

## DEVELOPMENT ECONOMICS

### Master in International Development MID SEP-2024 S-1

Area Sustainable Development

Number of sessions: 20

Term: Term 1

Category: regular

Language: English

Professor: **GERMÁN RÍOS MENDEZ**

E-mail: [grios@faculty.ie.edu](mailto:grios@faculty.ie.edu)

Germán Ríos Méndez received a Bachelor of Arts in Economics from Universidad Central de Venezuela, a Master of Arts in Economics from Johns Hopkins University, a Master of Business Administration from the Instituto de Estudios Superiores de Administración (IESA), and a Master of Philosophy in Economics from George Washington University. He has taught macroeconomics, fiscal policy, cost-benefit analysis, economic development, Latin America economics and microeconomics in several universities in Venezuela, the United Kingdom, Spain and the United States. During the academic year 2010-2011 he was the Andres Bello Fellow at the Latin American Centre of the University of Oxford. Professor Ríos was part of the Venezuelan research team in the project "Understanding Reforms" sponsored by the Global Development Network, published by Palgrave, and is co-author of the textbooks "Macroeconomics and Oil", published by Pearson/Prentice Hall and "Macroeconomics and Natural Resources" published by Kendall Hunt. Germán Ríos is Senior Partner at Atrivia and Senior Analyst at OHM Research Independent Insight. Previously he was Corporate Director of Strategic Affairs at CAF, development bank of Latin America. He served as Director of Public Investment at the Ministry of Planning of Venezuela, and as a Country Analyst for Brazil, Chile, Uruguay and Paraguay at the World Bank. Mr. Ríos has worked as a consultant for the Inter-American Development Bank and the United Nations Economic Commission for Latin America (ECLAC).

### Office Hours

Office hours will be on request. Please contact at:

[grios@faculty.ie.edu](mailto:grios@faculty.ie.edu)

### SUBJECT DESCRIPTION

This course focuses on the understanding of the process of economic development. The central questions of the course are:

1. Why are some countries so much poorer than others?
2. What are the main barriers to the process of economic development?
3. What are the main barriers that prevent the poor from escaping from poverty?
4. Why do these barriers exist and persist?

There is not a specific book for this class. The professor would add documents and other resources of current topics on Economic Development

## LEARNING OBJECTIVES

Students taking the class will learn to:

- Apply the tools and frameworks learnt in class in regions and countries to characterize its growth trajectory, relevant growth question, opportunities for productive diversification, and the most binding constraints to their realization.
- Synthesize the outputs coming from rigorous research and the deployment of the course frameworks, with stylized facts and qualitative data, and build them into a consistent narrative that sets the basis for a comprehensive policy framework.
- Translate research outputs into policy insights aimed at overcoming or alleviating the identified constraints.
- Produce high-quality applied research that informs policy for their chosen country and region.
- Communicate economic and policy findings in clear and convincing language to key stakeholders.

## TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Lectures	30.0 %
Discussions	10.0 %
Exercises in class, Asynchronous sessions, Field Work	20.0 %
Group work	20.0 %
Individual studying	20.0 %
TOTAL	100.0 %

## AI POLICY

In this course, the use of generative artificial intelligence (GenAI) is encouraged, with the goal of developing an informed critical perspective on potential uses and generated outputs.

However, be aware of the limits of GenAI in its current state of development:

·If you provide minimum effort prompts, you will get low quality results. You will need to refine your prompts to get good outcomes. This will take work.

-Don't take ChatGPT's or any GenAI's output at face value. Assume it is wrong unless you either know the answer or can cross-check it with another source. You are responsible for any errors or omissions. You will be able to validate the outputs of GenAI for topics you understand.

-AI is a tool, but one that you need to acknowledge using. Failure to do so is in violation of academic honesty policies. Acknowledging the use of AI will not impact your grade.

## **PROGRAM**

### **SESSION 1 (LIVE IN-PERSON)**

Introduction to Economic Growth and Development Economics. Presentation of the syllabus and overview of the course.

*Book Chapters: Philippe Aghion and Peter W. Howitt (2009). The Economics of Growth. Chapter 1 (Introduction)*

### **SESSION 2 (LIVE IN-PERSON)**

Economic Growth. We analyze classical growth theory that explains economic growth as a result of capital accumulation and the reinvestment of profits derived from specialization, the division of labor, and the pursuit of comparative advantage.

*Book Chapters: Philippe Aghion and Peter W. Howitt (2009). The Economics of Growth. Chapter 1*  
*Book Chapters: Debraj Ray (1998). Development Economics. Chapter 3*

### **SESSION 3 (LIVE IN-PERSON)**

Economic Growth. We analyze classical growth theory that explains economic growth as a result of capital accumulation and the reinvestment of profits derived from specialization, the division of labor, and the pursuit of comparative advantage.

### **SESSION 4 (LIVE IN-PERSON)**

The Long-Term Growth Model. We explore an excel-based growth model developed by The World Bank

*Multimedia Material: The Long Term Growth Model - World Bank Group ([worldbank.org](http://worldbank.org))*

### **SESSION 5 (LIVE IN-PERSON)**

Technology as Knowhow: Economic Complexity. Countries tend to converge to the level of income dictated by the complexity of their productive structure. The concept of economic complexity is itself defined by a country's national indicator (the Economic Complexity Index or ECI) measuring the capabilities and know-how embedded in the production of goods and services.

*Technical note: Hausmann, Ricardo, et.al. (2013). The Atlas of Economic Complexity ([growthlab.cid.harvard.edu](http://growthlab.cid.harvard.edu))*

### **SESSION 6 (LIVE IN-PERSON)**

Technology as Knowhow: Economic Complexity. Countries tend to converge to the level of income dictated by the complexity of their productive structure. The concept of economic complexity is itself defined by a country's national indicator (the Economic Complexity Index or ECI) measuring the capabilities and know-how embedded in the production of goods and services.

## **SESSION 7 (LIVE IN-PERSON)**

Case Study – The Chiapas Puzzle. We will apply economic complexity theory to a region in the south of Mexico

*Practical Case: Hausmann Ricardo and Miguel Angel Santos (2020). The Chiapas Puzzle (researchgate.net)*

## **SESSION 8 (LIVE IN-PERSON)**

Growth Diagnostics. A methodology to determine the obstacles to a country's capacity to grow. It is a unified framework for identifying the binding constraints to economic growth, which is key to formulating growth long-term strategies.

*Technical note: Hausmann Ricardo et.al. (2022). A Growth Diagnostic of Namibia (growthlab.hks.harvard.edu)*

*Other / Complementary Documentation: Dani Rodrik (2007). Doing growth diagnostics well (rodrik.typepad.com)*

## **SESSION 9 (LIVE IN-PERSON)**

Case Discussion: Aid in Haiti. We will discuss the negative impacts of aids in some cases.

*Technical note: Mark Packard. Applied to Haiti: The Prosperity Paradox (stimpack.org)*  
*Multimedia Material: Haiti: The Aid Dilemma (pbslearningmedia.org)*

## **SESSION 10 (LIVE IN-PERSON)**

Inequality and Economic Development. According to recent research

*Book Chapters: Debraj Ray (1998). Development Economics. Chapters 6 and 7*  
*Article: The World Bank (2022). Global Economic Prospects. Chapter 4 - IMPACT OF COVID-19 ON GLOBAL INCOME INEQUALITY (Global Economic Prospects)*

## **SESSION 11 (LIVE IN-PERSON)**

Inequality and Economic Development. According to recent research

*Technical note: Robert Barro (1999). Inequality, Growth and Investment (nber.org)*

## **SESSION 12 (LIVE IN-PERSON)**

Poverty and undernutrition. Despite social and economic development, the burden of malnutrition across the globe remains unacceptably high. A vital relationship exists between nutritional status, human capital, and economic standing. Malnutrition adversely affects the physiological and mental capacity of individuals; which in turn hampers productivity levels, making them and their respective countries more susceptible to poverty.

*Book Chapters: Debraj Ray (1998). Development Economics. Chapter 8*  
*Other / Complementary Documentation: The World Bank. Poverty and Shared Prosperity 2022 Correcting Course.WBG*

## **SESSION 13 (LIVE IN-PERSON)**

Poverty and undernutrition. Despite social and economic development, the burden of malnutrition across the globe remains unacceptably high. A vital relationship exists between nutritional status, human capital, and economic standing. Malnutrition adversely affects the physiological and mental capacity of individuals; which in turn hampers productivity levels, making them and their respective countries more susceptible to poverty.

## **SESSION 14 (LIVE IN-PERSON)**

Multidimensional Poverty. Most countries around the world define poverty as the lack of money. However, the poor themselves consider their experience of poverty much more broadly. A person who is poor can suffer multiple disadvantages at the same time – for example they may have poor health or malnutrition, a lack of clean water or electricity, poor quality of work or little schooling. Focusing on one factor alone, such as income, is not enough to capture the true reality of poverty. Multidimensional poverty measures can be used to create a more comprehensive picture.

*Technical note: Alkire, S. and Santos, M. E. (2013). Measuring Acute Poverty in the Developing World: Robustness and Scope of the Multidimensional Poverty Index (ophi.org.uk)*

## **SESSION 15 (LIVE IN-PERSON)**

Global education after the pandemic. We will analyze the impact of COVID-19 on global education and how to recover.

*Other / Complementary Documentation: The World Bank. World Development Report 2018*

*Technical note: Catherine Grant (2017). The contribution of education to economic growth (assets.publishing.service.gov.uk)*

*Technical note: The State of the Global Education Crisis: A Path to Recovery (2021) (worldbank.org)*

## **SESSION 16 (LIVE IN-PERSON)**

Financial Markets and Development. For countries experiencing rapid growth, development of a healthy financial sector is critical. Hence, in many emerging markets and developing countries today, emphasis must be placed on reforms that enable improved functioning of the financial system. At early stages of development, this entails strengthening the rights of borrowers and lenders, development of a credit rating system, lowering the costs of obtaining credit, and streamlining means for settlement of disputes.

*Book Chapters: Debraj Ray (1998). Development Economics. Chapters 14 and 15*

*Technical note: Robert Cull and Jonathan Morduch (2017). Microfinance and Economic Development (openknowledge.worldbank.org)*

*Working Paper: Mercedes Garcia-Escribano and Fei Han (2015). Credit Expansion in Emerging Markets: Propeller of Growth? (imf.org)*

## **SESSION 17 (LIVE IN-PERSON)**

Institutions and Economic Development. The relationship between institutions and economic development is two-way: On the one hand, institutions can influence both the level and pace of economic development; on the other hand, economic development can and frequently does trigger institutional change.

*Technical note: IMF. World Economic Outlook April 2003. Chapter 3 (IMF)*

*Technical note: Daron Acemoglu et al. (2004). INSTITUTIONS AS THE FUNDAMENTAL CAUSE OF LONG-RUN GROWTH (nber.org)*

## **SESSION 18 (LIVE IN-PERSON)**

### Sustainability Topics:

- Environment
- Governance
- Social Challenge
- Economic Development

Case Study: The Central Railway in Uruguay. How development projects can change a country

*Technical note: Willem H. Buiter & Steven Fries (2002). What Should the Multilateral Development Banks Do? (16(74))*

## SESSIONS 19 - 20 (LIVE IN-PERSON)

**Presentation of Final Group Reports.**

## EVALUATION CRITERIA

Students are expected to apply their knowledge of economic development to specific cases (countries and regions).

criteria	percentage	Learning Objectives	Comments
Individual work	40 %		Individual report applying concepts learnt to a country
Group Presentation	20 %		Presentation of Group reports
Class Participation	10 %		Class participation and asynchronous activities
Group Work	30 %		Group report applying content learnt to a developing region

## FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

## BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

## **ATTENDANCE POLICY**

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

## **ETHICAL POLICY**

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

