American University in Cairo
Department of Economics
ECON 500-01: The Economic Setting for Development-Fall 2011

Instructor Contact Information:
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Office hours: UW 1:30-3:00 PM

Regular Classes:
W 6:00 – 8:25 JAMEEL C110

Course Description:
This is a three credit course covering: “Foundation course dealing with macroeconomic variables and issues concerned with the functioning of an economy, in addition to selected microeconomic aspects pertinent to development. Special attention is given to concepts and tools applicable to challenges facing developing countries whose economies often lack the maturity of more developed countries in terms of institutional and policy settings.”

Course Topics and Readings:
All readings are available online. If you are having problem locating an article, please email me. I will NOT have the articles on reserve. If you are using Endnote, I can email you the bibliography file that contains all the web links to the articles.

Part One: Economics of Development

Week 1: Development Economics and the Economics of Development
(Pranab Bardhan, 1993), (David L. Lindauer et al., 2002)

Week 2: Growth Theories
(Lant Pritchett, 1997), (N. Gregory Mankiw et al., 1992), (Howard Pack, 1994)

Week 3: Market Failures in Credit Market
(Timothy Besley, 1994), (Jacob Yaron, 1994), (Robin Burgess and Rohini Pande, 2005)

Week 4: Foreign Aid and Washington Consensus:
(Dani Rodrik, 2006), (Alberto Alesina and David Dollar, 2000), (Alberto Alesina and Beatrice Weder, 2002), (Craig Burnside and David Dollar, 2000)

Part Two: Human Capital

Week 5: Returns to Education:
(Theodore W. Schultz, 1975), (Mark R. Rosenzweig, 1995), (George Psacharopoulos, 1994),
(George Psacharopoulos and Harry A. Patrinos, 2002)
Week 6: Education and Child Labour
(Kaushik Basu, 1999), (Kaushik Basu and Zafiris Tzannatos, 2003), (Martin Ravallion and Quentin Wodon, 2000)

Week 7: Externality Effects:
(Kaushik Basu et al., 2001), Additional Material TBA

Week 8: Education & Health Policy
(Sebastian Galiani et al., 2005), Additional Material TBA

Part Three: Trade, Trade Policy and Globalization

Week 9: Trade, Growth and Poverty:
(David Dollar and Aart Kraay, 2004), (Sebastian Edwards, 1993), (Jeffrey A. Frankel and David H. Romer, 1999), (Anne O. Krueger, 1998).

Week 10: Trade Policy:
(Steve Ambler et al., 1996), (Anne O. Krueger, 1997), (Helen V. Milner and Keiko Kubota, 2005)

Week 11: Globalization & Market Integration
(Dani Rodrik, 2000a), (Jeffrey Sachs, 1998), (Adrian Wood, 1997)

Part Four: Institutions and Development

Week 12: Institutions: The Missing Element
(Dani Rodrik, 2000b), (Daron Acemoglu et al., 2002)

Week 13: Democracy & Development
(David S. Brown and Wendy Hunter, 1999), (James A. Robinson, 2006), (Yi Feng, 1997)

Week 14: Corruption
(Raymond Fisman, 2001), (Andrei Shleifer and Robert W. Vishny, 1993), (Paolo Mauro, 1995)

Course Evaluations:
As a graduate student, the last thing you should worry about is your grade! But as a matter of formality, your performance in this course will be evaluated as follows:

1. Participation and contribution to class discussions: 25%
2. 5 Article Summaries: 25%
3. Presentation(s): 25%
4. Article critique: 25% due December 14th.
Lectures:
- The objective of the lectures is to for students to engage and to bring their perspectives on the topic discussed. This is not a regular class lecture with one-way teaching from instructor to students.
- I present a summary of the important literature on the topic during the first half of the lecture.
- During the second half, a student will conduct a formal presentation of a recent paper related to the topic; followed by a class discussion.
- Class attendance and participation in discussion is mandatory.
- Most of the time, I will use PowerPoint slides during the lecture. These are designed as a tool to guide the class lecture NOT as a formal reference. I will post them on Blackboard for your reference.

Presentation (s):
You will do at least one presentation depending on the class size. You will select a recent paper (not before 2005) preferably in one of the following journals: Journal of Development Economics, Journal of Economic Growth, Journal of Economic Literature, Journal of Political Economy, American Economic Review, Journal of International Economics, and World Bank Economic Review. The paper has to be related to the topic covered in the week you are presenting in. I need to approve the paper before you work on your presentation. You will present the paper as if you are the author of the paper and you are presenting it in an academic conference. Presentation duration is 30 minutes followed by a class discussion.

Article Critique:
Choose an article using the same criteria as above (could be the one you chose for the presentation but preferably not) and write a peer review of the article.

Article Summaries:
Choose five articles from different topics in the reading list (excluding the topics you presented in). The summary should not exceed two pages. It covers the question asked by the author (s), methodology, main conclusions and the contribution to the literature. The summary should be handed in at the beginning of the class at which we are discussing the article.

Blackboard:
- This course utilizes Blackboard for course management and posting of relevant materials. Students are thus expected to have access to a computer and to the internet. There are a number of campus computer labs for students who might not have a computer and/or access to the internet at home.
- A discussion page will be made available for you to communicate with your classmates. The purpose of this page is to let you debate the issues that we discuss in class amongst each other outside of class time.

Academic Integrity:
- AUC values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Academic Integrity (see
http://www.aucegypt.edu/academics/integrity/code/Pages/default.aspx for more information).

- If you have a disability please contact the instructor to arrange a time to discuss your situation.

Bibliography of Readings:


