International Development Policy
AEB 4283 – Section 7288 – 3 credits
Fall Semester, 2013
(Prerequisite: AEB3103 or AEB2014 or ECO2013 or ECO2023)

INSTRUCTOR: Diego Valderrama.
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CLASSROOM: McCarty Hall A, room G186.

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.


RECOMMENDED READING

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.


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.


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, homework assignments, periodic quizzes, and participation in a student debate. Weighting of these activities will be as follows:

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<tr>
<th>Activity</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Exam #1</td>
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<tr>
<td>Exam #2</td>
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<tr>
<td>Final Exam</td>
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<tr>
<td>Homework Assignments</td>
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<td>Student Debate</td>
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<td>In-class quizzes</td>
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<td><strong>TOTAL</strong></td>
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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.

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.

Homework assignments:

Homework assignments for the course will represent 5% of your course grade. There will be one or two of these assignments, each of which will require students to prepare a two-page essay providing a brief assessment of an assigned international economic development policy or issue. These homework assignments are intended to help students hone their thinking and writing skills – skills that will be especially important regardless of your chosen professional field or career path following graduation. Grading on the assignments will be based upon the extent to which your papers reflect thoughtful consideration of the issue being addressed and the utilization of concepts contained in course readings and presented and discussed in class in preparing your response.

Assignments will not need to be more than two pages in length (single-spaced, in a 12 point font). Assignments may be e-mailed directly to the class instructor (dvalderrama@ufl.edu). Otherwise, hard copies of assignments are to be turned in at the beginning of class on the assigned due date.

Policy regarding homework assignments turned in late: you will be given your homework assignments a minimum of three days before they are due to be turned in, which should be plenty of time to think about and prepare a two-page response. While I will accept late assignments, THERE WILL BE A DEDUCTION OF 10 PERCENTAGE POINTS (i.e., one letter grade) FROM THE SCORE ON YOUR ASSIGNMENT FOR EVERY DAY THAT AN ASSIGNMENT IS LATE!

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 two 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 two-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 in Latin America: is Venezuelan *chavismo* a role model for developing countries?
2. The Arab Spring: what can we expect from the wave of revolutions sweeping the Middle East?
3. The Resource Curse: is the availability of natural resources good or bad for a developing country?
4. Economic growth and the environment: are there any limits to growth?
5. USA vs. China: should the U.S. seek to contain the emerging Chinese superpower?
6. Multinationals in developing countries: agents of good or evil?
7. Debt crisis in developed countries: what should be done about it?
8. Foreign aid: helpful or not?
9. Privatization of public companies in developing countries: a good or bad idea?

**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](http://www.economist.com)) and the Project Syndicate website ([www.project-syndicate.org](http://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 participation is strongly encouraged!
CLASS SCHEDULE:

Week 1 (August 21 - 23)
- 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 26 – 30)
- SALMON FARMING WORKSHOP IN NORWAY – NO CLASSES

MONDAY SEPTEMBER 2nd IS LABOR DAY – NO CLASSES.

Week 3 (September 4 - 6)
- Comparative Economic Development: Developing World vs. Developed Countries, continued.
- Classic Theories of Economic Growth and Development.

Week 4 (September 9 - 13)
COURSE SECTION 2: DOMESTIC PROBLEMS AND POLICIES
- Poverty, Inequality and Development.
- DEBATE 1: POPULISM IN LATIN AMERICA

Week 5 (September 16 - 20)
- Population Growth and Economic Development.
- DEBATE 2: THE ARAB SPRING

Week 6 (September 23 - 27)
- Urbanization and Rural Urban Migration.

Week 7 (September 30 - October 4)
- Human Capital: Education and Health in Economic Development.
- DEBATE 3: THE RESOURCE CURSE

Week 8 (October 7 - 11)
- Agricultural Transformation and Rural Development.
- DEBATE 4: ECONOMIC GROWTH AND THE ENVIRONMENT

Week 9 (October 14 - 18)
- The Environment and Development.
- DEBATE 5: USA VS. CHINA

Week 10 (October 21 – 25)
- The Roles of Market, State, and Civil Society in Development Policymaking.

Week 11 (October 28 – November 1)
COURSE SECTION 3: INTERNATIONAL PROBLEMS AND POLICIES
• International Trade and Economic Development.
• DEBATE 6: MULTINATIONALS IN DEVELOPING COUNTRIES

Week 12 (November 4 - 6)
• DEBATE 7: THE DEBT CRISIS IN DEVELOPED COUNTRIES

FRIDAY NOVEMBER 8th IS HOMECOMING – NO CLASSES.

Week 13 (November 13 - 15)
• Foreign Finance, Investment, and Aid.
• DEBATE 8: FOREIGN AID

MONDAY NOVEMBER 11th IS VETERANS DAY – NO CLASSES.

Week 14 (November 18 – 22)
• Finance and Fiscal Policy for Development.
• DEBATE 9: PRIVATIZATION OF PUBLIC FIRMS IN DEVELOPING COUNTRIES

Weeks 15 (November 25)
• Some Critical Issues for the Twenty-First Century.

THANKSGIVING BREAK: NOVEMBER 27 - 29 – NO CLASSES.

Weeks 16 (December 2 - 4)
• Some Critical Issues for the Twenty-First Century, continued.
• Course Wrap-Up

FINAL EXAM IS ON THURSDAY DECEMBER 12, – 12:30 PM – 2:30 PM!
UNIVERSITY POLICIES:

**Academic Honesty:** The University of Florida requires all members of its community to be honest in all their endeavors. Students are required to commit themselves to academic honesty by signing a prescribed basic statement, including the Student Honor Code, as part of the registration process. A fundamental principle is that the whole process of learning and pursuit of knowledge are diminished by cheating, plagiarism, and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the University will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff, and administration members who practice dishonest or demeaning behavior.

**UF Services:** 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.

Resources are available on-campus for students having personal problems or lacking clear career and academic goals that interfere with their academic performance. These resources include:

1. **University Counseling Center,** 301 Peabody Hall, 392-1575, personal and career counseling;
2. **Student Mental Health,** Student Health Care Center, 392-1171, personal counseling;
3. **Sexual Assault Recovery Services (SARS),** Student Health Care Center, 392-1161, sexual counseling; and
4. **Career Resource Center,** Reitz Union, 392-1601, career development assistance and counseling.

**Accommodations for Students with Disabilities:** Students with disabilities, who need reasonable modifications to complete assignments successfully and otherwise satisfy course criteria, are encouraged to meet with the instructor as early in the course as possible to identify and plan specific accommodations. Students WILL be asked to supply a letter from the Office for Students with Disabilities to assist in planning accommodations. Please see instructor outside of class time to discuss any accommodations you might need.