

COLLEGE OF MICRONESIA – FSM
P.O. Box 159, Pohnpei FM 96941
COURSE OUTLINE COVER PAGE

ECONOMIC DEVELOPMENT

ECO 320

Course Title

Dept. and Number

COURSE DESCRIPTION

The course exposes the student to economic development issues faced by developing countries. The student will explore the characteristics of developing countries, especially the least developing countries (LDCs), the challenges facing these countries, and some options and strategies for development. Theories of economic growth and trade and development models will be covered at the basic level. Other economic development issues to be covered include macroeconomic policy, agricultural and industrial development, foreign aid and foreign direct investment, debt, unemployment, urbanization and population growth problems. The economic development challenges of the FSM and Pacific region will be given particular attention.

Course Prepared by: Division of Business Administration **State** COM-FSM National Campus

	Hours per Week		No. of Week		Total Hours		Semester Credits	
Lecture	3	x	16	x	48/16	=	3	
Laboratory		x		x		=		
Workshop		x		x		=		
Total Semester Credits								<u>3</u>

Purpose of Course:

Degree Requirement	<u> </u>
Degree Elective	<u> </u>
Certificate (3 rd Yr)	<u> ✓ </u>
Other	<u> </u>

Prerequisite Course(s): EC230-Macroeconomics

<hr/> Signature, Chairperson, Curriculum Committee	<hr/> Date Approved by Committee
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A: GENERAL OBJECTIVES:

The course focuses on the economic development issues of developing countries, including the Federated States of Micronesia (FSM). Generally, the student will demonstrate an understanding of:

- 1) the often blurred difference between economic growth and economic development and how each is measured.
- 2) the global issues and challenges of economic development such as poverty, low income, unemployment, and population growth; and of the available research on said issues and challenges.
- 3) the importance of health and education in the economic development of a nation.
- 4) the interrelationship between economic development issues and other social, cultural, environmental, and technological issues.
- 5) the strategies employed by developing and developed countries (and other organizations) in their quest for economic development.

B: SPECIFIC OBJECTIVES:

By the end of the course, the student will be able to:

1. Define the concept of economic development and how it differs from economic growth
2. Outline the difficulties of (and controversies in) measuring growth and development and describe the standard kinds of measurements used by development economists
3. Describe the various views and models of development, their implications for development, and their implications:
 - a. the Classical view
 - b. the concepts of Traditional society and Dualism
 - c. the Walt Rostow stages of development
 - d. the Dependency thinkers
 - e. the Harrod-Domar and Solow growth models
 - f. the New Growth Theory
 - g. the Lewis labor surplus model
4. Describe the basic features of industrialization models, including the Big Push, and balanced and unbalanced growth
5. Explain the importance of capital in economic growth, and the conditions necessary for capital to be effective
6. Explain the role of financial institutions in mobilizing savings and the difficulties faced in mobilizing savings in the household and business sectors of LDCs
7. Explain the importance of development banks and of financial institutions that serve the poor, such as the Grameen Bank of Bangladesh
8. Explain the concept of financial deepening and repression and the role of government policies toward the financial sector
9. Define sustainable development and explain how development and environmental sustainability can be complementary, rather than competing, concerns

10. Explain how economists incorporate environmental issues into their evaluation of development projects and outcomes
11. Explain the concept of ‘externalities’ and how market outcomes may ignore important costs and benefits;
12. Describe alternative policy instruments meant to incorporate externalities into economic decision-making
13. Assess the role of the international community in addressing global environmental problems
14. Describe trends in birth and death rates in various countries or regions and discuss the effect of population growth on development
15. Describe various governments’ attempts to reduce population growth rates and the kinds of policies that have been successful
16. Discuss the causes of rural-urban migration and its impact on the economy
17. Identify health issues that are important in developing countries and discuss how health and education contribute to increased productivity
18. Explain poverty as a human capital issue, particularly with reference to the problems faced by women
19. Assess the contributions of agriculture to overall development and outline the incentives required for successful agricultural development (e.g. land tenure)
20. Discuss the role of government in fostering agricultural development and the negative consequences of ill-advised government policies
21. Explain how technological change can contribute to improved agricultural performance, including the problems met with implementing Green Revolutions
22. Explain how economists use the concepts of factor endowments, factor intensities, and relative prices to evaluate the appropriateness of technologies
23. Explain why technologies considered “inappropriate” are nevertheless often employed in developing economies
24. Outline the key rationales for government intervention in markets, including market failures; State-Owned Enterprises and their problems; and the issues involved in privatization
25. Describe the common types of government intervention in markets and the rent seeking and corruption that may be the consequences of excessive regulation
26. Explain the use (and limits) of fiscal (taxation) and monetary policy in developing countries and the impact of the two on development
27. Explain the theory of comparative advantage and evaluate the historically important arguments that free trade is inappropriate for developing countries
28. Evaluate the development strategies of import substitution (IS) and export orientation (EO), including the policies employed and their impacts and the arguments in their favor or against them
29. Describe the institutional framework of international trade, including the World Trade Organization; trade between developed and developing countries; and the specific topics of commodity-market stabilization, and trade, development and the environment
30. Describe the nature of foreign aid and how it is provided; assess its effectiveness, amounts, and rationales and explain the controversy over the role of the World Bank

31. Argue the case for and against foreign direct investment (FDI) from the points of view of both the recipient country and the investing company
32. Explain the importance and pitfalls of debt, especially external debt; problems that lead to unsustainable debt; and the major causes of the debt crisis of the 1980s and steps taken to reduce its severity
33. Describe structural adjustment programs as implemented by the World Bank and the International Monetary Fund in specific developing countries and evaluate the extent of their success or failure
34. Explain the increasingly global nature of capital markets and their potential impact on developing economies
35. Explain the causes of the capital market crises in Latin America and East Asia and outline the steps taken to deal with the crises
36. Apply the concepts of economic development covered in the course to the FSM and Pacific region

C: COURSE CONTENT:

- Characteristics of Less Developed Countries (LDCs)
- Definition and Measurement of Economic Development
- Evolution of Development Thought/Models of Development
- Resources and Development - Financial and the Environment
- Population Growth and Migration
- Health & Education
- Role of the State in Development
- Macroeconomic Policy
- Small-Scale Industry and the Informal Sector
- Agriculture, Industry and Technology
- Trade, Capital Flows and Development
- Foreign Aid, Foreign Direct Investment and Debt
- Recent global development trends
- Economic Development issues in FSM (and Pacific Region)

D: TEXTBOOK:

ECONOMIC DEVELOPMENT: Theory and Practice for a Divided World.
Stuart R. Lynn, Prentice –Hall, 2003.

Handouts, particularly on FSM economic development issues will be provided by the instructor.

E: REQUIRED COURSE MATERIALS:

Notebooks.

F: METHODS OF INSTRUCTION:

Lectures, class discussions, research projects, site visits, guest speakers, videos, and various individual and group assignments.

G: EVALUATION/ASSESSMENT:

Evaluation and assessment of the student's achievement of the various learning outcomes of the course will be done through regularly scheduled (and pop) quizzes; tests and exams; participation in class discussions; and preparation and presentation of research reports. Given the research-oriented nature of the course, the student will be required to turn in at least one major research paper on a relevant economic development topic.

Grades will be assigned based on the following percentage of total points received from the above assessments:

90 -100% = A; 80 - 89% =B; 70 - 79% = C; 60 - 69% = D; 59 and below = F

H: CREDIT BY EXAMINATION AVAILABLE FOR THE COURSE:

None.

I: ATTENDANCE POLICY:

The College attendance policy shall be applied.