INSTRUCTOR
Tayo Fabusuyi
Email: tfabusuyi@cmu.edu

VENUE & COURSE HOURS
HBH 1005, MW 3.00 – 4.20 pm. Office hours TBA.

COURSE OVERVIEW
More than 50% of the world's population live below the internationally defined poverty line of less than $2 a day. These individuals are disproportionately concentrated in three regions of the world – Sub-Saharan Africa, South Asia and Latin America. Why is it the case that this is the situation and why does it persist? The class will seek to build an understanding of these myriad of issues by drawing primarily from basic economic concepts applied to the field of development. In the first part we will focus on general models of growth and development. This will include a look at growth theory, structural models of development and more recent innovations in thinking about growth particularly with regards to institutions. In the second part of the course we will concentrate on domestic issues of economic development. These challenges include poverty and income inequality, agricultural and rural development, the role of human capital, credit and finance, and health and nutrition. The final section of the course will deal with the challenges faced by developing countries in an increasingly global context. This will include issues of trade, macroeconomics and international finance. At the end of the class, students will have an appreciation of how intractable these problems are, have a broader perspective on development problems, policies and strategies and be equipped to:

- Articulate the basic analytic frameworks of how economics applies to problems in development and coherently explain the differences between these frameworks as well as their applicability to different types of problems;
- Interpret current and past development policies of particular countries with respect to their consistency with these frameworks;
- Understand and articulate how the traditional perspective on development is augmented by insights from the literature on institutions and how these perspectives differ on fundamental issues;
- Analyze current policy problems faced by particular developing societies and critique proposed or actual policy solutions;
- Develop and present orally and in writing coherent and consistent policies to address both near term and long-run problems faced by developing societies.

PRE-REQUISITE AND RECOMMENDED READING
The background reading for the class will be Economic Development by Michael Todaro and Stephen Smith (Pearson, NY, 2014). This will be supplemented by other textbooks and journal
articles as needed. Although no formal pre-requisite class is required, students are expected to have a knowledge of microeconomic concepts at the level of 90-709.

**ASSESSMENT AND GRADING**
The course will have four graded components. There will be a take-home exam at the end of the course. It will be an open book exam and it will be cumulative. In addition, two homework assignments will be given and a policy brief will also be required. A group presentation constitutes the balance of the grade with each group being made up of 2 students. An accompanying paper on the presentation must be submitted by May 3, 2017. A detailed breakdown with weights is provided below:

- **Exam** 30%
- **Policy brief** 20%
- **Homework (2)** 25%
- **Presentation/paper** 25%
- **Class participation** 5% (Extra points)

**DISABILITY STATEMENT**
Students registering for this class should let me know as soon as possible if they anticipate needing any special accommodation for the class. For more information, please email access@andrew.cmu.edu or call 412-268-2013 for disability related resources.

**HOMEWORK AND POLICY BRIEF**
Questions and instructions will be made available on Blackboard at least a week before they are due. You should upload a soft copy on Blackboard and bring a hard copy to class on the due date. All assigned work must be typed.

**CLASS FORMAT**
Classes will be interactive and it is essential that students participate in these discussions, both in class and on Blackboard. Required readings for each week will be marked with an asterisk and students should, at a minimum, be familiar with the required materials before class.

**PRESENTATION**
Groups for presentations will be made up of two students each. To ensure that you are staying on track, please send me your group composition, the question or issue you are exploring and a one page outline of your paper by February 10th.

**PLAGIARISM**
*You may not discuss homework assignments with others and you may not collaborate on the exam.* If there is any ambiguity, feel free to direct your enquiries to me. You may also consult the handbook for more information on the University’s policy on plagiarism and cheating or the online information available on the University’s website at https://www.cmu.edu/student-affairs/theword/acad_standards/creative/cheating.html

**OUTLINE, SCHEDULE OF CLASSES AND READING LIST**
The schedule of classes will closely track the table of content of the recommended textbook. Journal articles and/or other textbooks will also be consulted when needed. A detailed list of the readings is itemized in the next page.
01/18 &01/23: Introduction to Development Economics
Todaro & Smith, Ch. 1 and 2

01/25 – 2/1: Growth
Todaro & Smith, Ch. 3 and 11
Easterly, W. (2002), The Elusive Quest for Growth. Ch. 2 & 3
Journal Articles:

02/06 & 02/08: Development and the Role of the State
Todaro & Smith, Ch. 11

02/13 & 02/15: Markets and institutions
Journal Articles:
Homework 1 out 02/15 – due 02/27

02/27 – 03/06: Poverty and Inequality
Todaro & Smith, Ch. 5 and 6
WDR 2006, http://go.worldbank.org/2A5GCSRQH0
Banerjee and Duflo (Public Affairs, New York, 2011), Poor Economics, Ch. 2 and 5
Journal Articles:

03/08: 1st set of Presentations
Options: Contracts and Property Rights; Social Infrastructure Deficit; Culture and Social Norms
03/20 & 03/22: Market Failures and Credit Markets
Ray, D. (1998), Development Economics, Ch. 14*

Journal Articles:

Policy brief out 03/22 – due 04/24

03/27 - 04/03: Microfinance and Entrepreneurship
deAghion and Morduch (MIT Press, 2005), The Economics of Microfinance, Ch. 1- 3*
B. Helms (The World Bank, 2006), Ch. 3

Journal Articles:

04/05 – 04/10: Sectoral Focus I: Education, Health & Human Capital
Todaro & Smith, Ch. 8*
Banerjee and Duflo (Public Affairs, New York, 2011), Poor Economics, Ch. 3 and 4

Homework 2 out 04/05 – due 04/17

04/12 - 04/17: Sectoral Focus II: Agriculture and Rural Development
Todaro & Smith, Ch. 9
Dani Rodrick (Princeton University Press, 2007), One Economics, Many Recipes Ch. 4

Journal Articles:

04/19 - 04/24: International Finance & Macroeconomic Policies
Todaro & Smith, Ch. 13 and 15*

04/26 - 05/01: Trade and Globalization
Todaro & Smith, Ch. 12*
Dani Rodrick (Princeton University Press, 2007), One Economics, Many Recipes Ch. 7

05/03: 2nd set of Presentations
Options: Energy and the Environment; Risk & Insurance; Alternative Development Policies. Papers for all presentation due by 3 pm. Please bring hard copies to class.

05/08: Take-Home Exam
Questions uploaded on BB at 8.30 am on the 8th. Submissions due 5 pm same day.