FOUNDATIONS OF ECONOMICS FOR SUSTAINABLE DEVELOPMENT

Course Objectives

This course aims to provide students with key analytical tools from economics for the study of sustainable economic development. The emphasis is on the application of economic ideas and concepts, not on economic theory per se, and on how theories have shaped economic policy alternatives. Particular attention is given to the problems of sustainable development in Latin America and Sub-Saharan Africa, with gender as a cross-cutting theme.

Each weekly session is structured around a specific set of questions, and economic concepts and techniques are introduced as needed. Case studies are used to emphasize the connection to concrete development issues. The course combines lectures, discussion, and student presentations.

This is a core course for MDP students, open to other UF graduate students. No prior knowledge of economics is necessary but students need to be highly motivated for this fast paced course.

Learning Objectives

By the end of this course students should:

• Be able to understand and apply key economic concepts, theories and models related to sustainable economic development
• Possess the skills to read and interpret quantitative data and appreciate the importance of testing theories with good data and sound models
• Recognize the complexity of sustainable development issues and their multiple determinants and implications
• Realize that the feasible solution to a problem often differs from a pre-established theoretical solution, and requires the appreciation of broader constraints to policy in a given context.
Course Requirements

1. Attendance and class participation is mandatory (10% of the final course grade). If you need to be absent for any reason please notify the instructor in advance. You are expected to come to class prepared to discuss the assigned readings.

2. Participation in a group presentation of one of the sections of the reading list (15% of final grade). These will focus on the materials assigned in the “further reading” as they relate to the core (or required) readings and include a power point summary, to be distributed to the class.

3. Completion of 2-3 problem sets by the assigned date (15%). The objective of these is to gain practice in the application of economic concepts. They will usually involve analyzing data on a specific country of your choice.

4. An in-class midterm exam (30%), scheduled for February 29th.

5. A take-home final exam (30%), due April 30th.

University Policies

Please consult the following links for information on UF grading policies, how to request accommodation for disabilities, University counseling services, and University policies on academic honesty. Please remember that students are responsible for knowing what constitutes plagiarism and avoiding it.

http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html

http://www.dso.ufl.edu/drc/; http://www.counsel.ufl.edu

http://www.dso.ufl.edu/judicial/academic.php

Course Text & Readings


Both the core and further readings will be available on the class web page in Sakai, under “Resources”: (http://www.lss.at.ufl.edu).
READING LIST

1. **Introduction: Sustainable Economic Development** (weeks of Jan. 9, 16)

**Topics:** Sustainable economic development: main concepts and theories; from theory to measurement; Millennium Development Goals; comparative levels/processes of development

**Tools:** GDP & GNI; purchasing power parity; HDI & GII; basic concepts in economics

**Readings:**
Todaro & Smith, chpts. 1 & 2; case studies 1 (Brazil) and 2 (Pakistan & Bangladesh).


2. **Theories of Economic Growth and Development** (week of Jan. 23)

**Topics:** Growth theory; linear stages; structural change; dependency; market fundamentalism; role of geography, policies and institutions; coordination failures and externalities; role of women

**Tools:** Capital accumulation; structural transformation; aggregate production functions; sources of growth and total factor productivity; market failures; increasing returns; closed/open economies; poverty traps; growth diagnostic

**Readings:**
Todaro & Smith, chpt. 3, case study 3 (So.Korea & Argentina), appendix 3.1; sections 4.1, 4.6-4.8, case study 4 (China).


Topics: State and markets in development; economic planning; project appraisal; role of institutions; the Washington Consensus and its critique; NGOs; governance reform (corruption, decentralization and participation); role of gender equality/inequality.

Tools: Market failures; public goods; economic rents; rent-seeking; planning process; cost-benefit analysis.

Readings:
Todaro & Smith, chpt. 11, case study 11 (NGO: BRAC, Bangladesh).

Further Reading:

4. Poverty, Inequality and Development (week of Feb. 6)

Topics: Concepts and measurements of poverty; interaction between economic growth, inequality and poverty; determinants of poverty; asset poverty and vulnerability; multidimensional poverty; gender dimensions of poverty

Tools: Size & functional distribution of income; absolute and relative poverty lines; Lorenz curve & Gini coefficient; FGT & MPI poverty indexes; feminization of poverty; gender asset gap; household survey methods

Readings:
Todaro & Smith, chpt. 5 (through sect. 5.4 only), case study 5 (Ghana & Côte d’Ivoire).

**Further Reading:** (Group presentation)


**5. Anti-poverty Strategies & Interventions** (week of Feb. 13)

**Topics:** Building human capital; challenges of educational provision; relationship between child schooling and child labor; arenas of government anti-poverty intervention; conditional cash transfers

**Tools:** Microeconomic models; social vs. private cost/benefits; progressive taxation; subsidies; workfare; targeting the poor

**Readings:**

Todaro & Smith, chpt. 8 (through sect. 8.5); case study 8 (Progresa/Oportunidades, Mexico); sect. 5.5 and 5.6.

**Further Reading:** (Group presentation)


**6. Agriculture and Development** (week of Feb. 20)

**Topics:** Role of agriculture; sources of productivity growth; rural market failures and imperfections; gender and farming systems; agricultural policies; value chains; sustainable agriculture

**Tools:** Demand and supply in agricultural markets; microeconomic models of farmer behavior

**Readings:**

Todaro & Smith, chpt. 9 and case study 9 (women farmers in Kenya).


**Further Reading:** (Group presentation)


Review and Midterm exam: week of Feb. 27th

Spring Break: week of March 5th

7. Environment and Development (week of March 12)

Topics: Sustainable growth and the ‘limits to growth debate’; management of natural and environmental resources; the tragedy of the commons; global warming and induced climate change; solutions for enforcing collective interests (social norms, collective enforcement, regulation); payments for environmental services

Tools: environmental accounting; property rights; externalities; free-rider problems; institutions and incentive structures

Readings:

Todaro & Smith, chpt. 10 (less sect. 10.5) and case study 10 (Haiti & Dominican Republic)


Further Readings: (Group presentation)


8. Agrarian Reform and the Neoliberal Counter-reforms (week of March 19).

Topics: History of land reform; exclusion of women; privatization and liberalization of land and credit markets

Tools: Land tenancy; rationale for credit & service and production cooperatives

Readings:


OR


**Further Reading:** (Group presentation)


9. **Households, Intra-household Dynamics and Sustainable Livelihoods** (week of March 26)

**Topics:** Income diversification; livelihood strategies; assets framework; intra-household bargaining power and decision-making

**Tools:** Sustainable livelihoods approach; household models

**Readings:**


**Further Reading:** (Group presentation)


10. **Urbanization and Migration (Rural-Urban and International)** (week of April 2)

**Topics:** Urbanization trends; role of cities; urban giantism and environmental problems; informal sector; theory of rural-urban migration; feminization of international migration; role of remittances; migration & development.

**Tools:** Urban bias; agglomeration economies; industrial sectors; push-pull; globalization of labor flows; remittances as export earnings

**Readings:**

Todaro & Smith, chpt. 7, case study 7 (India & Botswana); sections 10.5 and 14.3

Further Reading: (Group presentation)


11. Microfinance and Microentrepreneurs (week of April 9th)

Topics: Lending methodologies; mission drift (sustainability vs. poverty reduction); SMEs

Tools: Financial sustainability; impact assessment

Readings:

Todaro & Smith, chpt. 15, sect. 15.3 only; case study 15 (Grameen Bank, Bangladesh).

Changed:


Further reading: (Group presentation)


Also see Springs’ recommended articles on Kenya, So. Africa.


12. The External Sector and Macro Stability (week of April 16th)

Topics: Trade theories; trade policies; import substitution vs. export promotion; economic integration; balance of payments; debt crisis; macro-economic stabilization; structural adjustment policies; 2008 financial crisis.

Tools: Comparative advantage; demand elasticity; terms of trade; tariffs, quotas, exchange rates; devaluation; current and capital accounts; debt service; conditionality

Readings:

Todaro & Smith, chpts. 12 and 13

Further Reading:


13. **Foreign Finance, Investment, and Aid** (April 23)

**Topics:** Role of external resources; FDI and multinationals; corporate social responsibility; labor and environmental standards; foreign aid.

**Tools:** terms of development assistance

**Readings:**

Todaro & Smith, chpt. 14, sections 14.1, 14.2 and 14.4; case study 14 (Botswana)

**Further Reading:**


*Take-home Final will be distributed on April 23rd, due April 30th.*