Objectives and Course Description

This course has the dual purpose of familiarizing you with the most important development policy issues in Latin America and the world, as well as providing you with important tools for analyzing economic development and the impact of development projects.

The course aims to provide students with the essential tools and concepts of development economics. The sections in the course will examine, from different perspectives, how developing economies, in particular in Latin America, are different and what this means for the way we study them. Multiple examples and application of methods will be based on real data for specific developing countries. By the end of the course students will have a new understanding of what economists bring to development research and policy and be conversant in many of the approaches they employ.

The first part of the class will invite students to reflect on the question: what is economic development and how is development economics used to examine and explain it? We will go through a brief world history tour to understand how ideas about economic development have been shaped and how this has resulted in specific economic policy frameworks. In particular, we will examine important aspects that have influences policy and economic outcomes in Latin America and contrast them with similar factors in developed countries.

A different part of the class will provide some answers to big development questions (understanding, measuring, and analyzing the key elements of economic development: Income, Poverty, Inequality, Vulnerability, Human Development and Growth).

Because agriculture still dominates the economies of many countries in terms of income and employment, the next part of the class presents the key tools economists have come up with to analyze agricultural economies, with an eye towards understanding a wide array of impacts, from agricultural policies to trade. This part uses the agricultural household model, the staple of microeconomic analysis of agricultural and rural economies. This part also looks at the far-reaching transformations of rural and national economies that accompany economic growth and what this means for how we do economic analysis and design development policies.

Markets and trade are vital for countries to grow and spread the benefits of this growth across a broad population. However, markets fail for many people, and others find themselves unable to compete in an increasingly global economy. In the sections “Markets and Information”, “Environment, Conservation and Development” and “Institutions”, we see why economists think markets are so important to
economic development, why markets fail for many people, especially when it comes to valuing and coordinating the exchange of environmental goods, how globalization creates both winners and losers, and what this all means for development policies. In this context, we will also learn how institutions and social norms interact with markets or fill market voids and ultimately influence economic policy outcomes. Finally, we will explore how games and experiments are used to understand the behavior of individuals under imperfect market conditions.

Course Requirements and Grading

Your course grade will be determined by your work on the assignments, presentations and exams.

1. **Homework assignments and development proposal review (30%)**: email me a digital copy any time before it is due. In order to encourage students to start they work early, I will answer all questions up until 24 hours before the due date. The same rule holds for exams.

2. **Short paper and class presentation(s) (20%)**: Students choose a development issue to examine during the semester. First, they will look for 1-2 articles that address it, and present a summary to the class. Then, they will use this research to formulate a particular question related to the chosen topic, which is to be answered by: a) additional literature review, b) analysis of primary or secondary data. Students are expected to write a short paper with their findings and present them to the class (Choose any of the class topics or related ones. For the presentation/s, you should email me your slides at least one day before you present

3. **Exams (30%)**: 1 midterm and 1 final exam. In order to encourage students to start they work early, I will answer all questions up until 24 hours before the due date.

4. **Class participation (20%)**: Students are expected to come to class having read about the particular topic studied and actively contribute to discussion. Students are also expected to ask questions and clarify any issues and class procedures that seem unclear to them. In borderline cases, attendance and quality of classroom comments may be a factor in assigning grades. Absences and tardiness will reduce grades as indicated below.

**Attendance Policy**

Attendance is important. The student’s success in this class will be dependent upon their participation and the amount and quality of effort expended. Students will be held responsible for material covered in class. As a courtesy to fellow students and the instructor, students are expected to arrive on time. If the student cannot arrive on time because of extenuating circumstance, the student is strongly encouraged to meet with the instructor during the first week of classes.

Absences and tardiness will reduce grades as follows: More than two late arrivals/early departures will reduce the student’s grade by one step. More than one unexcused/non-documented absence will reduce the student’s grade by two steps. In extreme cases, lack of student engagement in class could also lead to a grade reduction.

**Lids Down/Messaging Policy**

Laptops are only permitted to be used in class for the purpose of using statistical and econometric software. If students want to review readings during class, they will need to bring a printed copy of these, not read in
the laptops. Text messaging, cell phones and other forms of cyber communication are not to be used in class, unless there is an exceptional circumstance and the student has notified the teacher in advance.

**Prerequisites:** Economic models are frequently used to organize the presentation of the various theoretical approaches and to provide a coherent explanation for some issues. These models should not be a major barrier to participation or successful achievement for students in this course. However, students wishing to deepen their understanding of economic development issues will find appropriate background material in M.P. Todaro, *Economic Development*, 8th ed. (New York, Longman, 2002).

**Readings:**

The following books are recommended: