

Eco 303: ECONOMIC DEVELOPMENT
Spring 2008, Lehigh University
Lecture: Tuesday and Thursday, 2:35 – 3: 50 PM

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Office: Rauch Business Center, Room 470
Hours: Tuesday 10 AM – Noon, Wednesday 1:30 – 4 PM, and by appointment
Phone: (610) 758-4540 Please note that I rarely check my phone messages. Your odds of making contact are better using email.
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Course Description

Economic Development, Eco 303, is a three-credit course in economic development, economic growth and their political environment. The principal economic development theories are examined. These theories are used to examine a variety of development issues including planning, poverty, rural-urban relationships, physical and human capital accumulation, international trade and the environment. Emphasis on institutions and development policy. Prerequisite: Eco 105 or 146.

Course Objectives Based on lectures, class discussion, readings in the texts and other sources, and projects; each Eco 303 student will be able to:

1. Discuss in detail the meaning of economic development and how this concept is related to that of economic growth. This discussion will show an awareness of the political, social and cultural dimensions of economic growth at the beginning of the 21st century.
2. Discuss in general terms the general characteristics of economic underdevelopment including low levels of income, low levels of productivity, high rates of population growth, high levels of un- and underemployment, agricultural and primary good dependence, and international economic vulnerability.
3. Demonstrate an understanding of how imperfect markets and incomplete information complicate economic development. Illustrate how high transaction costs can lead to “missing” markets in developing countries.
4. Discuss in general terms the classical theory of economic development. Discuss in detail the following theories of economic development: linear-stages, structural change, dependency theory, the neoclassical counterrevolution and the “new” growth theory.
5. Discuss in general terms the overall pattern of economic development using Kuznet’s characteristics of economic growth. Show an awareness of the weaknesses and limitations of Kuznet’s categorization.
6. Demonstrate an understanding of the role of development planning. This understanding will encompass the nature, the process, and the recent successes and

failures of such planning. Show an awareness of the impact of cultural characteristics, the international economy and political relations on planning. Discuss in detail fiscal and monetary policy for a developing country.

7. Discuss in detail the interrelationships of population growth, income growth, the distribution of income and poverty. In particular, be able to discuss the use of various measures of income distribution (e.g. Lorenz curve and Gini coefficients, etc.) and absolute and relative poverty. Show an awareness of both the Malthusian and microeconomic household theories of fertility.

8. Demonstrate an understanding of the role of human capital in economic development and how education might be used to increase such human capital. Show an awareness of the gender gap in education and the implications of possible intra- and international “brain drain”.

9. Discuss in general terms the overall pattern of agricultural transformation and rural-to-urban migration in developing countries. Discuss in detail the incentives involved in the rural-to-urban migration as well as the role of government policy in transforming agriculture in developing countries.

10. Discuss in detail the implications of economic development for the environment. Illustrate the concept of the “optimal” level of environmental pollution and the effects of various market oriented and non-market oriented proposals to control pollution. Show an awareness of the international economic and political effects of environmental degradation.

11. Discuss in detail the meaning and implications of the balance of trade and the current account balance for developing countries. Demonstrate an understanding of the major theories of the determinants of the direction (e.g. comparative advantage) and volume of international trade for developing countries as well as the critiques of these theories (e.g. Prebisch-Singer thesis). Discuss in detail the advantages and disadvantages of the export promotion and import substitution trade policies.

12. Discuss in detail the possible economic and political effects of foreign investment and borrowing on economic development. Show an awareness of the pattern of investment and the short- and long-term impact of a debt crisis on economic development. Discuss in general terms the institutional conditions necessary for efficient utilization of foreign capital.

Textbooks

Szirmai, Adam (2005) The Dynamics of Socio-Economic Development: An Introduction, New York, New York: Cambridge University Press. (ISBN: 0-521-52084-3)

The World Bank (2007) 2007 World Development Indicators, Washington D.C.: World Bank. (ISBN: 0-8213-6959-8)

<u>Date</u>	<u>Szirmai</u>	<u>World Development Indicators</u>
Jan 15	1. Introduction	1
Jan 17 - 22	2. Eco Development 1450-2000	
Jan 24-29	3. Growth Theories	
Jan 31- Feb 5	4. Technology	
Feb 7 - 12	5. Population	2 & 3
Feb 14-19	6. Health Care	
Feb 21 – 26	7. Education	
Feb 28	Mid-term Exam	
Mar 4 – 6	Spring Break	
Mar 11-13	8. Structural Transformation	4
Mar 18 - 20	9. Industrial Development	
Mar 25 - 27	10. Agriculture	
Apr 1 -3	11. Political Aspects	5
Apr 8 - 10	12. Cultural Dimensions	
Apr 15 - 17	13. International Relations since 1945	6
Apr 22 - 24	14. Foreign Aid	
Apr 26 (Saturday)	RCS for Tuesday and Thursday courses	

TBD Final Exam (Cumulative but weighed more heavily on the post-Mid-Term material)

Grading System:

Mid-Term Exam (Thursday, February 28th) 30%
Country Assessment Project 15%
Participation, attendance and curve busters 10%
Final Exam 45%

You are required to take the mid-term – it is not optional. If you are unable to take the mid-term then contact me as soon as possible to determine whether you are eligible for an excused absence. There are no make-up exams in Economics 303. If you are eligible for an excused absence then your final exam will count for both the final and the excused mid-term i.e. for 80%.

The Country Assessment Project will be assigned in several parts during the semester.

Curve busters are unannounced quizzes that are administered during the lecture hour. At least six curve busters will be given and the lowest two curve busters' scores will not be included in your grade.

“Eco lottery” will be in use this semester.

Important! Do not make your end-of-the-semester airline or other travel reservations until the final exam schedule is published. “I have a non-refundable ticket” is not a valid excuse to miss or reschedule the final exam. Please note that the last day for final exams this semester is May 7th.