Peruvian economist known for his work on the informal economy and on the importance of business and property rights.

William J. Baumol, Robert E. Litan, Carl J. Schramm. *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity*. Yale University Press, 2007: The main thesis of this book is that capitalism comes in different forms, with some of them being much more beneficial than others. One of these forms of capitalism, entrepreneurial capitalism, is highly desired because it leads to growth and prosperity. The other forms are to be avoided; they lead to stagnation.

Supplemental readings and reference materials will be available online, on electronic or regular reserve at the UF library or on the course website.

COURSE GRADING: Grades in this course will be determined by the result of two in-class exams, a final exam, periodic quizzes, participation in a student debate, and class attendance. Weighting of these activities will be as follows:

Exam #1	25%
Exam #2	25%
Final Exam	25%
Student Debate	10%
In-class quizzes	10%
Class attendance	<u>5%</u>
TOTAL	100%

Your final score in the course will be calculated based on the percentage grade earned on each of the course activities listed above, multiplied by the weighting listed for each activity. Letter grades will be assigned based on your final course score as follows:

- 92 to 100 = A
- 88 to 91.99 = A-
- 85 to 87.99 = B+
- 82 to 84.99 = B
- 78 to 81.99 = B-
- 75 to 77.99 = C+
- 72 to 74.99 = C
- 68 to 71.99 = C-
- 65 to 67.99 = D+
- 62 to 64.99 = D
- 60 to 61.99 = D-
- Less than 60 = E

PLEASE NOTE THAT I DO NOT ROUND UP. FOR EXAMPLE, AN 89.99 IS A B+ AND IT WILL NOT BE ROUNDED UP TO AN A.

For information on current UF policies for assigning grade points, see <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Exams:

There will be two (2) in-class exams (each worth 25% of the final course grade) and a final exam (worth 25%) in this course. The final exam is NOT comprehensive.

Proposed dates for the in-class exams are indicated in the class schedule section of this syllabus. Any changes to these proposed dates will be announced in class at least one week in advance.

In-class Debate:

Each student will be required to participate in an in-class debate which will be worth 10% of your course grade. These debates are intended to introduce discussion of a wide range of current events in international development. Students will group into teams of three for this activity. Teams will sign up in advance for a date and will come prepared to class to support their stance on a pre-determined topic against another three-student team. An entire class (50 min) will be allocated for each debate (including the post-debate discussion with the instructor and classmates). The list of topics follows below:

1. Populism and populist leaders: have they really helped Latin American countries?
2. Religion and economic development: is there any connection?
3. The Resource Curse: is the availability of natural resources good or bad for a developing country?
4. USA vs. China: should the U.S. attempt to contain the emerging Chinese superpower?
5. Multinationals in developing countries: agents of good or evil?
6. The GMO controversy: do farmers in developing countries benefit from GMOs?
7. Economic growth and the environment: are there any limits to growth?
8. Dealing with debt crises: is austerity the right policy?
9. Free Trade Agreements: Should developing countries sign up?
10. Foreign aid: does it really help developing countries?
11. The Washington Consensus: the right prescription for developing countries?
12. How Asia Works: is the Asian model of state-led development more appropriate for developing countries?

Things to remember: This is supposed to be a fun and enjoyable experience and one that will help you improve skills you will be called upon to utilize in your careers. Everyone is going to be up in front of the class debating, so be supportive to your classmates and they will be supportive of you!

How do teams prepare for a debate? I will provide teams with relevant literature on their topic of discussion. In addition, teams are encouraged to do their own research to support their positions on the debates. Two

excellent sources of information are *The Economist* magazine (available in the library, at bookstores around town, or in the Internet at www.economist.com) and the Project Syndicate website (www.project-syndicate.org).

Beginning on Friday, I will have a sign-up sheet available for you to select your debating team and presentation date.

In-class quizzes:

Brief quizzes will be given periodically based on selected readings. Quizzes will be announced and will represent 10% of the final course grade. No make-up quizzes are given so if you miss a quiz, you get a zero.

Class attendance and participation:

Class attendance is particularly important because **each exam will include topics discussed in class, but not covered in the readings!** Class attendance will be worth 5% of your final course grade.

CLASS SCHEDULE:

Week 1 (August 24 - 28)

- Review of syllabus and general course overview.

COURSE SECTION 1: ECONOMIC DEVELOPMENT PRINCIPLES & CONCEPTS

- Introducing Economic Development: A Global Perspective
- Comparative Economic Development: Developing World vs. Developed Countries.

Week 2 (August 31 – September 4)

- Comparative Economic Development: Developing World vs. Developed Countries, continued.
- Classic Theories of Economic Growth and Development.

DEBATE 1: POPULISM IN LATIN AMERICA

MONDAY SEPTEMBER 7th IS LABOR DAY – NO CLASSES.

Week 3 (September 9 - 11)

COURSE SECTION 2: DOMESTIC PROBLEMS AND POLICIES

- Poverty, Inequality and Development.
- **DEBATE 2: RELIGION AND ECONOMIC DEVELOPMENT**

Week 4 (September 14 - 18)

- Population Growth and Economic Development.
- **DEBATE 3: THE RESOURCE CURSE**

Week 5 (September 21 - 25)

- Urbanization and Rural Urban Migration.
- **DEBATE 4: USA VS CHINA**

Week 6 (September 28 - October 2)

- Human Capital: Education and Health in Economic Development.
- **FIRST EXAM – MONDAY SEPTEMBER 28, 2015.**
- **DEBATE 5: MULTINATIONALS IN DEVELOPING COUNTRIES**

Week 7 (October 5 - 9)

- Agricultural Transformation and Rural Development.
- **DEBATE 6: THE GMO CONTROVERSY**

Week 8 (October 12 - 16)

- The Environment and Development.
- **DEBATE 7: ECONOMIC GROWTH AND THE ENVIRONMENT**

Week 9 (October 19 – 23)

- The Roles of Market, State, and Civil Society in Development Policymaking.
- **DEBATE 8: DEBT CRISES AND AUSTERITY**

Week 10 (October 26 – October 30)

COURSE SECTION 3: INTERNATIONAL PROBLEMS AND POLICIES

- International Trade and Economic Development.
- **DEBATE 9: FREE TRADE AGREEMENTS**

Week 11 (November 2 - 4)

- Balance of Payments, Developing-Country Debt, and the Macroeconomic Stabilization Controversy.

FRIDAY NOVEMBER 6th IS HOMECOMING – NO CLASSES.

Week 12 (November 9 - 13)

- **SECOND EXAM – MONDAY NOVEMBER 9, 2015.**
- **DEBATE 10: FOREIGN AID**

WEDNESDAY NOVEMBER 11th IS VETERANS DAY – NO CLASSES.

Week 13 (November 16 – 20)

- Foreign Finance, Investment, and Aid.
- **DEBATE 11: THE WASHINGTON CONSENSUS**

Week 14 (November 23)

- Finance and Fiscal Policy for Development.

THANKSGIVING BREAK: NOVEMBER 25 - 27 – NO CLASSES.

Weeks 15 (November 30 – December 4)

- Some Critical Issues for the Twenty-First Century.
- **DEBATE 12: ASIA AND STATE-LED DEVELOPMENT**

Weeks 16 (December 7 - 9)

- Course Wrap-Up

FINAL EXAM IS ON WEDNESDAY DECEMBER 16, – 3:00 PM – 5:00 PM!

UNIVERSITY POLICIES:

Academic Honesty

As a student at the University of Florida, you have committed yourself to uphold the Honor Code, which includes the following pledge: “*We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.*” You are expected to exhibit behavior consistent with this commitment to the UF academic community, and on all work submitted for credit 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.*”

It is assumed that you will complete all work independently in each course unless the instructor provides explicit permission for you to collaborate on course tasks (e.g. assignments, papers, quizzes, exams). Furthermore, as part of your obligation to uphold the Honor Code, you should report any condition that facilitates academic misconduct to appropriate personnel. It is your individual responsibility to know and comply with all university policies and procedures regarding academic integrity and the Student Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. Violations will be reported to the Dean of Students Office for consideration of disciplinary action. For more information regarding the Student Honor Code, please see: <http://www.dso.ufl.edu/SCCR/honorcodes/honorcode.php>.

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 crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. The Counseling & Wellness Center provides confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance.

- *University Counseling & Wellness Center, 3190 Radio Road, 352-392-1575, www.counseling.ufl.edu/cwc/*
 - Counseling Services
 - Groups and Workshops
 - Outreach and Consultation
 - Self-Help Library
 - Training Programs
 - Community Provider Database
- *Career Resource Center, First Floor JWRU, 392-1601, www.crc.ufl.edu/*

Services for Students with Disabilities

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation

0001 Reid Hall, 352-392-8565, www.dso.ufl.edu/drc/