Evans School of Public Policy & Governance: 533
Economics of International Development
DRAFT SYLLABUS

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Office: PAR 226
Class location: PAR 108
Class hours: Friday 9:00-11:50
Office hours: Friday 11:50-1:00 and by apt.

Recommended but not required texts:

Debraj Ray’s Development Economics, Princeton University Press, 1998, is an excellent text and highly recommended for those of you wanting to explore development economics more thoroughly. Ray’s text focuses on markets and is considered a traditional economics undergraduate development text.


Required Readings: available on the course website. Other references are listed for your interest and many are on the course website; others are easy to find in the UW system or online.

Course Objective

This course consists of two parts:

A. Definition, Measurement, Theory, Evidence: What is economic development (defining it), how do we measure it, and what explains differences (theory and evidence)?

B. Policy Responses and domains: What are the program and policy responses to development gaps, and how effective have they have been (evaluation and learning)?

We begin by defining what it is we are hoping to accomplish: what is development and how do we measure it? Understanding why it differs across countries (a question that goes back to Adam Smith’s 1776 An Inquiry into the Nature and Causes of the Wealth of Nations), involves theories about what underlies differences in growth and distribution – the allocation of scarce resources. These theories guide what we measure (the causal factors and outcomes) and the policies that we believe create the incentives to promote desired outcomes. Without theory it is difficult to interpret our evidence and understand “why” success or failure is realized, so progress -- via evaluation and learning -- is limited.

This course is a broad survey to introduce you to a selected set of “topics” in development economics, and scholars who have influenced the debate and agenda over the last thirty years – familiarizing you with some of these writers is behind the book report and “other readings.” My goal is for you to be comfortable with the language of basic international macroeconomics and the jargon of development economics and to be able to think analytically using some of the most basic tools of economics. We will spend time developing an economics glossary during the class, and I encourage you to add to this through your own reading.
Course Requirements

Quality participation in class (e.g. offer a world event), attendance, building a glossary – 10%
Group Presentation (ppt deck and presentation) – (30 minutes) 30%
Book report (1000 words) – 20%
Final Exam – 40%

Class participation: to tap into the diverse academic and professional backgrounds and experiences of your IDCP cohort, I want to encourage class participation. At the end of the quarter I will ask each of you to evaluate the quality of the participation of your peers. I will use your comments as a guide in my evaluation.

Note that “quality” involves thoughtful, well-timed, and respectful comments, and support for your classmates outside of the classroom. I will regularly ask the class about current events that relate to economic development, so please share the world news that you follow with the class. Please refer to the community conversation norms below.

Book report – read a contemporary development economics book by a well-respected scholar and write an approx. 1000 word book review. Great advice on writing nonfiction book reviews is available on line from writing centers at UNC and Indiana. Book options include:


Exam: this will be an in class exam as scheduled by the registrar with one 8.5 x 11 sheet of notes permitted. Sample questions will be handed out in advance from which the final questions will be selected.

Group Presentation: You will be randomly assigned to a group of approximately 5-6 students. Each group will be given the task of presenting a 30 minute power point presentation that is the product of a literature and evidence review (with definitions/measures, global statistics/estimates, and any current or important historical theories and debates on) answering the question of “what do we really know about the relationship between:
- displaced persons and GDP (Jan. 20)
- climate change/natural resources and poverty (Jan. 27)
- gender inequality and GDP (Feb 3)
- international trade and poverty (Feb 17)
- public finance (taxes and expenditures) and inequality (Mar 3)
You will be asked to present this information to the class and lead a discussion on the hypothesized relationships, evidence and policy implications.

All assignments will be graded on two criteria:
  i. Substance: appropriate depth and breadth of argument, citing and accuracy
  ii. Presentation: clarity, organization, writing quality, responses to questions

The exact nature of the course requirements and evaluation criteria may change slightly based on class composition. You will be notified of any changes in advance.

**Course Dates**

Jan: 6, 13, 20, 27  
Feb: 3, 10, 17, 24  
Mar: 3, 10

02/24: Book report due  
03/17: Final exam March 15, 2017, 1230-220 pm, PAR 108

**Community Conversation Norms (sections up to “evaluation” from AD Joaquin Herranz)**

Please note that everyone in our course is expected to behave ethically and professionally at all times. By registering for this course, you agree to abide by the ethical and civil discourse norms of the Evans School and the University of Washington. Specifically, you agree to: 1) not claim the work of others as your own; and to 2) not disrespect members of our Evans School learning community.  
For guidance on how to behave respectfully with other members of the Evans School community, please refer to the Evans School’s Community Conversation Norms ([http://evans.uw.edu/myevans/community-conversation-norms](http://evans.uw.edu/myevans/community-conversation-norms)):

At the Evans School, we value the richness of our differences and how they can greatly enhance our conversations and learning. We also have a responsibility to communicate with each other—in a manner consistent with conduct in today’s increasingly diverse places of work. We hold ourselves individually and collectively responsible for our communication by:

- **Listening** carefully and respectfully  
- **Sharing** and teaching each other generously  
- **Clarifying** the intent and impact of our comments  
- **Giving and receiving** feedback in a “relationship-building” manner  
- **Working** together to expand our knowledge by using high standards for evidence and analysis

**Evans School Policy on Academic Integrity**

You are joining a learning community in the Evans School of Public Affairs that is committed to the highest academic standards. As a member of this community, you agree to uphold the fundamental standards of honesty, respect and integrity, and you accept the responsibility to
encourage others to adhere to these standards. You also have a responsibility to conduct yourself in adherence to the University's Student Conduct Code, and to maintain good academic standing in the program. In addition to these expectations of responsibilities, you also have rights and recourses to address grievances. *It is your responsibility to understand these expectations now.*

**Student Conduct Code**

The first expectation is that Evans students adhere to the University's Student Conduct Code. The following is an abbreviated version. The complete code is available in Washington Administrative Code, Chapter 478-120.

"Admission to the University carries with it the presumption that students will conduct themselves as responsible members of the academic community. As a condition of enrollment, all students assume responsibility to observe standards of conduct that will contribute to the pursuit of academic goals and the welfare of the academic community. That responsibility includes, but is not limited to:

- academic and professional honesty and integrity,
- refraining from actions which would interfere with University functions or endanger the health, safety, or welfare of others, and
- complying with the rules and regulations of the University and its units.

Violations of these standards may result in a variety of disciplinary actions, including suspension or permanent dismissal from the University."

**ASPA Code of Ethics**

In addition, the American Society for Public Administration has its own [Code of Ethics](#), including "(6) Demonstrate personal integrity: Adhere to the highest standards of conduct to inspire public confidence and trust in public service." Your time at the Evans School will give you an opportunity to practice these codes.

**Student Academic Conduct**

Students at the Evans School are expected to maintain the highest standards of academic conduct, and of course most do. Cheating harms the person cheating, as it deprives them of the opportunity to learn the material. It also harms honest students who are frustrated by the unfairness of cheating that goes undetected and therefore unpunished.

Academic misconduct occurs if you present as your own work something that you did not do. It is also considered academic misconduct if you help someone else present work that is not his or her own.

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1 This section is drawn primarily from the Committee on Academic Conduct in the College of Arts and Sciences.
Plagiarism

One of the most common forms of cheating is plagiarism, using another's words or ideas without proper citation. When students plagiarize, they usually do so in one of the following six ways:

1. *Using another writer's words without proper citation.* If you use another writer's words, you must place quotation marks around the quoted material and identify the source of the quotation.

2. *Using another writer's ideas without proper citation.* When you use another author's ideas, you must indicate with an in-text citation, note, or other means where this information can be found. Your instructors want to know which ideas and judgments are yours and which you arrived at by consulting other sources. Even if you arrived at the same judgment on your own, you need to acknowledge that the writer you consulted also came up with the idea.

3. *Citing your source but reproducing the exact words of a printed source without quotation marks.* This makes it appear that you have paraphrased rather than borrowed the author's exact words.

4. *Borrowing the structure of another author's phrases or sentences without crediting the author from whom it came.* This kind of plagiarism usually occurs out of laziness: it is easier to replicate another writer's style than to think about what you have read and then put it in your own words.

5. *Borrowing all or part of another student's paper or using someone else's outline to write your own paper.*

6. *Using a paper writing "service" or having a friend write the paper for you.* Regardless of whether you pay a stranger or have a friend (inside or outside the School) do it, it is a breach of academic honesty to hand in work that is not your own or to use parts of another student's paper. This includes internet paper-writing resources. Note that it is also considered academic misconduct if you are the friend who willingly wrote a paper for someone else or shared your work for copying.

What happens if there is a suspected violation?

It is the Evans School's policy that instructors maintain discretion over whether and how any suspected academic misconduct should be reflected in the grade for that assignment, exam, or for the course. This may include a zero grade. Students who disagree with the instructors' assessment should follow the University's normal grade appeal process. Proven academic misconduct as outlined above could also result in disciplinary action from the Graduate School, including probation or dismissal from the University. Instructors will report suspected misconduct to the Graduate Program Coordinator.
Draft Course Outline

Part A: Definition, Measurement, Theory and Evidence

Lecture 1: Overview and defining economic development

1. Syllabus review (expectations, contacting me) and introductions

Summaries of class responses:

i. What do you believe are the top three economic development challenges for 2016;
ii. If you had $10 million to invest, where (any particular geography or group) in what sector (e.g. health, education, agriculture) and what activity (impact research, technology development, monitoring and evaluation, service delivery) would you put your money?

We begin by briefly covering the basics of economics (choice, allocation of scarce resources, factors of production, land, labor, capital, ideas, and the institutions that create incentives for exchange), the history of international economic engagement and factor flows, current actors, and the various concepts and definitions of development commonly used before narrowing in for a closer look at GDP, poverty, and inequality, and the SDGs.

2. Basic economics introduction
3. Globalization and the history of economic integration
4. Defining economic development

Readings:


Other readings if you are interested:

- Finn, Stokey, Schelling: Copenhagen Consensus Outcome document, 2015
- Julie Schaffner, Chapter 1, “Contemporary Development Efforts and the Role of Economic Analysis” 2013
Lecture 2: Measuring GDP and National Economies

We take a closer look at how the size and growth of economies are measured conceptually (macroeconomics) and accounted for in the National Income and Product Accounts (NIPA). This is followed by looking at some of the challenges of these data.

Reading:


EPAR Brief 309: Review of Human Development Indices, 2015 (first 18 pages only)

Other reading if you are interested:
- Bureau of Economic Analysis, Measuring the Economy: A Primer on GDP and the National Income and Product Accounts, December 2015

Lecture 3: Measuring Poverty

Most development practitioners agree that reducing poverty is a primary goal. Chen and Ravallion provide a snapshot of how poverty has changed over the past several decades. We look at how we measure the breadth and depth of poverty across and introduce some of the “axioms” of good indices.

Reading:


Marcio Cruz, James Foster, Bryce Quillin and Philip Schellekens, Ending Extreme Poverty and Sharing Prosperity: Progress and Policies, March 2015, World Bank


Other reading if you are interested:

http://povertydata.worldbank.org/poverty/home/

http://www.slideshare.net/nayomikankanamge/measurements-of-poverty?next_slideshow=1

**Lecture 4: Measuring Income Inequality**

The relatively recent publication of Thomas Piketty’s *Capital in the Twenty-First Century*, and evidence that income inequality is rising in major economies such as the U.S., has refocused attention on the distribution of wealth and income, and the gains from local and global growth. Can we claim advances in economic development if the benefits of that growth are not broadly shared, and if some individuals end up (relatively or absolutely) worse off? What is the relationship between inequality and growth? Is it a necessary condition or an impediment?

Inequality – even simple income inequality – is surprising difficult to measure (the great debate you will hear about per Sala-i-Martin and M. Ravallion over whether income inequality across countries is increasing or decreasing). At the simplest level, relying on measures of central tendency, such as a mean or median, can mask what is happening in the tails – and in particular, in the bottom of the distribution.

Just as income is unevenly distributed within a country, so is it often unevenly distributed within a household. Challenges to the “unitary” household model include evidence or differences in male and female preferences, and have led to a rich literature on household bargaining and the intra-household distribution of resources, with implications for programs that target women.

**Readings**


Other reading if you are interested:

- UNDP, Humanity Divided, June 2014
- Isabelle Ortiz and Matthew Cummins, Global Inequality: Beyond the Bottom Billion – A Rapid Review of Income Distribution in 141 Countries, United Nations Children’s Fund (UNICEF), New York, April 2011

**Lecture 5 & 6: How to explain differences -- theories and progress on development**

In order to create good indicators of development, we must have some priors (hypotheses, most usefully generated from sound theory). We will briefly discuss some general “theories” of development most common within economics. We begin by introducing some basic tools of economics (PPFs) and the debate over convergence and divergence (most directly viewed through income inequality).

**Theories of growth**
- Supply-side approaches: Production functions, resources, investment and technology
- Reconciling perfect markets and general equilibrium outcomes with an imperfect world and information/uncertainty
- Individuals, institutions and transaction costs, markets, public goods

**Reading:**


David Miliband and Ravi Gurumurthy, How to Make Humanitarian Aid More Efficient and Effective, July/August 2015, Foreign Affairs, Vol. 94 Number 4 (you can register for free and get one article per month).

Handout:
- Development Diagram (in class)

Other reading if you are interested:
- William Easterly, “Can the West Save Africa?” Journal of Economic Literature 2009, 47:2, 373–447

Part B: Policy Responses

Lecture 7 & 8: International Trade Policy and Aid

The theory of comparative advantage and trade liberalization has been heralded as a means of achieving economic growth. Though most evidence confirms that open trade does promote growth, all factors of production are not equally mobile or skilled, and the distribution of the benefits of trade, by factor of production and sector, will vary.

Overseas development assistance (ODA), by injecting external capital into a country, is another mechanism believed to have the potential to spur growth - though ODA has multiple objectives.

ODA-2015-detailed-summary.pdf
EPAR_UW_320_Measuring_Aid_01.29.16.pdf

2015 Chair of the Council of Economic Advisers, The Economic Report of the President, Chapter 7: The United States in a Global Economy

http://www.federalreserve.gov/newsevents/speech/fischer20150630a.htm or the pdf at “Monetary Policy in the United States and in Developing Countries,” Remarks by Stanley Fischer Vice Chairman Board of Governors of the Federal Reserve System at the Crockett Governors’ Roundtable 2015 for African Central Bankers
Lecture 9: Debt Relief and Financial Flows

Global economic development is both the sum of domestic economic development, and affected by those local economies. To look at how domestic activity affects global outcomes it is reasonable to focus on the U.S. – which accounts for a large share of global GDP, the major trading currency, and fiscal and monetary policy with demonstrated global effects. Beyond trade and financial policy and the resource flows they support, we will finish by looking briefly at bilateral and multilateral aid, and time permitting, debt relief.

For US data, browse: www.foreignassistance.gov

Other reading if you are interested:

Lecture 10: Sectors

TP Introduction to some ideas from Behavioral Economics for Development


Other Reading if you are interested: