

University of Florida
LAS 6938 (9658)/ AFS 6905 (08CE)
Spring 2012
Grinter 376

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Office Hours: Mon. 1–2:30 pm
& by appointment

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

Michael Todaro and Stephen Smith. 2011. *Economic Development*. 11th edition. Boston: Pearson Addison Wesley. (10th ed., in paperback, is also ok.)

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).

Kabeer, Naila. 2005. "Gender Equality and Women's Empowerment: A Critical Analysis of the Third Millennium Development Goal." *Gender and Development* 13(1): 13-24.

UNDP, "Overview," *Human Development Report 2011. Sustainability and Equity: A Better Future for All*. NY: UNDP, pp. 1-12, and Table 4 (pp. 139-142).

Guest Lecture: Abena Oduro, University of Ghana, "Measuring the Gender Asset Gap in Ghana," Tues., Jan. 17th, 3:30, Grinter 4th floor seminar room.

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).

Beneria, Lourdes and Gita Sen. 1982. "Class and Gender Inequalities and Women's Role in Economic Development – Theoretical and Practical Implications." *Feminist Studies* 8 (1): 157-76.

3. Development Policy: State, Market and Civil Society (week of Jan. 30)

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).

Rodrick, Dani. 2006. "Goodbye Washington Consensus, Hello Washington Confusion?" *Journal of Economic Literature* 44: 973-987.

World Bank. 2012. "Overview." *World Development Report 2012. Gender Equality and Development*. Washington, DC: The World Bank, pp. 2-44.

Further Reading:

Gideon, Jasmine. 1999. "Looking at Economies as Gendered Structures: An Application to Central America." *Feminist Economics* 5 (1): 1-28.

Elson, Diane. 1998. "Integrating Gender Issues into National Budget Policies and Procedures: Some Policy Options." *Journal of International Development* 10 (7): 929-941.

Molyneux, Maxine. 2002. "Gender and the Silences of Social Capital: Lessons from Latin America." *Development and Change* 33 (2): 167-188.

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).

UNDP, "Tracing the Effects, Understanding Relationships," *Human Development Report 2011*, op. cit., chpt. 3, and Table 5 (pp. 143-145).

Further Reading: (Group presentation)

Banerjee, Abhijit V. and Esther Duflo. 2007. "The Economic Lives of the Poor." *Journal of Economic Perspectives* 21 (1): 141-168.

Aliber, M. 2003. "Chronic Poverty in South Africa: Incidence, Causes and Policies." *World Development* 31 (3): 473-490.

Jackson, Cecile. 1998. "Rescuing Gender from the Poverty Trap." In C. Jackson and R. Pearson (eds.) *Feminist Visions of Development: Gender, Analysis and Policy*. London: Routledge, pp. 39-64.

Medeiros, Marcelo and Joana Costa. 2010. "The 'Feminisation of Poverty': A widespread phenomenon?" In Sylvia Chant (ed.). *The International Handbook of Gender and Poverty. Concepts, Research, Policy*. Chetelham, UK: Edward Elgar Publ., chpt. 12.

Deere, Carmen Diana, Gina Alvarado and Jennifer Twyman. 2012. "Gender Inequality in Asset Ownership in Latin America: Female Owners versus Household Heads." *Development and Change*, forthcoming.

Sarah Gammage. 2010. "Time Pressed and Time Poor: Unpaid Household Work in Guatemala," *Feminist Economics*, 16 (3): 79-112.

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 (Progres/Oportunidades, Mexico); sect. 5.5 and 5.6.

Molyneux, Maxine. 2006. "Mothers at the Service of the New Poverty Agenda: Progres/Oportunidades, Mexico's Conditional Transfer Programme." *Social Policy and Administration* 40(4): 425-49.

Further Reading: (Group presentation)

Edmonds, E.V. and N. Pavcnik. 2005. "Child Labor in the Global Economy." *Journal of Economic Perspectives* 19 (1): 199-220.

Kakwani, Nanak, Fabio Veras Soares, Hyun H. Son. 2005. *Conditional Cash Transfers in African Countries*. Research Project report. Brasilia: International Poverty Centre, 79 pp.

Cecchini, Simone and Aldo Madariaga. 2011. *Conditional Cash Transfer Programmes: The Recent Experience in Latin America and the Caribbean*. Cuadernos de la CEPAL #95. Santiago: ECLAC and SIDA, chpts. 4 & 5.

González de la Rocha, Mercedes. 2010. "Gender and Ethnicity in the Shaping of Differentiated Outcomes of Mexico's Progreso-Oportunidades Conditional Cash Transfer Programme." In S. Chant (ed.), *The International Handbook of Gender and Poverty*, op. cit., chpt. 37.

Molyneux, Maxine and Marilyn Thompson. 2011. "Cash Transfers, Gender Equity and Women's Empowerment in Peru, Ecuador and Bolivia." *Gender and Development* 19(2): 195-209.

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).

World Bank. 2008. "Supporting Smallholder Competitiveness through Institutional Innovation." In *World Development Report 2008: Agriculture for Development*. Washington, DC: The World Bank, chpt. 6.

Akram-Lodhi, Haroon. 2008. "(Re)imagining Agrarian Relations? The World Development Report 2008. Agriculture for Development." *Development and Change* 39 (6): 1145-61.

Further Reading: (Group presentation)

World Bank. 2008. "Bringing Agriculture to the Market." In *World Development Report 2008: Agriculture for Development*. Washington, DC: World Bank, chpt. 5 and focus D "Agribusiness for Development."

Amanor, Kojo Sebastian. 2009. "Global Food Chains, African Smallholders and World Bank Governance." *Journal of Agrarian Change* 9 (2): 247-262.

Carter, Michael R. and Brad Barham. 1996. "Level Playing Fields and Laissez Faire: Postliberal Development Strategy in Inegalitarian Agrarian Economies." *World Development* 24(7): 1136-1149.

Deere, Carmen Diana. 2009. "The Feminization of Agriculture? Economic Restructuring in Rural Latin America." In Shahra Razavi (ed.), *The Gendered Impacts of Liberalization: Towards Embedded Liberalism?* London/New York: Routledge, pp. 99-127.

Whitehead, Ann. 2009. "The Gendered Impacts of Liberalization Policies on African Agricultural Economies and Rural Livelihoods." In S. Razavi (ed.). *The Gendered Impacts of Liberalization*, op. cit., pp. 37-62.

Bates, Alan and Toby Hemenway. 2010. "From Agriculture to Permaculture." In Worldwatch Institute, *2010 State of the World: Transforming Cultures – from Consumerism to Sustainability*. N.Y.: W.W. Norton, pp. 47-53.

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)

UNDP. 2011. "Positive Synergies. Winning Strategies for the Environment, Equity and Human Development." *Human Development Report 2011*, op. cit., chpt. 4.

Barrett, Christopher B., David R. Lee and John G. McPeak. 2005. "Institutional Arrangements for Rural Poverty Reduction and Resource Conservation." *World Development* 33 (2): 193-97.

Further Readings: (Group presentation)

Murray, Warwick E. and Eduardo Silva. 2004. "The Political Economy of Sustainable Development." In Robert N. Gwynne and Cristóbal Kay (eds.), *Latin America Transformed: Globalization and Modernity*, 2nd ed. London: Arnold, chpt. 6.

Blaikie, Piers. 2006. "Is Small Really Beautiful? Community-based Natural Resource Management in Malawi and Botswana." *World Development* 34 (11): 1942-1957.

Swallow, Brent M., et. al. 2009. "Compensation and Rewards for Environmental Services in the Developing World. Framing Pan-Tropical Analysis and Comparison." *Ecology and Society* 14 (2): 26 [online].

Pagiola, Stefano, Agustin Arcenas and Gunars Platais. 2005. "Can Payments for Environmental Services Help Reduce Poverty? An Exploration of the Issues and the Evidence to Date from Latin America." *World Development* 33 (2): 237-253.

Hall, Anthony. 2011. "Getting REDD-Y: Conservation and Climate Change in Latin America." *Latin American Research Review* 46 (special issue): 184-210.

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:

Griffin, Keith, Azizur Rahman Khan and Amy Ickowitz. 2002. "Poverty and the Distribution of Land." *Journal of Agrarian Change* 2 (3): 279-330.

Deere, Carmen Diana and Magdalena León. 2001. "Gender Exclusionary Agrarian Reform," in C.D. Deere & M. León, *Empowering Women: Land and Property Rights in Latin America*. Pittsburgh: Univ. of Pittsburgh Press, chpt. 3.

OR

Lastarria-Cornhiel, Susana. 1997. "Impact of Privatization on Gender and Property Rights in Africa." *World Development* 25 (8): 1317-1334.

Borras Jr., Saturnino M. 2003. "Questioning Market-Led Agrarian Reform: Experiences from Brazil, Colombia and South Africa." *Journal of Agrarian Change* 3 (3): 367-394.

Rosset, Peter. 2009. "Agrarian Reform and Food Sovereignty. An Alternative Model for the Rural World." In C.D. Deere and F.S. Royce, *Rural Social Movements in Latin America. Organizing for Sustainable Livelihoods*. Gainesville, FL: University Press of Florida, pp. 55-78.

Further Reading: (Group presentation)

Deere, Carmen Diana and Magdalena León. 2003. "The Gender Asset Gap: Land in Latin America." *World Development*, 31 (6): 925-947.

Whitehead, Ann and Dzodzi Tsikata. 2003. "Policy Discourses on Women's Land Rights in Sub-Saharan Africa: The Implications of the Re-turn to the Customary." *Journal of Agrarian Change* 3 (3): 67-112.

Boucher, Stephen, Brad Barham, and Michael Carter. 2005. "The Impact of "Market-friendly" Reforms on Credit and Land Markets in Honduras and Nicaragua." *World Development* 33 (1), 2005: 107-128.

Ruben, Ruerd and Zui Lerman. 2005. "Why Nicaraguan Peasants Stay in Agricultural Production Cooperatives." *European Review of Latin American and Caribbean Studies* 78: 31-47.

Lipton, Michael. 2009. *Land Reform in Developing Countries. Property Rights and Property Wrongs*. London: Routledge, Intro and chpts. 3 and 7.

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:

Bebbington, Anthony. 1999. "Capitals and Capabilities: A Framework for Analyzing Peasant Viability, Rural Livelihoods and Poverty." *World Development* 27 (12): 2021-2044.

World Bank. 2008. "Rural Households and their Pathways Out of Poverty." *World Development Report 2008*, op. cit., chpt. 3.

Katz, Elizabeth. 1991. "Breaking the Myth of Harmony: Theoretical and Methodological Guidelines to the Study of Rural Third World Households." *Review of Radical Political Economics*. 23 (3&4): 37-56.

Further Reading: (Group presentation)

Ellis, Frank. 1998. "Household strategies and Rural Livelihood Diversification." *Journal of Development Studies* 35 (1):1-38.

DFID. *Sustainable Livelihoods Guidance Sheets*. <http://www.eldis.org> (under "Livelihoods," 7 of them, skim).

Bryceson, Deborah. 2002. "The Scramble in Africa: Reorienting Rural Livelihoods." *World Development* 30 (5): 725-39.

Kay, Cristóbal. 2004. "Rural Livelihoods and Peasant Futures." In Gwynne and Kay (eds.), *Latin America Transformed*, op. cit., chpt. 12.

Agarwal, Bina. 1997. "'Bargaining' and Gender Relations: Within and Beyond the Household." *Feminist Economics* 3(1): 1-51.

Quisumbing, Agnes R. 2010. "Gender and Household Decision-making in Developing Countries: A Review of Evidence." In Sylvia Chant (ed.), *The International Handbook*, op. cit., chpt. 23.

Friedemann-Sánchez, Greta. 2006. "Assets in Intrahousehold Bargaining among Women Workers in Colombia's Cut-Flower Industry." *Feminist Economics*, Vol. 12 (1-2): 247-270.

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

Topics: Urbanization trends; role of cities; urban gigantism 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

Beneria, Lourdes, Carmen Diana Deere and Naila Kabeer. 2012. "Gender and International Migration: Globalization, Development and Governance." *Feminist Economics*, forthcoming.

Further Reading: (Group presentation)

Tsikata, Dzodzi. 2009. "Informalization, the Informal Economy and Urban Women's Livelihoods in Sub-Saharan Africa since the 1990s." In Shahra Razavi (ed.), *The Gendered Impacts of Liberalization*. op. cit., pp. 131- 162.

UN-HABITAT. 2010. *The State of African Cities. Governance, Inequality and Urban Land Markets*. Nairobi: UN-HABITAT, chpt. 1.

UN-HABITAT. 2010. *São Paulo. A Tale of Two Cities*. Nairobi: UN-HABITAT, chpt. 4.

Jorge Durand and Douglas S. Massey. 2010. "New World Orders: Continuities and Changes in Latin American Migration." *The ANNALS of the American Academy of Political and Social Science* 630: 20-52.

Amaia Pérez Orozco. 2009. *Global Perspectives on the Social Organization of Care in Times of Crisis, Assessing the Situation*. Gender, Migration and Development Series Working Paper 5. Santo Domingo: UN-INSTRAW.

World Bank. 2011. *Migration and Remittance Factbook 2011*. Washington, DC: The World Bank. (skim)

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:

Linda Mayoux. 2002. "Microfinance and women's empowerment: Rethinking 'best practice.'" *Development Bulletin* 57: 76-80.

Anita Spring. 2009. "African Women in the Entrepreneurial Landscape: Reconsidering the Formal and Informal Sectors." *Journal of African Business* 10: 11-30.

Further reading: (Group presentation)

UN, Division for the Advancement of Women. 2009. "Access to Financial Services," In *World Survey on the Role of Women in Development: Women's Control over Economic Resources and Access to Financial Resources, including Microfinance*. NY: United Nations, pp. 55-68.

Kabeer, Naila. 2005. "Is Microfinance the 'Magic Bullet' for Women's Empowerment? An Analysis of Findings from South Asia." *Economic and Political Weekly* 40 (44/45): 4709-18.

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

Berger, Marguerite. 2006. "The Latin American Model of Microfinance." In M. Berger, L. Goldmark and T. Miller Sanabria (eds.), *An Insider View of Latin American Microfinance*. Washington, D.C.: Inter-American Development Bank, chpt. 1.

Olatunde Ashcroft, Mariama. 2008. "Microfinance in Africa – The Challenge, Realities and Success Stories." *MicroBanking Bulletin*, 17: 5-11.

Frank, Christina. 2008. "Stemming the Tide of Mission Drift: Microfinance Transformations and the Double Bottom Line." *WWB Focus Note*. NY: Women's World Banking.

Montgomery, Heather and John Weiss. 2005. "Great Expectations: Microfinance and Poverty Reduction in Asia and Latin America." ADB Institute Research Paper Series No. 63. Tokyo: Asian Development Bank Institute.

Bateman, Mildford. 2010. *Why Micro-finance Does Not Work. The Destructive Rise of Local Neoliberalism*. London: Zed Books, chpts. 1 and 4.

Powers, Jennifer and Barbara Magnoni. 2010. *A Business to Call Her Own: Identifying, Analyzing and Overcoming Constraints to Women's Small Businesses in Latin America and the Caribbean*. Washington, DC: Multilateral Investment Fund, pp. 1-21, 67-75.

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

Rodrick, Dani. 2001. "Trading in Illusions." *Foreign Relations*, No. 123: 54-62.

Further Reading:

Pérez, Mamerto, Sergio Schlesinger and Timothy A. Wise. 2008. *The Promise and the Perils of Agricultural Trade Liberalization. Lessons from Latin America*. Executive Summary. Washington, D.C.: Washington Office on Latin America and Global Development and Environment Institute, 2008.

Eduardo Zepeda, Timothy A. Wise and Kevin P. Gallagher. 2009. *Rethinking Trade Policy for Development: Lessons from Mexico under NAFTA*. Carnegie Endowment for International Peace Policy Outlook. Washington, D.C.: Carnegie Endowment.

Laura T. Raynolds, Douglas Murray and John Wilkinson (eds.). 2007. *Fair Trade. The Challenges of Transforming Globalization*. London: Routledge, 2007, chpts. 1 and 3.

Elson, Diane. 2010. "Gender and the Global Economic Crisis in Developing Countries: A Framework for Analysis." *Gender & Development* 18 (2): 201-12.

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:

Solis, Otton. 2011. *Subsidizing Multinational Corporations: Is That a Development Policy?* Working Paper 381. So. Bend: Kellogg Institute, University of Notre Dame.

Hamann, Ralph. 2004. "Corporate Social Responsibility, Partnerships, and Institutional Change. The Case of Mining Companies in South Africa." *Natural Resources Forum* 28 (4): 278-290.

Munilla, Isabel. 2010. *People, Power and Pipelines. Lessons from Peru in the Governance of Gas Production Revenues*. Boston: OXFAM-America, World Resource Institute and Bic, Executive Summary.

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