ECO 5360
Third World Development
Fall 2000

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Room: 242 Lee
Time: MWF 12:00-12:50
Office Hours: MWF 11-12 and by appointment

Course Description: This course examines the aspects of a wide variety of economic issues confronted by low income countries. The focus is primarily on microeconomic issues facing individual households, although some aggregate issues are discussed as well.

Prerequisite: ECO 3301 and MATH 1309 or 1337

Textbook: Development Economics by Debraj Ray (available at the SMU Bookstore)

Grading: Grades will be based on three exams and weekly problem sets. The exams are not cumulative. The lowest grade on one problem set will be thrown out. Graduate students will also be required to write a paper. The breakdown is as follows:

- **Undergraduates**: Problem sets will count for 25% of the course grade. The remaining 75% will be divided equally across the three exams.
- **Graduates**: Problem sets, the paper, and the three exams will count for 20% each of your grade.

No late homeworks are accepted. No make up exams will be given unless a student asks for it in advance and for compelling reasons. Otherwise, if you miss an exam, you will receive a score equal to the lowest grade in the class minus ten points.

The dates for the first two exams have not yet been determined, and the final will be on the last day of class. Class attendance is not required, although you are responsible for everything that occurs in class. Some basic calculus will be used during lectures, but none will be required on problem sets or exams.

Graduate Students: For your term paper, you are required to choose a topic of interest either directly discussed in class or closely related (approved by myself). The topic should be narrowly defined. After substantial research, write a 15-20 page paper addressing: (1) why the topic is important, (2) what are the questions economists are trying to answer, (3) what does theory predict, (4) what empirical findings exist (and any econometric issues involved), and (5) what research questions have yet to be resolved.

Disability Accommodations: If you need academic accommodations for a disability, you must first contact Ms. Rebecca Marin, Coordinator, Services for Students with Disabilities (8-4563) to verify the disability and to establish eligibility for accommodations. Then you should schedule an appointment with myself to make appropriate arrangements.
Course Outline:

1. **Introduction** (Chapter 1)

2. **Income, Poverty, and Economic Growth** (Chapters 2, 3.1 – 3.3, 6.1 – 6.3, 7, 8.1 – 8.2, 4.1 – 4.2)
   - Measurement
   - Harrod-Domar model
   - Lewis model
   - Income distribution
   - Corruption

3. **Environment and Sustainable Development**
   - Hotelling model
   - Environmental accounting
   - Environmental Kuznets curve
   - Environmental regulation

   **** EXAM I  ****

4. **Population** (Chapter 9)
   - Demographic transition
   - Microeconomic analysis: quantity vs. quality
   - Macroeconomic analysis

5. **Health & Nutrition** (Chapter 8.3 – 8.4)
   - Food policy
   - Health policy

6. **Migration** (Chapter 10)
   - Individual migration
   - International migration
   - Urbanization

   **** EXAM II  ****

7. **Agriculture & Rural Labor Markets** (Chapters 11, 12)
   - Separability
   - Contractual relationships
   - Seasonality

8. **Credit & Insurance Markets** (Chapter 14.1 – 14.2, 14.5.2)
   - Market failures
   - Micro-credit
   - Insurance
   - Consumption Smoothing

9. **Debt**
   - Capital flight
   - Debt Laffer curve
   - Secondary markets

   **** EXAM III  ****